

**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re

GameTech International, Inc., *et al.*¹

Debtors.

Chapter 11

Case No. 12-11964 (PJW)

(Jointly Administered)

Requested Bid Procedures Objection Deadline: August 16, 2012 at 4:00 p.m.

Requested Bid Procedures Hearing Date: August 21, 2012 at 2:00 p.m.

Requested Sale Objection Deadline: September 20, 2012 at 4:00 p.m.

Requested Sale Hearing Date: September 27, 2012 at 2:00 p.m.

DEBTORS' MOTION FOR ENTRY OF ORDERS: (A)(I) APPROVING BID PROCEDURES RELATING TO SALE OF THE DEBTORS' ASSETS; (II) APPROVING BID PROTECTIONS; (III) SCHEDULING A HEARING TO CONSIDER THE SALE; (IV) APPROVING THE FORM AND MANNER OF NOTICE OF SALE BY AUCTION; (V) ESTABLISHING PROCEDURES FOR NOTICING AND DETERMINING CURE AMOUNTS; AND (VI) GRANTING RELATED RELIEF; AND (B)(I) APPROVING ASSET PURCHASE AGREEMENT AND AUTHORIZING THE SALE OF CERTAIN ASSETS OF DEBTORS OUTSIDE THE ORDINARY COURSE OF BUSINESS; (II) AUTHORIZING THE SALE OF ASSETS FREE AND CLEAR OF ALL LIENS, CLAIMS, ENCUMBRANCES AND INTERESTS; (III) AUTHORIZING THE ASSUMPTION, SALE AND ASSIGNMENT OF CERTAIN EXECUTORY CONTRACTS AND UNEXPIRED LEASES; AND (IV) GRANTING RELATED RELIEF

The above-captioned debtors and debtors-in-possession (collectively, the “**Debtors**”) hereby move the Court (the “**Motion**”), pursuant to sections 105(a), 363, 365 and 503 of title 11 of the United States Code, 11 U.S.C. §§ 101, *et seq.* (the “**Bankruptcy Code**”), and Rules 1015, 2002, 6004, 6006, and 9007 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), and Rule 6004-1 of the Local Rules of Bankruptcy Practice and Procedure of the United

¹ The Debtors in these chapter 11 Cases, along with the last four digits of each Debtor’s federal tax identification number, are GameTech International, Inc. (2983), GameTech Arizona Corp. (9812), GameTech Canada Corp. (0001), and GameTech Mexico S. De R.L. de C.V. (5489).

States Bankruptcy Court for the District of Delaware (the “**Local Rules**”), for entry of two orders: (a) one, substantially in the form annexed hereto as **Exhibit A** (the “**Bid Procedures Order**”), (i) approving the procedures (the “**Bid Procedures**”) substantially in the form annexed to the Bid Procedures Order, (ii) approving the bid protections as set forth in the asset purchase agreement (the “**Purchase Agreement**”) annexed to the Bid Procedures as **Exhibit 1** between the Debtors and YI GT Acquisition, Inc. (the “**Stalking Horse**”), with respect to the proposed sale (the “**Sale**”) of substantially all of the assets of the Debtors, provided, that the Debtors will consider offers for portions of their assets including bids solely for the VLT business or the bingo business, (iii) scheduling a hearing (the “**Sale Hearing**”) on the Sale and setting objection and bidding deadlines with respect to the Sale, (iv) approving the form and manner of notice of an auction for the Assets (as defined herein) (the “**Auction**”), (v) establishing procedures to determine cure amounts and deadlines for objections for certain contracts and leases to be assumed and assigned by the Debtors (the “**Assigned Contracts**”); and (vi) granting related relief; and (b) a second order, substantially in the form annexed hereto as **Exhibit B** (the “**Sale Order**”), (i) authorizing and approving the Purchase Agreement; (ii) authorizing the sale free and clear of liens, claims, encumbrances, and interests, pursuant to the Purchase Agreement; (iii) authorizing the assumption and assignment of the Assigned Contracts, and (iv) granting related relief. In support of this Motion, the Debtors respectfully state as follows:

Status of the Case and Jurisdiction

1. On July 2, 2012 (the “**Petition Date**”), each of the Debtors filed a voluntary petition for relief under Chapter 11 of Title 11 of the United States Code, 11 U.S.C. §§ 101, *et seq.* (the “**Bankruptcy Code**”).

2. The Debtors have continued in possession of their properties and are operating and managing their businesses as debtors-in-possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code.

3. No request has been made for the appointment of a trustee or examiner in these cases. On August 9, 2012, the Office of the United States Trustee appointed the Official Committee of Unsecured Creditors (the “Committee”).

4. The Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334. Venue is proper in this district pursuant to 28 U.S.C. § 1408. This matter is core within the meaning of 28 U.S.C. § 157(b)(2).

5. The statutory predicates for the relief sought herein are sections 105(a), 363, 365 and 503 of the Bankruptcy Code, Bankruptcy Rules 1015, 2002, 6004, 6006, and 9007, and Local Rule 6004-1.

Background

A. *General Background*

6. GameTech International, Inc. (“GII”) was incorporated in 1994 and is a global gaming technology company dedicated to the development and manufacturing of cutting-edge gaming entertainment products and systems. GII and its affiliated Debtors are principally involved in two business segments: (1) the bingo market and (2) the video lottery terminal market.

7. GameTech’s bingo business leases electronic bingo equipment and licenses related software and games throughout the United States and Canada to charitable organizations, Native American tribes, the military, casinos and other licensed operators. GameTech’s products allow operators to provide a variety of playing options and GameTech continues to update its product lines to keep pace with customer demands.

8. GameTech's video lottery terminal or "VLT" business includes traditional slot machines, video poker, keno and spinning wheel games, as well as the related software and game content.

9. GameTech's total revenue for calendar year 2011 exceeded \$30 million. GameTech projects a modest decline in revenue in 2012 followed by increasing revenue in 2013.

10. A detailed factual background of the Debtors' business and operations, as well as the events precipitating the commencement of these cases, is fully set forth in the *Declaration of Andrew E. Robinson in Support of the Debtors' Chapter 11 Petitions and Requests for First Day Relief* (the "**First Day Declaration**"), filed on the Petition Date and incorporated herein by reference.

B. The Sale Process

11. On March 1, 2012, the Debtors retained Kinetic Advisors LLC ("**Kinetic**") to assist in the evaluation of strategic alternatives and to render financial advisory services to the Debtors including restructuring and capital raising services, as well as a possible sale of the Debtors' business. Prior to the Petition Date, Kinetic began a marketing process which focused on finding a purchaser for the Debtors' pre-petition secured debt. The goal of that process was to find a purchaser for the pre-petition secured debt that would ultimately acquire the Debtors assets or make an equity investment in the Debtors. As part of that process, Kinetic contacted all of the parties that they believed would be interested in investing in the Debtors.

12. At the end of that process, the Stalking Horse acquired the pre-petition secured debt. Since that time, the Debtors and the Stalking Horse have engaged in extensive negotiations around a transaction whereby the Stalking Horse would acquire the Debtors' assets subject to higher and/or better bids.

13. As a result of these negotiations, the Debtors and Stalking Horse have agreed to pursue a sale of substantially all of the Debtors' assets (the "Assets"), subject to and pursuant to the Purchase Agreement and the Bid Procedures detailed herein. In order to assure that the highest and/or best transaction is achieved, Kinetic is actively engaged in planning and executing a process to market the Debtors' business to other potential purchasers prior to the Debtors' proceeding with an auction and sale process before the Court.

C. *The Proposed Sale*

14. The Debtors believe that it is in the best interests of their estates to enter into the Purchase Agreement. The following sub-paragraphs summarize key provisions of the Purchase Agreement, but are qualified in their entirety by reference to the actual Purchase Agreement:

- a. Purchase Price. The aggregate consideration for the sale and transfer of the Assets (the "Purchase Price"), shall be: (i) the credit bid pursuant to section 363(k) of the Bankruptcy Code of all indebtedness owing as of the Closing Date by GII to the Stalking Horse; (ii) the credit bid pursuant to section 363(k) of the Bankruptcy Code of all DIP Obligations owing as of the Closing Date; (iii) cash in the amount of \$2,500,000 minus the amount of all DIP Obligations owing as of the Closing Date; (iv) the assumption of the Assumed Obligations; (v) the payment of all sales taxes on the sale of the Assets.
- b. Acquired Assets. Substantially all of the Debtors' assets, including, all properties, assets, rights, titles and interests of every kind and nature, owned, licensed or leased by the Debtors, whether tangible or intangible, real or personal and wherever located and by whomever possessed, including without limitation, cash and cash equivalents, receivables, inventory, machinery and equipment, personal property, intellectual property assets, deposits and advances, assumed executory contracts, books and records, governmental approvals, certain claims and rights to insurance proceeds, goodwill, and all other assets, properties, rights and claims related to the operations or conduct of the Debtors' business (but exclusive, in all cases, of the Excluded Assets).
- c. Assumed Liabilities. Liabilities arising under Assumed Executory Contracts after the Closing Date, the costs required to cure defaults under the Assumed Executory Contracts (provided that the aggregate amount of such Final Cure Costs shall not exceed \$203,000), all liabilities arising out of the operation of the Assets and Business after the Closing Date, all tax liabilities relating to the Assets or the Business for a tax period (or a

portion thereof) beginning on and after the Closing Date, but excluding all income tax liabilities of the Debtors for any tax period, all liabilities incurred in the ordinary course of business after the Petition Date which have been accrued but not yet paid, provided that the aggregate amount of such liabilities shall not exceed \$250,000 and such liabilities shall not include professional fees or other costs of administering the Bankruptcy Code, and all liabilities for distributor commissions, sale and use taxes, paid time off, and claims under section 503(b)(9) of the Bankruptcy Code accrued after the Petition Date in the ordinary course of business provided that the aggregate amount of such amounts shall not exceed \$330,000.

- d. Excluded Assets. The cash portion of the Purchase Price, Avoidance Actions and any claims of the Debtors that relate to any Excluded Asset, certain corporate documents, including corporate seals, certificates of incorporation, minute books, stock transfer records, or other records related to the corporate organization of the Debtors, employee benefit contracts, personnel records and other records that the Debtors are required by applicable law to retain in their possession, any deposits and advances solely related to any of the Excluded Assets or Excluded Liabilities, certain claims against the Debtors' directors and officers, and any contracts not assumed by the Stalking Horse, and other assets not transferred to the Stalking Horse as set forth on Exhibit D to the Purchase Agreement.
- e. Excluded Liabilities. Debtors shall retain all liabilities and obligations that are not Assumed Liabilities, as described in the Purchase Agreement.
- f. Books and Records. Books and Records are an Acquired Asset. Pursuant to the Purchase Agreement, the Debtors agree to make such records available to the Stalking Horse.
- g. Due Diligence or Financing Condition. There are no due diligence or financing conditions.
- h. Closing and Other Deadlines. The Closing shall occur on or before as is practicable but in no event later than the third (3rd) Business Day following the date upon which all of the conditions set forth in Article 7 of the Purchase Agreement have been satisfied or waived in accordance with the Purchase Agreement, or upon such other date as the Debtors and Stalking Horse may mutually agree; provided, however, that, absent an order from the Bankruptcy Court that rescinds the automatic fourteen day stay following the entry of the Sale Order, the Stalking Horse may elect, in its sole discretion, to delay the Closing until a date not later than the fifteenth (15th) calendar day following the date upon which all of the conditions set forth in Article 7 have been satisfied or waived in accordance with the Purchase Agreement.

- i. Termination. The rights of the Debtors and Stalking Horse to terminate the Purchase Agreement are set forth in Article 8 of the Purchase Agreement.
- j. No Stay. Relief from the fourteen day stay of Bankruptcy Rule 6004(h) is requested herein.
- k. Non-Solicitation. Section 5.08 of the Purchase Agreement provides limitations of the Debtors' ability to solicit offers for the Assets, in accordance with the Bid Procedures.

15. The Debtors believe that the Sale will provide the best means to maximize value for all of their constituencies. Upon approval of the Bid Procedures the Debtors will continue to market their assets to and negotiate with all potential purchasers, including the Stalking Horse, in an effort to achieve maximum value for the benefit of all of their constituents.

Relief Requested

16. By this Motion, the Debtors seek the entry of two orders of this Court: (a) the Bid Procedures Order (i) approving the Bid Procedures, including the Breakup Fee (as defined below) and Reimbursement Amount, with respect to the Sale of the Assets, (ii) scheduling the Sale Hearing and setting objection and bidding deadlines with respect to the Sale, (iii) approving the form and manner of notice of the Auction, (iv) establishing procedures to determine cure amounts and deadlines for objections to the Assigned Contracts, and (v) granting related relief; and (b) the Sale Order (i) authorizing and approving the form of Purchase Agreement, (ii) authorizing the Sale free and clear of liens, claims, encumbrances, and interests, pursuant to the Purchase Agreement, (iii) authorizing the assumption and assignment of the Assigned Contracts, and (iv) granting related relief.

17. As described above, the Debtors, after efforts to maximize value, a review of various reorganization, liquidation and sale options and discussions with their professionals, determined in the exercise of their reasonable business judgment that the most effective way to maximize the value of the Debtors' estates for the benefit of their constituents would be (i) to

enter into the Purchase Agreement subject to higher and better bids and (ii) to proceed with the Sale process. The Debtors believe that the proposed Sale will maximize the value of the Debtors' assets for all stakeholders.

Proposed Bid Procedures

18. The Bid Procedures (as summarized below) were developed consistent with the objective of promoting active bidding that will result in the highest or best offer for the Assets while affording appropriate protection for the Stalking Horse. Moreover, the Bid Procedures reflect the Debtors' objective of conducting the Auction in a controlled, but fair and open, fashion that promotes interest in the Assets by financially-capable, motivated bidders who are likely to close the transaction.

19. The Debtors seek to conduct an open sales process pursuant to which the winning bidder will enter into an asset purchase agreement, substantially in the form of the Purchase Agreement attached to the Sale Order, for the purchase of substantially all of the Debtors' assets, free and clear of liens, claims, and encumbrances, with such liens, claims and encumbrances attaching to the sale proceeds.

20. Attached to **Exhibit C** to this Motion are the proposed Bid Procedures. Pursuant to Local Rule 6004-1 the Bid Procedures provide: (i) the date, time and place at which the Auction will be conducted and the method for providing notice to parties of any changes thereto; (ii) that each bidder participating at the Auction will be required to confirm that it has not engaged in any collusion with respect to the bidding or the Sale; (ii) that the Auction will be conducted openly, and all creditors may attend the Auction, and (iv) that bidding at the Auction will be transcribed. The Bid Procedures are typical for asset sales of this size and nature, require a deposit, and require that a bidder be a "**Qualified Bidder**" as defined in the Bid Procedures.

21. The following paragraphs in this section summarize key provisions of the Bid Procedures, but are qualified in their entirety by reference to the actual Bid Procedures.²

- a. Participation Requirements. Unless otherwise ordered by the Bankruptcy Court, in order to participate in the bidding process and obtain due diligence access, a potential bidder must first deliver (unless previously delivered) to the Debtors' financial advisor and counsel, no later than September 17, 2012 at 5:00 p.m. (Prevailing Eastern Time) an executed confidentiality agreement and nondisclosure agreement in form and substance reasonably acceptable to the Debtors (each, a "**Confidentiality Agreement**") and no less protective of the Debtors than the confidentiality and nondisclosure agreement entered into by the Debtors and Stalking Horse;
- b. Qualified Bid. To be eligible to participate in the bidding process, each Qualified Bidder, other than the Stalking Horse, must deliver to the Debtors, the Debtors' counsel, and the Stalking Horse's counsel, a written, irrevocable offer to be received by the Bid Deadline (defined below) and compliant with each of the following conditions:
 - i. State that the Qualified Bidder is prepared to enter into a legally binding purchase and sale agreement for the acquisition of the Assets on terms and conditions no less favorable to the Debtors than the terms and conditions contained in the Purchase Agreement (as determined by the Debtors in their business judgment and taking into account the Bid Protections);
 - ii. Be accompanied by a clean and duly executed and binding Purchase Agreement or alternate purchase and sale agreement (together with the exhibits and schedules thereto, a "**Modified Agreement**");
 - iii. Be accompanied by a marked Modified Agreement reflecting any variations from the Purchase Agreement;
 - iv. Be accompanied by a list of any executory contracts or unexpired leases that are to be assumed and/or assigned under such Written Offer;
 - v. Contain evidence of financing, access to funds or such other financial and other information that will reasonably allow the Debtors to make a determination as to such Qualified Bidder's financial and other capabilities to consummate the transactions contemplated by the Purchase Agreement or Modified Agreement, which evidence is satisfactory to the Debtors in their discretion

² Capitalized terms not defined in the below sub-paragraphs shall have the meanings ascribed to them in the Bid Procedures attached hereto as **Exhibit C**, or the Agreement, as applicable.

including, without limitation, such financial and other information setting forth adequate assurance of future performance under section 365 of title 11 of the Bankruptcy Code in a form requested by the Debtors;

- vi. To the Debtors' satisfaction, (i) fully disclose the identity of each entity that will be bidding for the Assets or otherwise participating in connection with such bid, (ii) the terms of any such participation, and if an entity has been formed for the purpose of acquiring some, or all, of the Assets, the parties that will bear liability for any breach by such entity, and (iii) the ability of such parties to obtain government, gaming, licensing or regulatory approval in connection with the consummation of any proposed transaction;
- vii. State that the Written Offer is irrevocable until the closing of the transaction, if such Qualified Bidder is designated as a Successful Bidder or a Backup Bidder;
- viii. Not request or entitle the Qualified Bidder to any transaction or break-up fee, expense reimbursement, or similar type of payment;
- ix. Not contain any material due diligence or financing contingencies as determined by the Debtors in their reasonable discretion;
- x. Provide evidence of authorization and approval from the Qualified Bidder's board of directors (or comparable governing body) with respect to the submission, execution, delivery and closing of the Purchase Agreement or Modified Agreement to the Debtors' satisfaction;
- xi. Include a good faith deposit (the "**Good Faith Deposit**") in the form of a certified check, wire transfer or such other form as is acceptable to the Debtors payable to the order of GameTech International, Inc. (or such other party as the Debtors may determine) in an amount equal to at least 10% of the purchase price set forth in the Written Offer;
- xii. Set forth the anticipated timeframe for (i) obtaining any required approvals, and (ii) consummating the proposed transactions;
- xiii. Include a written acknowledgement by such Qualified Bidder that it agrees to the terms of the Bidding Procedures;
- xiv. Include such other information as may be reasonably requested in writing by the Debtors at least two (2) calendar days prior to the Auction; and

- xv. Provide for a closing date (the “**Closing Date**”) which shall be no later than 15 days after the date of the Sale Hearing or such later date as is acceptable to the Debtors.

- c. Bid Deadline. The deadline for submitting bids by a Qualified Bidder, other than the Stalking Horse, shall be September 7, 2012, at 5:00 p.m. (Prevailing Eastern Time) (the “**Bid Deadline**”). A bid received after the Bid Deadline shall not constitute a Qualified Bid.

- d. Auction. Only in the event that the Debtors receive two or more Qualified Bids by the Bid Deadline, the Debtors shall conduct an Auction of the Assets to determine the highest or otherwise best bid with respect to the Assets. No later than September 19, 2012 at 12:00 p.m. (Prevailing Eastern Time), the Debtors will notify all Qualified Bidders, counsel to the Committee and counsel to the Stalking Horse whether the Auction will occur. The Auction shall commence at 10:00 a.m. (Prevailing Eastern Time) on September 20, 2012 at the offices of Greenberg Traurig, LLP, The Nemours Building, 1007 North Orange Street, Suite 1200, Wilmington, Delaware 19801. The following procedures shall govern any Auction:
 - (i) Qualified Bidders shall appear in person at the Auction, or through a duly authorized representative;

 - (ii) Except with respect to subsections (e) and (f) below, the Debtors, in their discretion, may conduct the Auction, in the manner that they determine, in their business judgment and may adopt rules for the Auction at the Auction that, in the Debtors’ business judgment, will better promote the goals of the Auction and that are not inconsistent with any of the provisions of the Bid Procedures Order or the Purchase Agreement. No such rules shall limit the right of the Stalking Horse to credit bid indebtedness owing to it. All such rules will provide that: (i) the Auction procedures must be fair and open, and not intended to cause any participating Qualified Bidder to be disadvantaged in any material way as compared to any other participating Qualified Bidder, and (ii) all participating Qualified Bidders shall be entitled to be present for all bidding with the understanding that the true identity of each bidder (i.e., the principals submitting each bid) shall be fully disclosed to all other participating Qualified Bidders and that all material terms of each Qualified Bid will be fully disclosed to all other bidders throughout the entire Auction. Each bid by a Qualified Bidder at the Auction, if not inconsistent with the provisions of these Bid Procedures, shall be deemed to constitute a Qualified Bid. Notwithstanding the foregoing, any overbid by the Stalking Horse will be credited with the amount of the Bid Protections, for purposes of comparison with other bids (it being understood that, as provided in Section 9(e) of the Bid Procedures, if the Stalking Horse is the Successful Bidder

at the Auction, it shall not be entitled to payment of the Bid Protections);

- (iii) The Debtors will arrange for the actual bidding at the Auction to be transcribed;
- (iv) Each Qualified Bidder participating in the Auction will be expected to confirm at the Auction that it has not engaged in any collusion regarding these Bid Procedures with any other Qualified Bidder, the Auction or any proposed transaction relating to the Assets or a portion thereof;
- (v) At the Auction, the first bid for the Assets other than the offer of Stalking Horse set forth in the Purchase Agreement shall be considered only if it exceeds the purchase price set forth in the Purchase Agreement by a minimum of (i) the amount that would be owed if the Debtors would be required to pay the Bid Protections to the Stalking Horse *plus* (ii) cash consideration in an amount not less than \$100,000. Subsequently, bidding will continue in minimum increments of at least \$100,000, with the specific increments for each round of bidding to be announced on the record at the Auction;
- (vi) All Qualified Bidders shall have the right to, at any time, request that the Debtors announce, subject to any potential new bids, the then current highest or best bid and, to the extent requested by any Qualified Bidder, use reasonable efforts to clarify any and all questions such Qualified Bidder may have regarding the Debtors' announcement of the then current highest or best bid;
- (vii) In the Debtors' discretion, all Qualified Bidders shall have the right to submit additional bids and make additional modifications to the Purchase Agreement or Modified Agreement, as applicable, at the Auction, provided, however, that any such modifications to the Purchase Agreement or Modified Agreement, on an aggregate basis and viewed in whole, shall not be less favorable to the Debtors as determined by the Debtors;
- (viii) Upon conclusion of the bidding, the Auction shall be closed, and the Debtors shall, as soon as practicable identify and determine in its business judgment the highest and/or best Qualified Bid for the Assets (the "**Successful Bid**" and the entity or entities submitting such Successful Bid, the "**Successful Bidder**"), taking into account the Stalking Horse's entitlement to the Bid Protection, if applicable, and advise the Qualified Bidders of such determination, and require the Successful Bidder (other than Stalking Horse) to deliver an executed Purchase Agreement or Modified Agreement prior to commencement of the Sale Hearing;

- (ix) In addition, the Debtors will determine which Qualified Bid, if any, is the next highest and/or best Qualified Bid and designate such Qualified Bid as a “Backup Bid” in the event the Successful Bidder fails to consummate the contemplated transaction. A Qualified Bidder that submitted a Qualified Bid that is designated a Backup Bid is a “**Backup Bidder**”. Each Backup Bid shall remain open and binding until the earlier of (i) two business days after the closing of the transaction(s) by which all of the Assets that were subject to such Backup Bid have been transferred to one or more Qualified Bidders pursuant to these Bid Procedures and (ii) fourteen (14) days after the date of the Auction; and
 - (x) Following the conclusion of the Auction, the Debtors may resume bidding on such procedures determined by the Debtors in their discretion for the sale of discrete assets not sold to the Successful Bidder.
- e. Sale Hearing. The Sale Hearing shall be conducted by the Bankruptcy Court on September 27, 2012, at 2:00 p.m. (Prevailing Eastern Time), or on such other date as the Court may direct.
- f. Modifications. The Bid Procedures may be modified by the Debtors, after consultation with the Committee and the Stalking Horse; *provided that* all such modifications are disclosed to all Potential Bidders (if applicable) or Qualified Bidders (if applicable) prior to or during the Auction. The Debtors, in their reasonable discretion, may, after consultation with the Stalking Horse and the Committee, (a) determine which Qualified Bid, if any, is the highest or otherwise best offer; and (b) reject, at any time before entry of an order of the Bankruptcy Court approving a Qualified Bid, any Bid that is (i) inadequate or insufficient; (ii) not in conformity with the requirements of the Bankruptcy Code, the Bid Procedures, or the terms and conditions of the Sale; or (iii) contrary to the best interests of the Debtors, their estates, their creditors and other stakeholders.

22. In accordance with the terms of the Bid Procedures and subject to the terms of the Purchase Agreement, the Debtors reserve the right to cancel or postpone the Auction, the sale of the Assets or the Sale Hearing. In addition, the Debtors, with the consent of the Buyer or as otherwise ordered by the Bankruptcy Court, reserve the right to (a) waive the terms and conditions set forth herein with respect to any or all potential bidders, (b) impose additional conditions with respect to potential bidders, (c) amend the Bid Procedures.

23. Notwithstanding any provision contained herein, the Stalking Horse shall be entitled to credit bid all of the amounts outstanding under the promissory notes dated June 15,

2011 issued by the Debtors and the DIP Obligations to the fullest extent permissible under section 363(k) of the Bankruptcy Code. The Stalking Horse will be deemed a Qualified Bidder.

Breakup Fee and Reimbursement Amount

24. The Debtors seek approval to pay a Breakup fee (the “**Breakup Fee**”) of \$400,000 and an expense reimbursement not to exceed \$140,000 (the “**Reimbursement Amount**”) in the event that the Stalking Horse is not the Successful Bidder at the Auction in recognition of the Stalking Horse’s substantial expenditure of time, energy and resources, and the benefits to the Debtors’ estates of securing a “stalking horse” or guaranteed minimum bid.

25. The Breakup Fee and Reimbursement Amount are required by the Purchase Agreement. The Debtors believe that the Breakup Fee and Reimbursement Amount are fair and reasonable, given the benefits to the estates of having a definitive Purchase Agreement and the risk to the Stalking Horse that a third-party offer ultimately may be accepted, and are necessary to preserve and enhance the value of the Debtors’ estates.

26. The Purchase Agreement and the Stalking Horse’s monetary offer will form the basis upon which other bids will be submitted and evaluated. The establishment of the Breakup Fee and Reimbursement Amount permits the Debtors to insist that competing bids for the Assets be higher or otherwise better than the purchase price under the Purchase Agreement, which is a clear benefit to the Debtors’ estates. Thus, even if the Stalking Horse is ultimately not the Successful Bidder, and thus is paid the Breakup Fee and Reimbursement Amount, the Debtors will still have benefited significantly from the Purchase Agreement, due to the floor established by the Stalking Horse leading to an improved bid and increasing the likelihood that the price at which the Assets will be sold.

Notice of Auction

27. The Debtors seek to have the Auction scheduled for a date no later than September 20, 2012. It is imperative to move forward with the Auction and the Sale promptly because the Debtors have limited financing available to them. Also, the Debtors' key customers, vendors and potential bidders may lose confidence in the certainty of the Sale process and the future of the Debtors' business.

28. Within three (3) business days of the entry of the Bid Procedures Order, the Debtors will serve by first class mail, postage prepaid, copies of: (i) the Bid Procedures Order; and (ii) the Sale Notice upon the following entities: (a) the Office of the United States Trustee for the District of Delaware; (b) counsel to the Committee; (c) counsel to the Debtors' prepetition lender; (d) all taxing authorities having jurisdiction over any of the Assets subject to the sale, including the Internal Revenue Service; (e) the state/local environmental agencies in the jurisdictions where the Debtors own or lease real property; (f) all parties that have requested special notice pursuant to Bankruptcy Rule 2002 as of the date prior to the date of entry of the Bid Procedures Order; (g) all persons or entities known to the Debtors that have or have asserted a lien on, or security interest in, all or any portion of the Assets; (h) all Contract Parties; (i) counsel to the Stalking Horse; (j) all Attorneys General for the states in which the Debtors conduct business; (k) the Nevada Gaming Commission; and (l) all potential bidders previously identified or otherwise known to the Debtors (collectively, the "**Notice Parties**"). In addition, within three (3) business days after entry of the Bid Procedures Order, the Debtors will serve by first class mail, postage prepaid, a copy of the Sale Notice upon all other creditors. The Debtors are also seeking authorization to publish notice the Sale Notice in the national edition of either the Wall Street Journal National Edition or USA Today once within seven (7) business days after entry of the Bid Procedures Order.

29. The Debtors further request, pursuant to Bankruptcy Rule 9014, that objections, if any, to the proposed Sale: (a) be in writing; (b) comply with the Bankruptcy Rules and the Local Rules; (c) be filed with the Clerk of the United States Bankruptcy Court for the District of Delaware, 824 Market Street, 3rd Floor, Wilmington, Delaware 19801; and (d) be served so as to be received by: (i) the Debtors; (ii) counsel to the Debtors; (iii) counsel to the Debtors' prepetition lender; (iv) counsel to the Committee; (v) the Office of the United States Trustee; (vi) counsel to the Stalking Horse; and (vii) all parties entitled to notice pursuant to Bankruptcy Rule 2002, in accordance with Local Bankruptcy Rule 2002-1(b) on or before September 12, 2012 at 4:00 p.m. (Eastern Daylight Time).

30. To facilitate and effect the Sale, the Debtors will be required to assume and/or assign the Assigned Contracts, to the Stalking Horse, or as applicable, to the Successful Bidder.

Cure Procedures

31. Given the number of executory contracts and unexpired leases to which the Debtors are a party, the Debtors seek to establish (a) procedures for determining cure amounts through the closing date of the Sale, which amount shall include all pre- and post-petition amounts the Debtors owe the non-debtor party under each Assigned Contract that have accrued and not been paid prior to Closing (collectively, the "**Cure Amounts**"), and (b) the deadline for objections to the assumption and/or assignment of contracts and leases to be assumed and/or assigned in connection with the Sale (collectively, the "**Cure Procedures**").

32. The Debtors shall prepare and distribute to non-Debtor parties to the Assigned Contracts a notice, substantially in the form annexed hereto as **Exhibit D** (a "**Cure Notice**"), listing (i) the Assigned Contract(s); and (ii) the Cure Amount(s), if any, no later than two (2) business days after entry of the Bid Procedures Order, to be assigned to the Successful Bidder.

33. To facilitate a prompt resolution of cure disputes and objections relating to the assumption and assignment of the Assigned Contracts, the Debtors propose the following deadlines and procedures:

- a. The non-Debtor parties to the Assigned Contracts shall have until 5:00 p.m. (Prevailing Eastern Time) on September 12, 2012 (the “**Contract Objection Deadline**”), which deadline may be extended in the sole discretion of the Debtors, to object (a “**Contract Objection**”) to (i) the Cure Amounts listed by the Debtors and to propose alternative cure amounts, and/or (ii) the proposed assumption and/or assignment of the Assigned Contracts in connection with the Sale; provided, however, if the Debtors amend the Cure Notice to add a contract or lease or to reduce the Cure Amount thereof, except where such reduction was upon mutual agreement of the parties, the non-Debtor parties to the added contract or lease or to the reduced Cure Amount contract or lease shall have until seven (7) days after such amendment to submit a Contract Objection (the “**Amended Contract Objection Deadline**”).
- b. Any party objecting to (i) any Cure Amount and/or (ii) the proposed assumption and assignment of any Assumed and Assigned Agreement in connection with the Sale shall file and serve a Contract Objection, in writing, setting forth with specificity any and all cure obligations that the objecting party asserts must be cured or satisfied in respect of the Assigned Contract(s), as applicable, and/or any and all objections to the potential assumption and/or assignment of such agreements, together with all documentation supporting such cure claim or objection, upon the Notice Parties, so that the Contract Objection is received no later than 5:00 p.m. (Prevailing Eastern Time), on the Contract Objection Deadline or the Amended Contract Objection Deadline, as applicable. Where a non-Debtor counterparty to an Assigned Contract files an objection asserting a cure amount higher than the proposed Cure Amounts (the “**Disputed Cure Amount**”), then (a) to the extent that the parties are able to consensually resolve the Disputed Cure Amount prior to the Sale Hearing, and subject to the consent of the Stalking Horse or the Successful Bidder, as applicable, of such consensual resolution, the Debtors shall promptly provide the Stalking Horse or the Successful Bidder, as applicable, notice and opportunity to object to such proposed resolution; (b) to the extent the parties are unable to consensually resolve the dispute prior to the Sale Hearing, then such objection will be heard at the Sale Hearing or thereafter; or (c) the Stalking Horse or the Successful Bidder, as applicable, may remove the contract to which the Contract Objection relates from the schedule of contracts to be assumed and assigned.

34. Unless an objection to the assumption and assignment of an Assigned Contract is filed and served before the Objection Deadline or the Amended Contract Objection Deadline, as

applicable, all counterparties to the Assigned Contracts shall be (i) forever barred from objecting to the proposed Cure Amounts and from asserting any additional cure or other amounts with respect to the Assigned Contracts, and the Debtors and the Stalking Horse, or Successful Bidder, as applicable, shall be entitled to rely solely upon the proposed Cure Amounts set forth in the Cure Notices; (ii) deemed to have consented to the assumption and assignment, and (iii) forever barred and estopped from asserting or claiming against the Debtors or the Stalking Horse, or the Successful Bidder, as applicable, that any additional amounts are due or other defaults exist, that conditions to assignment must be satisfied under such Assigned Contracts, including, without limitation, any consent rights, or that there is any objection or defense to the assumption and assignment of such Assigned Contracts.

35. To the extent a non-debtor party believes that an Assigned Contract requires such a party's consent right to the assignment of such Assigned Contract to the Stalking Horse or the Successful Bidder, as applicable, such non-debtor party must raise this issue in its objection which must be filed before the Contract Objection Deadline. If no timely objection is raised, such other non-debtor parties to an Assigned Contract shall be barred and estopped from asserting or claiming that their Assigned Contract contains an enforceable consent right.

Corporate Action

36. The Debtors further request that no further corporate action of the Debtors or approval of any Debtor's equity security holders shall be required to authorize the Debtors to consummate the transactions contemplated by the Agreement. Except as expressly permitted by any Orders granting this Motion, the Debtors request that all holders of claims against and interests in, and equity security holders of the Debtors be forever barred, estopped and enjoined from commencing, prosecuting or continuing in any manner any action or other proceeding of any kind against the Debtors' employees, officers or directors, or their professionals and advisors,

on account of or related to the Agreement or the transactions contemplated thereby, provided, however, that nothing in any Order granting this Motion shall prevent any administrative agencies, governmental, tax and regulatory authorities, secretaries of state, federal, state and local officials from properly exercising their police and regulatory powers.

Basis for Relief Requested

A. The Sale is Within the Sound Business Judgment of the Debtors and Should Be Approved

37. Section 363(b)(1) of the Bankruptcy Code provides, in relevant part, that a debtor in possession, “after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate.” 11 U.S.C. § 363(b)(1). Section 363 of the Bankruptcy Code does not set forth a standard for determining when it is appropriate for a court to authorize the sale or disposition of a debtor’s assets prior to confirmation of a plan. However, courts in this Circuit and others have required that the decision to sell assets outside the ordinary course of business be based upon the sound business judgment of the debtors. *See In re Abbotts Dairies of Pennsylvania, Inc.*, 788 F.2d 143 (3d Cir. 1986); *see also Myers v. Martin (In re Martin)*, 91 F.3d 389, 395 (3d Cir. 1996); *Comm. of Equity Sec. Holders v. Lionel Corp. (In re Lionel Corp.)*, 722 F.2d 1063, 1071 (2d Cir. 1983); *Dai-Ichi Kangyo Bank, Ltd v. Montgomery Ward Holding Corp., (In re Montgomery Ward Holding Corp.)*, 242 B.R. 147, 153 (D. Del. 1999); *In re Delaware & Hudson Ry. Co.*, 124 B.R. 169, 176 (D.D.C. 1991).

38. The “sound business judgment” test requires a debtor to establish four elements in order to justify the sale or lease of property outside the ordinary course of business, namely, (a) that a “sound business purpose” justifies the sale of assets outside the ordinary course of business; (b) that adequate and reasonable notice has been provided to interested persons; (c) that the debtors have obtained a fair and reasonable price; and (d) good faith. *Abbotts Dairies*, 788 F.2d 143; *Titusville Country Club v. Pennbank (In re Titusville Country Club)*, 128 B.R. 396,

399 (Bankr. W.D. Pa. 1991); *In re Sovereign Estates, Ltd*, 104 B.R. 702, 704 (Bankr. E.D. Pa. 1989). A debtor's showing of a sound business purpose need not be unduly exhaustive but, rather, a debtor is "simply required to justify the proposed disposition with sound business reasons." *In re Baldwin United Corp.*, 43 B.R. 888, 906 (Bankr. S.D. Ohio 1984). Whether or not there are sufficient business reasons to justify a transaction depends upon the facts and circumstances of each case. *Lionel*, 722 F.2d at 1071; *Montgomery Ward*, 242 B.R. at 155 (approving funding of employee incentive and severance program; business purpose requirement fulfilled because stabilizing turnover rate and increasing morale were necessary to successful reorganization).

39. Additionally, section 105(a) of the Bankruptcy Code provides a bankruptcy court with broad powers in the administration of a case under the Bankruptcy Code. Section 105(a) provides that "[t]he court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of [the Bankruptcy Code]." 11 U.S.C. § 105(a). Provided that a bankruptcy court does not employ its equitable powers to achieve a result not contemplated by the Bankruptcy Code, the exercise of its section 105(a) power is proper. *In re Fesco Plastics Corp.*, 996 F.2d 152, 154 (7th Cir. 1993); *Pincus v. Graduate Loan Ctr. (In re Pincus)*, 280 B.R. 303, 312 (Bankr. S.D.N.Y. 2002). Pursuant to section 105(a), a court may fashion an order or decree that helps preserve or protect the value of a debtor's assets. *See, e.g., Chinichian v. Campolongo (In re Chinichian)*, 784 F.2d 1440, 1443 (9th Cir. 1986) ("Section 105 sets out the power of the bankruptcy court to fashion orders as necessary pursuant to the purposes of the Bankruptcy Code."); *In re Cooper Props. Liquidating Trust, Inc.*, 61 B.R. 531, 537 (Bankr. W.D. Tenn. 1986) (noting that bankruptcy court is "one of equity and as such it has a duty to protect whatever equities a debtor may have in property for the benefit of its creditors as long as that protection is implemented in a manner consistent with the bankruptcy laws.").

40. The Debtors submit that sound business justification exists to sell the Assets to the Successful Bidder pursuant to the Bid Procedures. Absent a sale of their assets, the Debtors will not have cash or financing to continue to operate their business. The value of the Assets would also likely decline absent a prompt sale given the potential lack of financing. In addition, absent a clear exit strategy, the Debtors risk losing the confidence of their vendors and customers. Thus, the relief sought herein is not only reasonable, but necessary, to maximize the value of the Debtors' estates for the benefit of their stakeholders.

41. The notice of Auction is designed to provide adequate notice to all potentially interested parties, including those who have previously expressed an interest in purchasing the Assets. Indeed, the Debtors have and, upon approval of the Bid Procedures, will continue to market the Assets and will solicit the most likely interested competing bidders. Accordingly, the proposed Sale satisfies the second prong of the *Abbotts Dairies* standard.

42. Moreover, the Bid Procedures are designed to maximize the value received for the Assets. The process set forth in the Bid Procedures allows for a timely and efficient auction process given the circumstances facing the Debtors, while providing bidders with ample time and information to submit a timely bid and perform diligence. The Bid Procedures are designed to ensure that the Assets will be sold for the highest or otherwise best possible purchase price. The Debtors are subjecting the value of the Assets to market testing and permitting prospective purchasers to bid on the Assets. The proposed Sale will be further subject to a market check through the solicitation of competing bids in a court-supervised Auction process as set forth in the Bid Procedures. Accordingly, the Debtors and all parties in interest can be assured that the consideration received for the Assets will be fair and reasonable, and, thereby satisfying the third prong of the *Abbotts Dairies* standard.

B. *The Sale is Proposed in “Good Faith” 363(m) of the Bankruptcy Code*

43. The “good faith” prong of the *Abbotts Dairies* standard is also satisfied as discussed further below. The Debtors request that the Court find that the Successful Bidder is entitled to the benefits and protections provided by section 363(m) of the Bankruptcy Code in connection with the Sale.

44. Section 363(m) of the Bankruptcy Code provides, in pertinent part:

The reversal or modification on appeal of an authorization under subsection (b) . . . of this section of a sale . . . of property does not affect the validity of a sale . . . under such authorization to an entity that purchased . . . such property in good faith, whether or not such entity knew of the pendency of the appeal, unless such authorization and such sale . . . were stayed pending appeal.

11 U.S.C. § 363(m).

45. Section 363(m) of the Bankruptcy Code thus protects the purchaser of assets sold pursuant to section 363 of the Bankruptcy Code from the risk that it will lose its interest in the purchased assets if the order allowing the sale is reversed on appeal. By its terms, section 363(m) of the Bankruptcy Code applies to sales of interests in tangible assets, such as the Assets.

46. The Debtors submit, and will present evidence at the Sale Hearing, if necessary, that as set forth above, the Purchase Agreement was an arm’s-length transaction, in which the Successful Bidder acted in good faith. The Auction is an open sale process, and the Debtors will have their own separate legal counsel to negotiate on their behalf throughout the Auction and the Sale. Accordingly, the Debtors request that the Court make the finding at the Sale Hearing that the Successful Bidder has purchased the Assets in good faith within the meaning of section 363(m) of the Bankruptcy Code.

C. *The Sale Satisfies the Requirements of Section 363(f) of the Bankruptcy Code*

47. Under section 363(f) of the Bankruptcy Code, a debtor-in-possession may sell all or any part of its property free and clear of any and all liens, claims or interests in such property

if: (i) such a sale is permitted under applicable non-bankruptcy law; (ii) the party asserting such a lien, claim or interest consents to such sale; (iii) the interest is a lien and the purchase price for the property is greater than the aggregate amount of all liens on the property; (iv) the interest is the subject of a bona fide dispute; or (v) the party asserting the lien, claim or interest could be compelled, in a legal or equitable proceeding, to accept a money satisfaction for such interest. 11 U.S.C. § 363(f); *Citicorp Homeowners Serv., Inc. v. Elliot (In re Elliot)*, 94 B.R. 343, 345 (E.D. Pa. 1988) (noting that section 363(f) of the Bankruptcy Code is written in the disjunctive; therefore, a court may approve a sale “free and clear” provided at least one of the subsections is met).

48. The Debtors expect that they will satisfy, at minimum, the second and third of the requirements of section 363(f) of the Bankruptcy Code, if not others as well, approving the sale of the Assets free and clear of all adverse interests is warranted. Furthermore, courts have held that they have the equitable power to authorize sales free and clear of interests that are not specifically covered by section 363(f). *See, e.g., In re Trans World Airlines, Inc.*, 2001 WL 1820325 at *3, 6 (Bankr. D. Del. March 27, 2001); *Volvo White Truck Corp. v. Chambersburg Beverage, Inc. (In re White Motor Credit Corp.)*, 75 B.R. 944, 948 (Bankr. N.D. Ohio 1987).

D. The Breakup Fee and Reimbursement Amount are Reasonable and Appropriate

49. Bid incentives such as the Breakup Fee and Reimbursement Amount encourage a potential buyer to invest the time, money and effort required to negotiate with a debtor, and perform the necessary due diligence attendant to the acquisition of a debtor, despite the inherent risks and uncertainties of the chapter 11 process. The Debtors submit that approval of the Breakup Fee and Reimbursement Amount are justified by the facts and circumstances of these cases, whether considered under the business judgment rule or as an administrative expense of the estates.

50. Approval of the Breakup Fee and Reimbursement Amount is governed by standards for determining the appropriateness of bidding incentives in the bankruptcy context established by the Third Circuit in *Calpine Corp. v. O'Brien Env'tl. Energy, Inc. (In re O'Brien Env'tl. Energy, Inc.)*, 181 F.3d 527 (3d Cir. 1999). In *O'Brien*, the Third Circuit concluded that “the determination whether break-up fees or expenses are allowable under section 503(b) must be made in reference to general administrative expense jurisprudence. In other words, the allowability of break-up fees . . . depends upon the requesting party’s ability to show that the fees were actually necessary to preserve the value of the estate.” *O'Brien*, 181 F.3d at 535. Here, the Breakup Fee should be approved because it will provide a benefit to the Debtors’ estates. The Third Circuit identified at least two instances in which bidding incentives may benefit the estate. First, a breakup fee may be necessary to preserve the value of the estate if assurance of the fee “promote[s] more competitive bidding, such as by inducing a bid that otherwise would not have been made and without which bidding would have been limited.” *Id.* at 537. Second, “if the availability of break-up fees and expenses were to induce a bidder to research the value of the debtor and convert that value to a dollar figure on which other bidders can rely, the bidder may have provided a benefit to the estate by increasing the likelihood that the price at which the debtor is sold will reflect its true worth.” *Id.*

51. In recognition of this expenditure of time, energy and resources, and the benefits to the Debtors’ estates of securing a “stalking horse” or minimum bid, the Debtors have agreed to seek approval of the Breakup Fee and Reimbursement Amount for the Stalking Horse. The Debtors’ ability to offer the Breakup Fee and Reimbursement Amount enables the Debtors to ensure the sale of the Assets to a contractually-committed bidder at a price the Debtors believe to be fair while, at the same time, providing the Debtors with the potential of an even greater return to the estates. Moreover, the Stalking Horse has spent, and likely will continue to spend,

considerable time, money and energy pursuing the Sale and has engaged in extended and lengthy good faith negotiations under extremely stressful time pressure. The Debtors and the Stalking Horse are not related, and each has acted in good faith throughout this process. The amount of the Breakup Fee (\$400,000) and Reimbursement Amount (not to exceed \$140,000) is relatively small compared to the Purchase Price, and is not so high that it would cause any chilling effect on other prospective purchasers, and will have no adverse effect on any creditors.

52. Indeed, the Breakup Fee and Reimbursement Amount induced the Stalking Horse Purchaser to submit a bid that will serve as a minimum floor bid on which the Debtors, their creditors and other bidders may rely. The Debtors' ability to continue to shop the Assets for a higher or better offer without risk of losing the Stalking Horse Purchaser—a "bird-in-the-hand"—would be eliminated if the Debtors are not authorized to remit the Breakup Fee. Therefore, absent authorization of the payment of the Breakup Fee and Reimbursement Amount, the Debtors might lose the opportunity to obtain the highest and best available offer for the Assets and the downside protection that will be afforded by the Purchase Agreement.

53. The Stalking Horse has provided a material benefit to the Debtors and their creditors by increasing the likelihood that Debtors will receive the best possible price for the Assets. Moreover, the Debtors' customers and employees will take comfort that the Stalking Horse's bid will ensure the continuation of the Debtors' business. Accordingly, the Breakup Fee and Reimbursement Amount is reasonable and appropriate and represents the best method for maximizing value for the benefit of the Debtors' estates. In light of the benefit to the Debtors' estates that will be realized by having a signed purchase agreement, enabling the Debtors to preserve the value of their estates and promote more competitive bidding, ample support exists for the approval of the Breakup Fee and Reimbursement Amount. In addition, approval of the Bid Procedures, including the Breakup Fee and Reimbursement Amount, is a condition to the

Stalking Horse's obligation to proceed with the transaction contemplated in the Purchase Agreement. *See In re Reliant Energy Channelview, L.P.*, 594 F.3d 200 (3d Cir. 2010).

54. The Debtors' payment of the Breakup Fee and Reimbursement Amount under the circumstances described herein would be (i) an actual and necessary cost and expense of preserving the Debtors' estates, within the meaning of section 503(b) of the Bankruptcy Code; (ii) of substantial benefit to the Debtors' estates; and (iii) reasonable and appropriate in light of the efforts and the significant due diligence costs and expenses that have been and will be expended by the Stalking Horse. Thus, the Debtors request that this Court approve and authorize payment of the Breakup Fee pursuant to the terms of the Purchase Agreement.

E. The Cure Procedures Provide Adequate Notice and Opportunity to Object and Should be Approved

55. Section 365(a) of the Bankruptcy Code provides, in pertinent part, that a debtor in possession "subject to the court's approval, may assume or reject any executory contract or [unexpired] lease of the debtor." 11 U.S.C. § 365(a). The standard governing bankruptcy court approval of a debtor's decision to assume or reject an executory contract or unexpired lease is whether the debtor's reasonable business judgment supports assumption or rejection. *See, e.g., In re Stable Mews Assoc., Inc.*, 41 B.R. 594, 596 (Bankr. S.D.N.Y. 1984). If the debtor's business judgment has been reasonably exercised, a court should approve the assumption or rejection of an unexpired lease or executory contract. *See Group of Institutional Investors v. Chicago M St. P. & P.R.R. Co.*, 318 U.S. 523 (1943); *Sharon Steel Corp.*, 872 F.2d 36, 39-40 (3d Cir. 1989). The business judgment test "requires only that the trustee [or debtor in possession] demonstrate that [assumption or] rejection of the contract will benefit the estate." *Wheeling-Pittsburgh Steel Corp. v. West Penn Power Co. (In re Wheeling-Pittsburgh Steel Corp.)*, 72 B.R. 845, 846 (Bankr. W.D. Pa. 1987) (quoting *Stable Mews Assoc.*, 41 B.R. at 596). Any more exacting scrutiny would slow the administration of a debtor's estate and increase costs, interfere with the

Bankruptcy Code's provision for private control of administration of the estate, and threaten the court's ability to control a case impartially. *See Richmond Leasing Co. v. Capital Bank, NA.*, 762 F.2d 1303, 1311 (5th Cir. 1985). Moreover, pursuant to section 365(b)(1) of the Bankruptcy Code, for a debtor to assume an executory contract, it must "cure, or provide adequate assurance that the debtor will promptly cure," any default, including compensation for any "actual pecuniary loss" relating to such default. 11 U.S.C. § 365(b)(1).

56. Once an executory contract is assumed, the trustee or debtor in possession may elect to assign such contract. *See In re Rickel Home Centers, Inc.*, 209 F.3d 291, 299 (3d Cir. 2000) ("[t]he Code generally favors free assignability as a means to maximize the value of the debtor's estate"); *see also In re Headquarters Dodge, Inc.*, 13 F.3d 674, 682 (3d Cir. 1994) (noting purpose of section 365(f) is to assist trustee in realizing the full value of the debtor's assets).

57. Section 365(f) of the Bankruptcy Code provides that the "trustee may assign an executory contract . . . only if the trustee assumes such contract . . . and adequate assurance of future performance is provided." 11 U.S.C. § 365(f)(2). The meaning of "adequate assurance of future performance" depends on the facts and circumstances of each case, but should be given "practical, pragmatic construction." *See Carlisle Homes, Inc. v. Arrari (In re Carlisle Homes, Inc.)*, 103 B.R. 524, 538 (Bankr. D.N.J. 1989); *see also In re Natco Indus., Inc.*, 54 B.R. 436, 440 (Bankr. S.D.N.Y. 1985) (adequate assurance of future performance does not mean absolute assurance that debtor will thrive and pay rent). Among other things, adequate assurance may be given by demonstrating the assignee's financial health and experience in managing the type of enterprise or property assigned. *Accord In re Bygaph, Inc.*, 56 B.R. 596, 605-06 (Bankr. S.D.N.Y. 1986) (adequate assurance of future performance is present when prospective assignee

of lease from debtors has financial resources and has expressed willingness to devote sufficient funding to business in order to give it strong likelihood of succeeding).

58. Additionally, as set forth above, section 105(a) of the Bankruptcy Code provides a bankruptcy court with broad powers in the administration of a case under title 11, provided that a bankruptcy court does not employ its equitable powers to achieve a result not contemplated by the Bankruptcy Code, the exercise of its section 105(a) power is proper. *See In re Fesco Plastics Corp.*, 996 F.2d 152, 154 (7th Cir. 1993); *Pincus v. Graduate Loan Ctr. (In re Pincus)*, 280 B.R. 303, 312 (Bankr. S.D.N.Y. 2002). Accordingly, pursuant to section 105(a), a court may fashion an order or decree that helps preserve or protect the value of a debtor's assets. *See, e.g., In re Chinichian*, 784 F.2d 1440, 1443 (9th Cir. 1986) ("Section 105 sets out the power of the bankruptcy court to fashion orders as necessary pursuant to the purposes of the Bankruptcy Code"); *In re Cooper Props. Liquidating Trust, Inc.*, 61 B.R. 531, 537 (Bankr. W.D. Tenn. 1986) (noting that bankruptcy court is "one of equity and as such it has a duty to protect whatever equities a debtor may have in property for the benefit of their creditors as long as that protection is implemented in a manner consistent with the bankruptcy laws").

59. The Debtors respectfully submit that the proposed Cure Procedures are appropriate and reasonably tailored to provide non-Debtor parties to Assigned Contracts with adequate notice in the form of the Cure Notice, of the proposed assumption and/or assignment of their applicable contract, as well as proposed Cure Amounts, if applicable. Such non-Debtor parties to the Assigned Contracts will then be given an opportunity to object to such notice. The Cure Procedures further provide that, in the event an objection is not resolved, the Court will determine related disputed issues (including any adequate assurance of future performance issues). Accordingly, the Debtors submit that implementation of the proposed Cure Procedures is appropriate in these cases.

F. Relief from the Fourteen Day Waiting Periods Under Bankruptcy Rules 6004(h) is Appropriate

60. Bankruptcy Rule 6004(h) provides that an “order authorizing the use, sale, or lease of property . . . is stayed until the expiration of fourteen (14) days after entry of the order, unless the court orders otherwise.” The Debtors request that the Sale Order be effective immediately by providing that the fourteen-day stay under Bankruptcy Rules 6004(h) is waived.

61. The purpose of Bankruptcy Rule 6004(h) is to provide sufficient time for an objecting party to appeal before an order can be implemented. *See* Advisory Committee Notes to Fed. R. Bankr. P. 6004(h). Although Bankruptcy Rules 6004(h) and the Advisory Committee Notes are silent as to when a court should “order otherwise” and eliminate or reduce the fourteen-day stay period, Collier on Bankruptcy suggests that the fourteen-day stay period should be eliminated to allow a sale or other transaction to close immediately “where there has been no objection to the procedure.” 10 Collier on Bankruptcy 15th Ed. Rev., ¶6064.09 (L. King, 15th rev. ed. 1988). Furthermore, Collier’s provides that if an objection is filed and overruled, and the objecting party informs the court of its intent to appeal, the stay may be reduced to the amount of time actually necessary to file such appeal. *Id.*

62. Since a prompt closing of the Sale is of critical importance to the continued stability of the Debtors’ business, the Debtors hereby request that the Court waive the fourteen-day stay period under Bankruptcy Rules 6004(h).

No Prior Request

63. No prior Motion for the relief requested herein has been made to this or any other court.

Notice

64. Notice of this Motion has been given to the following parties or, in lieu thereof, to their counsel, if known: (a) the Office of the United States Trustee for the District of Delaware;

(b) counsel to the Debtors' prepetition lender; (c) all taxing authorities having jurisdiction over any of the Assets subject to the sale, including the Internal Revenue Service; (d) the Nevada Gaming Commission; (e) the state/local environmental agencies in the jurisdictions where the Debtors own or lease real property; (f) all parties that have requested special notice pursuant to Bankruptcy Rule 2002 as of the date prior to the date of entry of this order; (g) all persons or entities known to the Debtors that have or have asserted a lien on, or security interest in, all or any portion of the Assets; (h) all Contract Parties; (i) counsel to the Stalking Horse; (j) all Attorneys General for the states in which the Debtors conduct business; and (k) all potential bidders previously identified or otherwise known to the Debtors. In light of the nature of the relief requested herein, the Debtors submit that no other or further notice is necessary.

Conclusion

WHEREFORE, the Debtors respectfully request that this Court enter an order granting the relief requested herein and that it grant the Debtors such other and further relief as is just and proper.

Dated: August 10, 2012

Respectfully Submitted,

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EXHIBIT A TO BID PROCEDURES/SALE MOTION
Bid Procedures Order

**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re

GameTech International, Inc., *et al.*,¹

Debtors.

Chapter 11

Case No. 12-11964 (PJW)

(Jointly Administered)

Ref. Docket No. _____

**ORDER (I) APPROVING BID PROCEDURES RELATING TO SALE
OF THE DEBTORS' ASSETS; (II) APPROVING BID PROTECTIONS;
(III) SCHEDULING A HEARING TO CONSIDER THE SALE; (IV) APPROVING
THE FORM AND MANNER OF NOTICE OF SALE BY AUCTION;
(V) ESTABLISHING PROCEDURES FOR NOTICING AND DETERMINING
CURE AMOUNTS; AND (VI) GRANTING RELATED RELIEF**

Upon the motion (the “**Bid Procedures Motion**”) of the above-captioned debtors and debtors-in-possession (collectively the “**Debtors**”) for entry of an *Order* (I) Approving Bid Procedures Relating to the Sale of the Debtors’ Assets; (II) Approving Bid Protections; (III) Scheduling a Hearing to Consider the Sale; (IV) Approving the Form and Manner of Notice of Sale By Auction; (V) Establishing Procedures for Noticing and Determining Cure Amounts; and (VI) Granting Related Relief (the “**Bid Procedures Order**”);² and it appearing that this Court has jurisdiction over the Bid Procedures Motion pursuant to 28 U.S.C. §§ 157 and 1334; and it appearing that this is a core proceeding pursuant to 28 U.S.C. § 157(a); this Court having considered the Bid Procedures Motion; and it appearing that the relief requested in the Bid Procedures Motion is in the best interests of the Debtors’ bankruptcy estates, their creditors and other parties-in-interest; and after due deliberation and sufficient cause appearing therefor;

¹ The Debtors in these chapter 11 Cases, along with the last four digits of each Debtors’ federal tax identification number, are GameTech International, Inc. (2983), GameTech Arizona Corp. (9812), GameTech Canada Corp. (0001), and GameTech Mexico S. De R.L. de C.V. (5489).

² Capitalized terms used but not defined herein shall have the meaning ascribed thereto in the Bid Procedures Motion or the Agreement (as defined below), as the case may be.

THE COURT HEREBY MAKES THE FOLLOWING FINDINGS:

A. Notice of the Bid Procedures Motion was adequate and sufficient under the circumstances of these chapter 11 cases, and such notice complied with all applicable requirements of 11 U.S.C. §§ 102 and 363, Rules 2002, 6004, 6006, and 9008 of the Federal Rules of Bankruptcy Procedure, and any other applicable provisions of title 11 of the United States Code (the “**Bankruptcy Code**”), the Federal Rules of Bankruptcy Procedure and the Local Bankruptcy Rules for the District of Delaware.

B. The bid procedures attached hereto as Exhibit A (the “**Bid Procedures**”) are reasonable and appropriate under the circumstances of these chapter 11 cases. The Debtors are authorized to take any and all actions necessary or appropriate to implement the Bid Procedures.

C. All objections to the relief requested in the Bid Procedures Motion that have not been withdrawn, waived or settled as announced to the Court at the hearing on the Motion or by stipulation filed with the Court, are overruled except as otherwise set forth herein.

D. The Breakup Fee and Reimbursement Amount (together, the “**Bid Protections**”) to be paid under the circumstances described herein and in the Asset Purchase Agreement (the “**Agreement**”) by and between the Debtors and YI GT Acquisition, Inc. (the “**Buyer**”) are (i) an actual and necessary cost and expense of preserving the Debtors’ estates within the meaning of sections 503(b) and 507(a)(2) of the Bankruptcy Code, (ii) commensurate to the real and substantial benefit conferred upon the Debtors’ estates by the Buyer, (iii) reasonable and appropriate, in light of the size and nature of the proposed sale transaction and comparable transactions, the commitments that have been made and the efforts that have been and will be expended by the Buyer, and (iv) necessary to induce the Buyer to continue to pursue the sale transaction and to continue to be bound by the Agreement.

E. The Bid Protections also induced the Buyer to submit a bid that will not only serve as a minimum floor bid on which the Debtors, their creditors, and other bidders may rely, but also provide the Debtors with the opportunity to sell their business on a “going concern” basis for the benefit of all parties. The Buyer has provided a material benefit to the Debtors and their creditors by increasing the likelihood that the best possible price for the Acquired Assets will be received. Accordingly, the Bid Procedures and the Bid Protections are reasonable and appropriate and represent the best method for maximizing value for the benefit of the Debtors’ estate.

F. The *Notice of Bid Procedures, Auction Date and Sale Hearing* substantially in the form attached hereto as Exhibit B (the “**Bid Procedures and Sale Notice**”), the *Auction and Hearing Notice* (the “**Creditor Notice**”) substantially in the form attached hereto as Exhibit C, and the notice substantially in the form of Exhibit D hereto to be served on counterparties to the Assumed Executory Contracts (the “**Assumed Executory Contract Notice**”), each provide adequate notice concerning the proposed sale of the Assets and the proposed assumption and assignment of the Assumed Executory Contracts, as contemplated in the Agreement, that are the property of the Debtors, and is intended to provide due and adequate notice of the relief sought in the sale motion.

IT IS HEREBY ORDERED THAT:

1. The relief requested in the Bid Procedures Motion is granted as set forth in this Bid Procedures Order.

2. The Bid Procedures as set forth on the attached Exhibit A are approved in their entirety, and are incorporated herein by reference.

3. The proposed sale of the Assets, the proposed assumption and assignment of the Assumed Executory Contracts, the Auction (as defined below), and the Sale Hearing shall be conducted in accordance with the provisions of this Bid Procedures Order and the Bid Procedures.

4. If the Court approves an alternative sale accepted by the Debtors as being the highest and best offer pursuant to the Bid Procedures Order, whereby all or a material portion of the Business is to be purchased by, or otherwise conveyed to, a Person other than Buyer and/or one or more of its Affiliates, the Agreement shall immediately terminate and the Buyer shall be entitled to the Bid Protections in accordance with the Agreement and as set forth below; provided that nothing herein is intended to override or modify the parties' rights to terminate the Agreement pursuant to the terms thereof.

5. The Bid Protections as set forth in the Agreement are hereby approved. If the Buyer becomes entitled to payment of the Bid Protections, such amounts shall be paid in accordance with and pursuant to the terms of the Agreement. The Bid Protections are hereby allowed as a superpriority administrative claim in the Debtors' chapter 11 cases with priority higher than all other administrative claims under 364(c)(1) of the Bankruptcy Code subject to the "carve-out" or any other superpriority claims granted under the Debtors' post-petition financing facility or any cash collateral order.

6. The Debtors are authorized without further action or order by the Court to pay the Bid Protections in accordance with the terms and conditions of the Agreement and this Order.

7. Within three (3) Business Days following entry of this Order, the Debtors shall serve by first-class mail the Bid Procedures and Sale Notice on (a) the U.S. Trustee; (b) counsel to any official committee of unsecured creditors that may be appointed in this case (the

“Committee”); (c) all parties known to be asserting a lien on any of the Debtors’ Assets; (d) all known vendors, suppliers, customers, lenders, contract, license and lease counterparties; (e) all entities known to have expressed an interest in acquiring any of the Assets; (f) the United States Attorney’s office; (g) all state attorney generals in states in which the Debtors does business; (h) various federal and state agencies and authorities asserting jurisdiction over the Assets, including the Internal Revenue Service; (i) the Buyer and its counsel; and (j) all other parties that have filed a notice of appearance and demand for service of papers in the Debtors’ chapter 11 case under Bankruptcy Rule 2002 as of the date of filing the Motion (the “**Notice Parties**”).

8. Within three (3) Business Days following entry of this Order, the Debtors shall serve the Creditor Notice on all of their known creditors.

9. On or before ten (10) Business Days before the Sale Hearing, the Debtors shall file and serve the Assumed Executory Contract Notice to the counterparties to the Assumed Executory Contracts. Counterparties to the Assumed Executory Contracts³ (each a “**Counterparty**”, and together, the “**Counterparties**”) must file and serve any objection to the assumption and assignment of any Assumed Executory Contracts, including objections to any Final Cure Cost, by September 12, 2012 at 4:00 p.m. (Eastern Daylight Time).

10. Any Counterparty failing to timely file an objection to the Cure Amounts set forth in the Cure Notices shall be forever barred from objecting to the Cure Amounts and from asserting any additional cure or other amounts against the Debtors, its estate, and the Buyer with respect to its executory contract(s) or unexpired lease(s) and will be deemed to consent to the Sale and the proposed assumption and assignment of its executory contract(s) or unexpired

³ The inclusion of any agreement as an Assumed Executory Contract does not constitute an admission by the Debtors that such agreement actually constitutes an executory contract or unexpired lease under section 365 of the Bankruptcy Code, and the Debtors expressly reserve the right to challenge the status of any agreement included as an Assumed Executory Contract up until the time of the Sale Hearing.

lease(s). Notwithstanding anything to the contrary, no executory contract or unexpired lease will be assumed unless and until the occurrence of the Closing Date and in accordance with the terms of the Agreement, including, without limitation, the Buyer's right to exclude certain Assumed Executory Contracts from assumption and assignment by providing written notice to the Debtors and the counter-party to any such agreements at least three (3) Business Days prior to Closing.

11. Any other objections to the relief requested at the Sale Hearing or to the proposed form of order (the "**Sale Order**") shall be in writing, shall state the basis of such objection with specificity, and shall be filed with the Court on or before September 12, 2012 at 4:00 p.m. (Eastern Daylight Time), and served in accordance with the Auction and Hearing Notice so as to be received by (a) counsel for the Debtors; (b) counsel for any official committee(s) appointed in the Debtors' cases; (c) the United States Trustee; and (d) counsel for the Buyer .

12. Compliance with the foregoing notice provisions shall constitute sufficient notice of the Debtors' proposed sale of the Assets, the contemplated assumption and assignment of the Assumed Executory Contracts and proposed amount of any Cure Amounts, and no additional notice of such contemplated transactions need be given.

13. If the Debtors receives more than one Qualified Bid (as defined in the Bid Procedures), an auction (the "**Auction**") will be held on September 20, 2012 at 10:00 a.m. (Eastern Time), at the offices of Greenberg Traurig, LLP, 1007 North Orange Street, Suite 1200, Wilmington, DE 19801, or at any such other location as the Debtors may hereafter designate.

14. Counsel to the Debtors are authorized to hold and conduct the Auction in accordance with the Bid Procedures.

15. The hearing regarding the acceptance of the Successful Bid(s) and Backup Bid(s) shall be held on September 27, 2012, at 2:00 p.m. (Eastern Time) (the "Sale Hearing") in the

Courtroom of the Honorable Peter J. Walsh, and, subject to the terms of the Agreement, may be adjourned from time to time without further notice other than an announcement in open court at the Sale Hearing.

16. Notwithstanding the possible applicability of Bankruptcy Rule 6004(h) and 7062 or otherwise, the terms and conditions of this Bid Procedures Order shall be immediately effective and enforceable upon its entry, and no automatic stay of execution shall apply to this Bid Procedures Order.

17. This Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation of this Bid Procedures Order.

Dated: Wilmington, Delaware
_____, 2012

Honorable Peter J. Walsh
United States Bankruptcy Judge

EXHIBIT A TO BID PROCEDURES ORDER
Bid Procedures

BID PROCEDURES

These bid procedures (the “**Bid Procedures**”) set forth the process by which GameTech International, Inc., GameTech Arizona Corp., GameTech Canada Corp. and GameTech Mexico S. R.L. de C.V. (collectively, the “**Debtors**”) shall market their assets to interested parties and conduct a sale by auction (the “**Auction**”).

On August 10 2012, the Debtors filed their *Motion for Entry of an Orders (A)(I) Approving Bid Procedures Relating to the Sale of the Debtors’ Assets; (II) Approving Bid Protections; (III) Scheduling a Hearing to Consider the Sale; (IV) Approving the Form and Manner of Notice of Sale by Auction; (V) Establishing Procedures for Noticing and Determining Cure Amounts; and (VI) Granting Related Relief; and (B)(I) Approving Asset Purchase Agreement and Authorizing the Sale of Certain Assets of Debtors Outside the Ordinary Course of Business; (II) Authorizing the Sale of Assets Free and Clear of All Liens, Claims, Encumbrances and Interests; (III) Authorizing the Assumption, Sale and Assignment of Certain Executory Contracts and Unexpired Leases; and (IV) Granting Related Relief* (the “**Sale Motion**”) [Docket No. ____], to be heard by the United States Bankruptcy Court for the District of Delaware (the “**Bankruptcy Court**”) (i) on August 21, 2012 with respect to the Bid Procedures and the Bid Protections, and (ii) on September 27, 2012 (or at such other time as the Bankruptcy Court may determine) with regard to all other matters related to the Sale Motion (the “**Sale Hearing**”). On August 21, 2012, the Bankruptcy Court entered an *Order (I) Approving Bid Procedures Relating to the Sale of the Debtors’ Assets; (II) Approving Bid Protections; (III) Scheduling a Hearing to Consider the Sale; (IV) Approving the Form and Manner of Notice of Sale by Auction; (V) Establishing Procedures for Noticing and Determining Cure Amounts; and (VI) Granting Related Relief* [Docket No. ____] thereby approving these Bid Procedures and the Bid Protections.

The Debtors and YI GT Acquisition, Inc. (the “**Stalking Horse**”) have entered into an asset purchase agreement (the “**Purchase Agreement**”), attached as Exhibit 1, for the sale of substantially all of the Debtors’ assets (the “**Assets**”). Capitalized terms used in these Bid Procedures and not otherwise defined shall have the meanings ascribed to such terms in the Purchase Agreement.

Any party desiring to obtain a copy of the Purchase Agreement or a form of Non-Disclosure Agreement (as defined below) may do so by contacting the Debtors’ counsel at:

Greenberg Traurig, LLP
200 Park Avenue
New York, NY 10166
Attn: Matthew L. Hinker
Fax: (212) 801-6400
E-mail: hinkerm@gtlaw.com

The Debtors provide these Bid Procedures for use by Potential Bidders (as defined below) and Qualified Bidders (as defined below) in submitting bids proposing a transaction to purchase or otherwise acquire substantially all, or a portion, of the Assets, and, as necessary, qualifying for and participating in the Auction.

1. Important Dates

The Debtors shall:

- Assist Qualified Bidders in conducting their reasonable due diligence investigations;
- Negotiate, solicit and entertain offers for the sale of the Assets pursuant to the terms of these Bid Procedures;
- Accept Written Offers (as defined below) from Qualified Bidders (as defined below) until 5:00 p.m. (Eastern Time) on September 17, 2012;
- Select the Successful Bidder and Backup Bidder(s) (each as defined below) at the conclusion of the Auction to be held on September 20, 2012 at 10:00 a.m. (Eastern Time); and
- Seek authority to sell assets to such Successful Bidder(s) at the Sale Hearing, to be held before the Bankruptcy Court on September 27, 2012 at 2:00 p.m. (Eastern Time).

2. Assets to be Sold

The Debtors seek to sell substantially all of their Assets in their entirety as a going concern; provided, that the Debtors will consider offers for portions of their Assets including bids solely for the VLT Business or the Bingo Business.

3. Qualified Bidders, Non-Disclosure Agreements and Access to Data Room

Any person or entity wishing to bid on some or all of the Assets (each a “**Potential Bidder**”) must deliver (unless previously delivered) to the Debtors a confidentiality and non-disclosure agreement (a “**Non-Disclosure Agreement**”) in form and substance no less protective of the Debtor than the confidentiality and nondisclosure agreement entered into by the Debtors and the Stalking Horse.

The Debtors will afford any Potential Bidder who executes and delivers a Non-Disclosure Agreement such reasonable due diligence access or additional information as may be reasonably requested by the Potential Bidder that the Debtors, in their business judgment, determine to be reasonable and appropriate. The Debtors will coordinate all reasonable requests for additional information and due diligence access from such Potential Bidders. The Debtors shall not be obligated to furnish any due diligence information after the conclusion of the Auction. Neither the Debtors nor their advisors are responsible for, or will bear liability with respect to, any information obtained by Potential Bidders in connection with due diligence. Notwithstanding anything contained herein to the contrary, the Debtors will decide what, if any, diligence information to make available to a particular Potential Bidder in their business judgment, and neither the Debtors nor their representatives will be obligated to furnish any information of any kind whatsoever to any party.

Potential Bidders seeking information about the qualification process should contact counsel to the Debtors:

Greenberg Traurig, LLP
200 Park Avenue
New York, NY 10166
Attn: Matthew L. Hinker
Fax: (212) 801-6400
E-mail: hinkerm@gtlaw.com

A “Qualified Bidder” is a Potential Bidder that (a) delivers a Non-Disclosure Agreement, (b) demonstrates to the Debtors a reasonable likelihood of the ability to close on the proposed transaction in a timely manner (including the financial capability of the Potential Bidder to consummate the proposed transaction for the desired Assets and the ability to receive the necessary governmental, gaming, licensing, regulatory, or other approvals necessary for such proposed transaction), and (c) submits a Qualified Bid as set forth below. As promptly as practicable after a Potential Bidder delivers a Non-Disclosure Agreement, and in all events by not later than 12:00 p.m. (Eastern Time) on the day preceding the Auction, the Debtors shall determine, and shall notify the Potential Bidder in writing, whether the Potential Bidder is a Qualified Bidder. By not later 12:00 p.m. (Eastern Time) on the day preceding the Auction, the Debtors shall provide copies of all Qualified Bids (as defined below) to the Stalking Horse and to each other Qualified Bidder that has submitted a Qualified Bid.

Qualified Bidders requesting information in connection with their due diligence should contact the Debtors. Notwithstanding the foregoing or anything else in these Bid Procedures, the Stalking Horse (or any designated Affiliate thereof) is hereby determined to be a Qualified Bidder for all purposes at the Auction, and shall be permitted to credit bid pursuant to section 363(k) of the Bankruptcy Code to the extent permitted by law. For the avoidance of doubt, the Stalking Horse shall be entitled to credit bid all of the amounts outstanding under (i) the promissory notes dated June 15, 2011 issued by GameTech International, Inc. and held by the Stalking Horse, and (ii) any post-petition financing provided to the Debtors by the Stalking Horse.

4. Bid Protections for the Stalking Horse

Recognizing the Stalking Horse’s expenditure of time, energy and resources, the Debtors have agreed to provide certain bidding protections to the Stalking Horse. As a result, the Debtors have agreed subject to the terms of the Purchase Agreement to provide the Stalking Horse with the following bid protections: (i) a breakup fee in an amount of \$400,000 (the “**Breakup Fee**”) and (ii) reimbursement of Stalking Horse’s reasonable, documented out of pocket expenses in conducting due diligence and negotiating and documenting the transactions contemplated by the Purchase Agreement not to exceed \$140,000 (the “**Reimbursement Amount**,” and together with the Breakup Fee, the “**Bid Protections**”). In the event that (A) the Assets are sold to a Successful Bidder that is not the Stalking Horse, (B) the Debtors take any overt action to seek or support Bankruptcy Court approval of any transaction, sale, or plan of reorganization or liquidation accepted by Debtors as being the highest and best offer pursuant to these Bid Procedures, or otherwise, whereby all or a material portion of the Debtors’ business is purchased

by, or otherwise conveyed to, a person other than the Stalking Horse and/or one or more of its affiliates, or (C) the Debtors take any overt action to seek or support a plan under Chapter 11 of the Bankruptcy Code that contemplates the sale or retention of the Assets in a manner substantially inconsistent with the terms of the Purchase Agreement, the Debtors will be obligated to pay the Stalking Horse the amount of the Bid Protections in accordance with the terms of the Purchase Agreement. The Breakup Fee and the Expense Reimbursement payable pursuant to these Bid Procedures shall be a super-priority administrative expense claim senior to all other administrative expense claims in the Debtors' bankruptcy cases under Section 364(c)(1) of the Bankruptcy Code, subject to any carve-out or other super-priority administrative claims provided in applicable cash collateral or financing orders entered by the Bankruptcy Court.

5. Requirements for a Qualified Bid

In order to participate in the Auction, if any, a Qualified Bidder must deliver to the Debtors a written offer (each, a "**Written Offer**"), which in order to be deemed a "Qualified Bid," must meet each of the requirements listed below:

- (a) State that the Qualified Bidder is prepared to enter into a legally binding purchase and sale agreement for the acquisition of the Assets on terms and conditions no less favorable to the Debtors than the terms and conditions contained in the Purchase Agreement (as determined by the Debtors in their business judgment, and taking into account the Bid Protections);
- (b) Be accompanied by a clean and duly executed and binding Purchase Agreement or alternate purchase and sale agreement (together with the exhibits and schedules thereto, a "**Modified Agreement**");
- (c) Be accompanied by a marked Modified Agreement reflecting any variations from the Purchase Agreement;
- (d) Be accompanied by a list of any executory contracts or unexpired leases that are to be assumed and/or assigned under such Written Offer;
- (e) Contain evidence of financing, access to funds or such other financial and other information that will reasonably allow the Debtors to make a determination as to such Qualified Bidder's financial and other capabilities to consummate the transactions contemplated by the Purchase Agreement or Modified Agreement, which evidence is satisfactory to the Debtors in their discretion including, without limitation, such financial and other information setting forth adequate assurance of future performance under section 365 of title 11 of the Bankruptcy Code in a form requested by the Debtors;
- (f) To the Debtors' satisfaction, (i) fully disclose the identity of each entity that will be bidding for the Assets or otherwise participating in connection with such bid, (ii) the terms of any such participation, and if an entity has been formed for the purpose of acquiring some, or all, of the Assets, the parties that will bear liability for any breach by such entity, and (iii) the

ability of such parties to obtain government, gaming, licensing or regulatory approval in connection with the consummation of any proposed transaction;

- (g) State that the Written Offer is irrevocable until the closing of the transaction, if such Qualified Bidder is designated as a Successful Bidder or a Backup Bidder (each as defined below);
- (h) Not request or entitle the Qualified Bidder to any transaction or break-up fee, expense reimbursement, or similar type of payment;
- (i) Not contain any material due diligence or financing contingencies as determined by the Debtors in their reasonable discretion;
- (j) Provide evidence of authorization and approval from the Qualified Bidder's board of directors (or comparable governing body) with respect to the submission, execution, delivery and closing of the Purchase Agreement or Modified Agreement to the Debtors' satisfaction;
- (k) Include a good faith deposit (the "**Good Faith Deposit**") in the form of a certified check, wire transfer or such other form as is acceptable to the Debtors payable to the order of GameTech International, Inc. (or such other party as the Debtors may determine) in an amount equal to at least 10% of the purchase price set forth in the Written Offer;
- (l) Set forth the anticipated timeframe for (i) obtaining any required approvals, and (ii) consummating the proposed transactions;
- (m) Include a written acknowledgement by such Qualified Bidder that it agrees to the terms of the Bidding Procedures;
- (n) Include such other information as may be reasonably requested in writing by the Debtors at least two (2) calendar days prior to the Auction; and
- (o) Provide for a closing date (the "**Closing Date**") which shall be no later than 15 days after the date of the Sale Hearing or such later date as is acceptable to the Debtors.

The Purchase Agreement with the Stalking Horse constitutes a Qualified Bid.

Any Good Faith Deposit accompanying a Written Offer that the Debtors determine not to be a Qualified Bid shall be returned promptly following such determination. Between the Bid Deadline (as defined below) and the Auction, the Debtors may negotiate or seek clarification of any Qualified Bid from a Qualified Bidder. Without the consent of the Debtors, a Qualified Bidder may not amend, modify or withdraw its Qualified Bid, except for proposed amendments to increase the amount or otherwise improve the terms of the Qualified Bid, during the period that such Qualified Bid is required to remain irrevocable and binding.

6. Bid Deadline

All Qualified Bids must be received prior to 5:00 p.m. (Eastern Time) on September 7, 2012 (the “Bid Deadline”), by each of the parties listed below.

Debtors: GameTech International, Inc.
8850 Double Diamond Parkway
Reno, Nevada 89521
Attn: James Robertson
Fax: (775) 850-6115
E-mail: jrobertson@gtiemail.com

Debtors’ Counsel: Greenberg Traurig, LLP
200 Park Avenue
New York, NY 10166
Attn: Matthew L. Hinker
Fax: (212) 801-6400
E-mail: hinkerm@gtlaw.com

7. Determination of Qualified Bids

Debtors shall, by no later than noon Eastern Time one (1) day prior to the Auction, (i) determine in their business judgment, whether a Written Offer is a Qualified Bid and (ii) notify each Qualified Bidder submitting a Written Offer whether that Written Offer is a Qualified Bid.

8. “As Is, Where Is”

Except as otherwise provided in the applicable agreement, the sale of any or all of the Assets shall be on an “as is, where is” basis and without representations or warranties of any kind, nature or description by the Debtors, its agents or its estate except to the extent set forth in the applicable agreement of the Successful Bidder(s) as approved by the Bankruptcy Court. Except as otherwise provided in the applicable agreement, all of the Debtors’ right, title and interest in and to the Assets subject thereto shall be sold free and clear of all Liens, Claims, Interests and Encumbrances (collectively, the “**Interests**”) in accordance with sections 363 and 365 of the Bankruptcy Code, with such Interests to attach to the net proceeds of the sale of the Assets. Each Qualified Bidder shall be deemed to acknowledge and represent that it has had an opportunity to conduct any and all desired due diligence regarding the Assets prior to making its Qualified Bid, that it has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Assets in making its Qualified Bid, and that it did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express, implied, by operation of law or otherwise, regarding the Assets, or the completeness of any information provided in connection therewith or the Auction, except as expressly stated in these Bid Procedures or, as to the Successful Bidder(s), the terms of the transaction(s) as set forth in the applicable agreement.

9. Auction

In the event that, as the case may be, two or more Qualified Bids are received, the Debtors shall conduct an Auction of the Assets. The Auction shall be held on September 20, 2012 at 10:00 a.m. (Eastern Time) at the offices of Greenberg Traurig, LLP, Suite 1200, The Nemours Building, 1007 North Orange Street, Wilmington, Delaware, and continue thereafter until completed. Subject to Section 10 hereof, the Debtors reserve the right to cancel or postpone the Auction or to not proceed with any sale transaction in their sole discretion.

Except as otherwise permitted in the Debtors' discretion, only the Debtors, the Debtors' pre- and post-petition secured lenders, any statutory committee appointed in these cases, and Qualified Bidders and their respective professionals shall be entitled to attend the Auction. Only a Qualified Bidder that submitted a Qualified Bid is eligible to participate in the Auction.

The Auction shall be governed by the following procedures:

- (a) Qualified Bidders shall appear in person at the Auction, or through a duly authorized representative.
- (b) Except with respect to subsections (e) and (f) below, the Debtors, in their discretion, may conduct the Auction, in the manner that they determine, in their business judgment and may adopt rules for the Auction at the Auction that, in the Debtors' business judgment, will better promote the goals of the Auction and that are not inconsistent with any of the provisions of the Bid Procedures Order or the Purchase Agreement. No such rules shall limit the right of the Stalking Horse to credit bid indebtedness owing to it. All such rules will provide that: (i) the Auction procedures must be fair and open, and not intended to cause any participating Qualified Bidder to be disadvantaged in any material way as compared to any other participating Qualified Bidder, and (ii) all participating Qualified Bidders shall be entitled to be present for all bidding with the understanding that the true identity of each bidder (i.e., the principals submitting each bid) shall be fully disclosed to all other participating Qualified Bidders and that all material terms of each Qualified Bid will be fully disclosed to all other bidders throughout the entire Auction. Each bid by a Qualified Bidder at the Auction, if not inconsistent with the provisions of these Bid Procedures, shall be deemed to constitute a Qualified Bid. Notwithstanding the foregoing, any overbid by the Stalking Horse will be credited with the amount of the Bid Protections, for purposes of comparison with other bids (it being understood that, as provided in Section 9(e) of these Bid Procedures, if the Stalking Horse is the Successful Bidder at the Auction, it shall not be entitled to payment of the Bid Protections).
- (c) The Debtors will arrange for the actual bidding at the Auction to be transcribed.

- (d) Each Qualified Bidder participating in the Auction will be expected to confirm at the Auction that it has not engaged in any collusion regarding these Bid Procedures with any other Qualified Bidder, the Auction or any proposed transaction relating to the Assets or a portion thereof.
- (e) At the Auction, the first bid for the Assets other than the offer of Stalking Horse set forth in the Purchase Agreement shall be considered only if it exceeds the purchase price set forth in the Purchase Agreement by a minimum of (i) the amount that would be owed if the Debtors would be required to pay the Bid Protections to the Stalking Horse *plus* (ii) cash consideration in an amount not less than \$100,000. Subsequently, bidding will continue in minimum increments of at least \$100,000, with the specific increments for each round of bidding to be announced on the record at the Auction.
- (f) All Qualified Bidders shall have the right to, at any time, request that the Debtors announce, subject to any potential new bids, the then current highest or best bid and, to the extent requested by any Qualified Bidder, use reasonable efforts to clarify any and all questions such Qualified Bidder may have regarding the Debtors' announcement of the then current highest or best bid.
- (g) In the Debtors' discretion, all Qualified Bidders shall have the right to submit additional bids and make additional modifications to the Purchase Agreement or Modified Agreement, as applicable, at the Auction, provided, however, that any such modifications to the Purchase Agreement or Modified Agreement, on an aggregate basis and viewed in whole, shall not be less favorable to the Debtors as determined by the Debtors.
- (h) Upon conclusion of the bidding, the Auction shall be closed, and the Debtors shall, as soon as practicable identify and determine in its business judgment the highest and/or best Qualified Bid for the Assets (the "Successful Bid" and the entity or entities submitting such Successful Bid, the "Successful Bidder"), taking into account the Stalking Horse's entitlement to the Bid Protection, if applicable, and advise the Qualified Bidders of such determination, and require the Successful Bidder (other than Stalking Horse) to deliver an executed Purchase Agreement or Modified Agreement prior to commencement of the Sale Hearing.
- (i) In addition, the Debtors will determine which Qualified Bid, if any, is the next highest and/or best Qualified Bid and designate such Qualified Bid as a "Backup Bid" in the event the Successful Bidder fails to consummate the contemplated transaction. A Qualified Bidder that submitted a Qualified Bid that is designated a Backup Bid is a "Backup Bidder". Each Backup Bid shall remain open and binding until the earlier of (i) two business days after the closing of the transaction(s) by which all of the Assets that were

subject to such Backup Bid have been transferred to one or more Qualified Bidders pursuant to these Bid Procedures and (ii) fourteen (14) days after the date of the Auction.

- (j) Following the conclusion of the Auction, the Debtors may resume bidding on such procedures determined by the Debtors in their discretion for the sale of discrete assets not sold to the Successful Bidder.

10. Sole Qualified Bid

If the Purchase Agreement with the Stalking Horse is the only Qualified Bid submitted by the Bid Deadline, the Debtors may determine not to hold an Auction and instead shall request at the Sale Hearing that the Bankruptcy Court approve the Purchase Agreement with the Stalking Horse.

11. Sale Hearing

The Sale Hearing will be held before the Honorable Peter J. Walsh on September 27, 2012, at 2:00 p.m. (Eastern Time) at the United States Bankruptcy Court for the District of Delaware, located in Courtroom 2, Sixth Floor, 824 Market Street, Wilmington, DE 19801. At the Sale Hearing, the Debtors shall present the results of the Auction to the Bankruptcy Court and seek approval for the Successful Bid and any Backup Bid(s). Upon (i) entry of an order approving a Successful Bid other than that of Stalking Horse, and (ii) consummation of an Alternate Transaction, the Debtors shall pay to the Stalking Horse a sum equal to the Bid Protections without further order of the Bankruptcy Court.

Following the Sale Hearing approving the transaction with respect to the Assets to the Successful Bidder, if such Successful Bidder fails to consummate an approved transaction for any reason, the appropriate Backup Bidder(s) shall be designated the Successful Bidder and the Debtors shall be authorized to effect such transaction without further order of the Bankruptcy Court. The Successful Bidder and Backup Bidder (if any) should be represented by counsel at the Sale Hearing.

12. Consummation of the Purchase

- (a) Closing Date; Good Faith Deposit

The Successful Bidder shall consummate the sale transaction contemplated by the Successful Bid (the “**Purchase**”) on or before the Closing Date. If a Successful Bidder successfully consummates an approved transaction by the Closing Date, such Successful Bidder’s Good Faith Deposit shall be applied to the purchase price in such transaction.

If the Successful Bidder either fails to consummate the Purchase on or before the Closing Date, breaches the Purchase Agreement or Modified Agreement or otherwise fails to perform, the Debtors shall, without further order of the Bankruptcy Court, deem the Successful Bidder to be a “Defaulting Buyer,” at which time the Successful Bid shall be deemed rejected.

Subject to Stalking Horse’s rights to the Bid Protections, the Debtors shall be entitled to (i) retain the Good Faith Deposit as part of its damages resulting from the breach or failure to

perform by the Defaulting Buyer, and (ii) seek all available damages from such Defaulting Buyer occurring as a result of such Defaulting Buyer's failure to perform.

(b) Back-Up Purchase

Upon a determination by the Debtors that the Successful Bidder is a Defaulting Buyer, the Debtors shall consummate a sale transaction with the Backup Bidder on the terms and conditions of the Backup Bid (the "**Backup Purchase**") without further order of the Bankruptcy Court.

If a Backup Bidder consummates a Backup Purchase, the Good Faith Deposit of such Backup Bidder will be applied to the purchase price in such transaction. In the event that the Debtors seek to consummate a Backup Purchase with a Backup Bidder and such Backup Bidder fails to consummate the Backup Purchase on or before the alternative Closing Deadline, breaches the Purchase Agreement or Modified Agreement or otherwise fails to perform, the Debtors may, in their discretion and without further order of the Bankruptcy Court, deem such Backup Bidder to be a Defaulting Buyer.

13. Return of Good Faith Deposits

Good Faith Deposits of all Qualified Bidders shall be held in an interest-bearing escrow account. Except for the Successful Bidder and the Backup Bidder(s), the Debtors shall hold the Good Faith Deposits of all Qualified Bidders that submit Written Offers until three (3) business days after the closing of the sale with the Successful Bidder or such other bidder who acquires some or all of the Assets.

EXHIBIT 1 TO BID PROCEDURES
Asset Purchase Agreement

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT, dated as of August 8, 2012, is by and between GameTech International, Inc., a Delaware corporation; GameTech Arizona Corp., an Arizona corporation; GameTech Canada Corp., a corporation organized under the laws of Nova Scotia; and GameTech Mexico S. de R.L. de C.V., a company organization under the laws of Mexico (each a “Seller” and, collectively, “Sellers”), YI GT Acquisition, Inc., a Delaware corporation (“Buyer”), and solely with respect to Section 2.06(f), Yuri Itkis Gaming Trust of 1993 (the “Trust”).

RECITALS

A. The Sellers are engaged in the business of developing, manufacturing, marketing, distributing and supporting a variety of gaming entertainment products and systems including, but not limited to, products and systems for the bingo market (as currently conducted by Sellers, the “Bingo Business”) and products and services for the video lottery terminal market (as currently conducted by the Sellers, the “VLT Business” and, together with the Bingo Business, the “Business”).

B. On July 2, 2012 (the “Petition Date”), each of the Sellers filed voluntary petitions for reorganization relief (the “Bankruptcy Cases”) pursuant to chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”).

C. Sellers desire to sell to Buyer (or one or more Affiliates of Buyer designated by Buyer), and Buyer (directly or through one or more Affiliates of Buyer designated by Buyer) desires to acquire from Sellers, the Acquired Assets, and Buyer (directly or through its designated Affiliate(s)) is willing to assume the Assumed Obligations, all upon the terms and subject to the conditions of this Agreement.

D. The Trust is the sole stockholder of Buyer.

E. Buyer and Sellers desire that the Acquired Assets be sold pursuant to the terms of this Agreement and an order entered by the Bankruptcy Court approving such sale under Section 363 of the Bankruptcy Code, as provided in a sale order substantially in the form set forth in Exhibit A or as is otherwise acceptable to Sellers and Buyer (the “Sale Order”), and the assumption and assignment of the Assumed Executory Contracts under Section 365 of the Bankruptcy Code.

F. The transactions contemplated by this Agreement are subject to the approval of the Bankruptcy Court and will be consummated only pursuant to the Sale Order to be entered in the Bankruptcy Cases.

NOW, THEREFORE, in consideration of the foregoing premises, the mutual representations, warranties, covenants and agreements hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Buyer and Sellers agree as follows:

ARTICLE 1

DEFINITIONS

1.01 Definitions. Any capitalized term used but not otherwise defined in this Agreement has the meaning ascribed to such term in Appendix A to this Agreement.

1.02 Interpretation. The definitions set forth or referred to in Appendix A shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The headings to the Articles and Sections are for convenience of reference and shall not affect the meaning or interpretation of this Agreement. The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”. The words “hereof,” “herein” and “herewith” and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole and not to any particular provision of this Agreement. All references herein to Articles, Sections, Exhibits, Appendices, and Schedules shall be deemed to be references to Articles and Sections of, and Exhibits, Appendices, and Schedules to, this Agreement unless the context shall otherwise require. Unless the context shall otherwise require, any reference to any contract, instrument, statute, rule or regulation is a reference to it as amended and supplemented from time to time (and, in the case of a statute, rule or regulation, to any successor provision). Any reference in this Agreement to a “day” or a number of “days” (without the explicit qualification of “Business”) shall be interpreted as a reference to a calendar day or number of calendar days. Any reference in this Agreement to \$ or dollars shall mean U.S. dollars. Any reference to any party to this Agreement or any other agreement or document shall include such party’s permitted successors and assigns. The Exhibits, Appendices, and Schedules hereto are hereby incorporated by reference into, and shall be deemed a part of, this Agreement; provided, however, that no Exhibit consisting of a form of agreement or instrument shall be deemed to become effective until executed and delivered by the appropriate parties.

ARTICLE 2

PURCHASE AND SALE OF ASSETS

2.01 Acquired Assets.

(a) Pursuant to Sections 105, 363, and 365 of the Bankruptcy Code, upon the terms and subject to the conditions of this Agreement and the Sale Order, at the Closing, each Seller shall sell, convey, assign, transfer and deliver to Buyer (or one or more Affiliates of Buyer designated by Buyer), free and clear of all Liens, Claims, Interests, and Encumbrances, and Buyer (directly or through one or more Affiliates of Buyer designated by Buyer) shall purchase, acquire, accept, and take assignment and delivery of, all properties, assets, rights, titles and interests of every kind and nature, owned, licensed or leased by such Seller, as the same shall exist at the Effective Time, whether tangible or intangible, real or personal and wherever located and by whomever possessed and whether held by such Seller, its Affiliates, or any Third Party other than the Excluded Assets (collectively the “Acquired Assets” but exclusive, in all cases, of the Excluded Assets). Except as provided in the representations and warranties of Sellers in this Agreement (none of which representations and warranties will survive the Closing), the

Acquired Assets are being purchased hereunder on an “as is” basis and with all faults. Notwithstanding anything to the contrary in any other provision of this Agreement or any document or instrument executed pursuant hereto but without limiting the covenants of the Parties hereunder, to the extent that any of the Acquired Assets are leased, licensed or otherwise held by Seller pursuant to an agreement with a Third Party, Buyer (directly or through its designated Affiliate(s)) shall only acquire the right to use and possession, as applicable, of such Acquired Assets if the corresponding lease, license or other agreement is assigned to and assumed by Buyer (or its designated Affiliate(s)) pursuant to the Sale Order at the Closing. The Acquired Assets shall include, without limitation, all of the following assets:

(i) Cash and Cash Equivalents. All cash and cash equivalents (including marketable securities and short-term investments) other than the Cash Purchase Price;

(ii) Receivables. All accounts, payment intangibles, general intangibles, chattel paper, letters of credit, notes receivable, checks, and instruments (the “Receivables”);

(iii) Inventory. All inventory of Seller Products and its components, wherever located and whether held by any Seller or any Third Party (it being understood that any such inventory may be in the possession of a Third Party at the Closing in the Ordinary Course of Business, and that the purchase and sale of such inventory shall not be conditioned upon Sellers obtaining possession of such inventory at the Closing), including all raw materials, work in process, samples, packaging, supplies, service parts, purchased parts and goods (collectively, the “Inventory”), any and all rights to market and sell all such Inventory and all warehouse receipts, bills of lading and similar documents;

(iv) Machinery and Equipment. All machinery and equipment (including manufacturing assembly and test equipment), fixed assets, tools (including lab tools), spare and replacement parts, maintenance equipment, materials, networks, computers, printers, servers, or other equipment, wherever located and whether held by any Seller or any Third Party (it being understood that any such machinery or equipment may be in the possession of a Third Party at the Closing in the Ordinary Course of Business, and that the purchase and sale of such machinery and equipment shall not be conditioned upon Sellers obtaining possession of such machinery and equipment at the Closing);

(v) Personal Property. All office furnishings and furniture, display racks, shelves, decorations, fixtures, supplies and other tangible personal property (the “Personal Property”);

(vi) Seller Intellectual Property Assets. All Seller Intellectual Property Assets;

(vii) Deposits and Advances. All performance and other bonds, letters of credit, security and other deposits, advances, advance payments, prepaid credits and deferred charges (the “Deposits and Advances”);

(viii) Assumed Executory Contracts. All rights and claims in, to and under the Contracts to which a Seller is a party or may be bound or receive benefits or by which

the Acquired Assets or the Assumed Obligations may be affected as set forth on Exhibit B, including any offsetting claims and rights of recoupment in favor of Seller (collectively, as may be revised pursuant to the terms of this Agreement, the “Assumed Executory Contracts”); provided, however, that such Exhibit may be revised in accordance with Section 2.01(b);

(ix) Books and Records. All books, files, papers, agreements, correspondence, databases, information systems, programs, software, documents, records and documentation thereof related to any of the Acquired Assets or the Assumed Obligations, or used in the conduct of the Business, in whatever medium, including paper, electronic and otherwise, whether held by Seller or by any Third Party unless transfer of such records is prohibited by Law or such items constitute Excluded Assets pursuant to Section 2.02 (the “Books and Records”);

(x) Governmental Approvals. All Governmental Approvals (and pending applications therefor);

(xi) Claims. All commercial torts and other claims, choses-in-action, rights in action, rights to tender claims or demands to Sellers’ insurance companies (except to the extent the related insurance policy is an Excluded Asset), rights to any insurance proceeds (except to the extent the related insurance policy is an Excluded Asset), rights under any policy of insurance or tail under which Sellers are insured (except to the extent the related insurance policy is an Excluded Asset), rights to any Damages, and other similar claims including any attorney-client privileges related thereto (collectively, the “Seller Claims”) other than any and all claims and causes of action under Chapter 5 of the Bankruptcy Code including any attorney-client privileges related thereto (collectively, the “Chapter 5 Claims”);

(xii) Goodwill. All goodwill generated by or associated with the Business; and

(xiii) Other Assets. All other assets, properties, rights and claims related to the operations or conduct of the Business or which arise in or from the conduct thereof, including any attorney-client privileges related thereto other than the Excluded Assets.

(b) Notwithstanding anything to the contrary in this Agreement, (i) Sellers shall not reject (or make any motion to reject) any Assumed Executory Contract, (ii) Sellers shall not reject (or make any motion to reject) any Contract set forth on Exhibit C prior to the Closing (collectively, the “Potential Assumed Executory Contracts”) unless expressly agreed to by Buyer in writing, and (iii) Buyer shall have the right, in its sole discretion, to exclude any asset of Sellers from, or include any asset of Sellers in, the Acquired Assets (including the right, in Buyer’s sole discretion, to exclude any Contract from, or include any Contract in, the definition of Assumed Executory Contract) by providing written notice to Sellers at least three (3) Business Days prior to the Closing. Notwithstanding the foregoing sentence, Buyer may only revise Exhibit B to (A) add any Contract to such Exhibit after the filing of such Exhibit pursuant to Section 5.05(a) with the consent of the counterparty to such Contract and (B) remove any Assumed Executory Contract if (x) the Final Cure Cost associated with such Assumed Executory Contract exceeds an amount equal to 200% of the Estimated Cure Cost (provided it the Estimated Cure Costs is greater than \$0) associated with such Assumed Executory Contract or (y) a breach of such Contract by Sellers has triggered non-monetary obligations of Sellers or any

rights or defenses of the counterparty to such Contract that Buyer deems materially disadvantageous to Buyer.

(c) For purposes of this Agreement, with respect to any Assumed Executory Contract or Potential Assumed Executory Contract, “Estimated Cure Cost” means Seller’s best estimate, as of the date of this Agreement, of the respective costs of cure required to be satisfied in order for Seller to assume and assign such Assumed Executory Contract and Potential Assumed Executory Contract as set forth on Exhibit B or Exhibit C.

2.02 Excluded Assets. Notwithstanding anything to the contrary in Section 2.01, the following assets of Seller shall be retained by Seller and are not being sold or assigned to Buyer (or its designated Affiliate(s)) hereunder (collectively, the “Excluded Assets”).

- (a) Certain Cash. The Cash Purchase Price;
- (b) Certain Claims. Any Chapter 5 Claims and any Seller Claims that relate exclusively to an Excluded Asset and the attorney-client privileges related thereto;
- (c) Corporate Documents. Corporate seals, certificates of incorporation, minute books, stock transfer records, or other records related to the corporate organization of Sellers;
- (d) Employee Benefit Contracts. Seller Employee Benefit Plans and contracts of insurance for employee group medical, dental and life insurance plans;
- (e) Records. All personnel records and other records that Sellers are required by applicable Law to retain in its possession;
- (f) Deposits. Any Deposits and Advances solely related to any of the Excluded Assets or Excluded Liabilities;
- (g) Rights under Transaction Documents. All rights of Sellers under the Transaction Documents;
- (h) Director and Officer Claims. Any claims against Sellers’ directors and officers, other than claims for conversion of assets from any Seller, intentional misrepresentation to any Seller or fraud against Seller; and
- (i) Other Excluded Assets. The Contracts not assumed by Buyer (directly or through its designated Affiliate(s)) hereby, and other assets of Sellers not transferred to Buyer (or its designated Affiliate(s)) as set forth on Exhibit D.

2.03 Assumed Obligations.

(a) Upon the terms and subject to the conditions of this Agreement, effective at the Effective Time, Buyer (directly or through its designated Affiliate(s)) shall only assume from Sellers and thereafter only be responsible for the payment, performance or discharge of the following Liabilities (collectively, the “Assumed Obligations”):

(i) the Liabilities and obligations of Sellers arising after the Effective Time under the Assumed Executory Contracts;

(ii) the costs of cure required to be satisfied in order for Sellers to assume and assign each Assumed Executory Contract under Section 365 of the Bankruptcy Code as determined by the Bankruptcy Court (collectively, the “Final Cure Costs”); provided that the aggregate amount of such Final Cure Costs shall not exceed \$203,000;

(iii) all Liabilities arising out of the operation of the Acquired Assets and the Business for periods following the Closing Date;

(iv) all Tax Liabilities relating to the Acquired Assets or the Business for a Tax period (or portion thereof) beginning on and after the Closing Date, but excluding all income Tax liabilities of Sellers for any Tax period;

(v) all Liabilities incurred in the Ordinary Course of Business after the Petition Date which have been accrued but not yet paid; provided, that the aggregate amount of such Liabilities shall not exceed \$250,000 and such Liabilities shall not include any professional fees or other costs of administering the Bankruptcy Code; and

(vi) all Liabilities for distributor commissions, sale and use taxes, paid time off, and 503(b)(9) claims accrued during the post-petition period and in the Ordinary Course of Business; provided that the aggregate amount of such amounts shall not exceed \$330,000.

2.04 No Other Liabilities Assumed. Notwithstanding anything to the contrary in this Agreement, except for the Assumed Obligations, Buyer (directly or through its designated Affiliate(s)) shall not assume and shall not be in any way liable or responsible for (whether directly, indirectly, contingently or otherwise), any Liability of Sellers or any other Person, whether relating to or arising out of the Business, the Excluded Assets or the Acquired Assets or otherwise (collectively, the “Excluded Liabilities”).

2.05 Non-Assignable Assets.

(a) Notwithstanding anything to the contrary in this Agreement, if pursuant to Section 365 or any other provision of the Bankruptcy Code any of the Assumed Executory Contracts or other Acquired Assets are held by the Bankruptcy Court, despite application of Section 365(f) of the Bankruptcy Code for Buyer’s benefit, to be non-assignable or transferable (each, a “Non-Assignable Asset”) without the consent of, or waiver by, a third party (each, an “Assignment Consent”), either as a result of the provisions thereof or applicable Law, and any of such Assignment Consents are not obtained by Sellers on or prior to the Closing Date, Buyer may elect in its sole discretion to have Sellers retain the Non-Assignable Asset and all Liabilities relating thereto to the extent provided for in the Sale Order (provided, that Sellers shall not be required to retain or perform under any Non-Assignable Asset unless Buyer funds any direct and indirect costs associated with such retention or performance), and, in such case, this Agreement and the other Transaction Documents shall not constitute an assignment or transfer of such Non-Assignable Assets, and Buyer (directly or through its designated Affiliate(s)) shall not assume Sellers’ rights or obligations under such Non-Assignable Asset (and such Non-Assignable Asset

shall not be included in the Acquired Assets). Sellers shall provide reasonable cooperation to Buyer in Buyer's efforts to obtain all such Assignment Consents after the Closing Date and thereafter assign to Buyer (or its designated Affiliate(s)) such Non-Assignable Assets. Following any such assignment, such assets shall be deemed Acquired Assets for purposes of this Agreement.

(b) After the Closing, Seller shall cooperate with Buyer to provide Buyer (or its designated Affiliate(s)) with all of the benefits of the Non-Assignable Assets as if the appropriate Assignment Consents had been obtained, including by granting subleases, sublicenses or other rights as appropriate and establishing arrangements whereby Buyer (or one or more Affiliates of Buyer designated by Buyer) shall undertake the work necessary to perform under the Assumed Executory Contracts, provided, that Sellers shall not be required to undertake or perform any such work unless Buyer funds any direct and indirect costs associated with such undertaking or performance.

2.06 Purchase Price. The purchase price payable at the Closing by Buyer to Sellers for the Acquired Assets shall consist of the following (the "Purchase Price"):

(a) the credit pursuant to Section 363(k) of the Bankruptcy Code of all indebtedness owing as of the Effective Time by GameTech International, Inc. to Buyer pursuant to the Amended and Restated Promissory Notes, dated June 15, 2011, issued by GameTech International, Inc. and held by Buyer (the "Seller Promissory Notes");

(b) the credit pursuant to Section 363(k) of the Bankruptcy Code of all DIP Obligations owing as of the Effective Time;

(c) cash in an amount (the "Cash Purchase Price") equal to \$2,500,000 minus the amount of all DIP Obligations owing as of the Effective Time;

(d) the assumption of the Assumed Obligations by Buyer (directly or through its designated Affiliate(s)); and

(e) the payment of all Sales Taxes.

For the avoidance of doubt, Buyer reserves the right to increase the amount of the Purchase Price pursuant to the terms of the Bidding Procedures Order.

(f) The Trust hereby guarantees the due and punctual payment of the Cash Purchase Price pursuant to Section 2.06(c) above and the payment of any monetary damages imposed upon Buyer by a court of competent jurisdiction as a result of Buyer's breach of this Agreement.

2.07 Closing. Upon the terms and subject to the conditions of this Agreement, the closing of the transactions contemplated by this Agreement (the "Closing") shall occur at the offices of Morrison & Foerster LLP, 755 Page Mill Road, Palo Alto, California 94304-1018, or such other place as Buyer and Sellers may mutually agree, as soon as practicable but in no event later than the third (3rd) Business Day following the date upon which all of the conditions set forth in ARTICLE 7 have been satisfied or waived in accordance with this Agreement, or upon

such other date as Buyer and Seller may mutually agree; provided, however, that, absent an order from the Bankruptcy Court that rescinds the automatic fourteen (14) day stay following the entry of the Sale Order, Buyer may elect, in its sole discretion, to delay the Closing until a date not later than the fifteenth (15th) calendar day following the date upon which all of the conditions set forth in ARTICLE 7 have been satisfied or waived in accordance with this Agreement (the “Closing Date”).

2.08 Closing Deliveries by Seller. At the Closing, Sellers shall (a) take all commercially reasonable steps necessary to place Buyer (or its designated Affiliate(s)) in actual possession and operating control of the Business and the Acquired Assets and (b) deliver to Buyer the following items, duly executed by Sellers, as applicable, all of which shall be in form and substance reasonably acceptable to Buyer and its counsel:

(a) General Assignment and Bill of Sale. General Assignment and Bill of Sale, substantially in the form set forth on Exhibit E, covering all of the applicable Acquired Assets (the “General Assignment and Bill of Sale”);

(b) Assignment and Assumption Agreement. Assignment and Assumption Agreement, substantially in the form set forth on Exhibit F, covering all of the Assumed Obligations (the “Assignment and Assumption”);

(c) Intellectual Property Confirmatory Assignments. Any and all documents necessary to properly record the assignment to Buyer (or its designated Affiliate(s)) of all of Seller’s right, title and interest in and to the Seller Intellectual Property Assets, including (i) a patent assignment substantially in the form set forth on Exhibit G, (ii) a copyright assignment substantially in the form set forth on Exhibit H, (iii) a trademark assignment substantially in the form set forth on Exhibit I, and (iv) a domain name assignment agreement substantially in the form set forth on Exhibit J;

(d) Other Conveyance Instruments. Such other specific instruments of sale, transfer, conveyance and assignment as Buyer may reasonably request;

(e) FIRPTA Certificate. A FIRPTA certificate, dated as of the Closing Date, substantially in the form set forth on Exhibit K;

(f) Assumed Executory Contracts. Originals (or, to the extent originals are not available, true and complete executed copies) of all Assumed Executory Contracts (together with all amendments, supplements or modifications thereto);

(g) Books and Records. The Books and Records; and

(h) Officer’s Certificate. A certificate duly executed by an officer of Seller, dated as of the Closing Date (in form and substance reasonably satisfactory to Buyer) certifying on behalf of Seller the matters in Section 7.01(a) and Section 7.01(b).

2.09 Closing Deliveries by Buyer. At the Closing, Buyer shall (a) deliver to Sellers (i) the Assignment and Assumption duly executed by Buyer (or its designated Affiliate(s)) and (ii) deliver to Sellers a certificate, duly executed by a senior officer of Buyer, certifying the matters

set forth in Section 7.02(a) and 7.02(b), in form reasonably satisfactory to Sellers and (b) pay the Cash Purchase Price by wire transfer of immediately available funds to the account or accounts designated in writing by Sellers.

2.10 Closing Deliveries by Buyer and Seller. At the Closing, Buyer and Sellers shall deliver such other certificates, instruments or documents required pursuant to the provisions of this Agreement or otherwise reasonably necessary or appropriate to transfer the Acquired Assets and Assumed Obligations in accordance with the terms of this Agreement and consummate the transactions contemplated by this Agreement, and to vest in Buyer (or its designated Affiliate(s)) and its successors and assigns good and marketable title to the Acquired Assets, free and clear of all Liens, Claims, Interests and Encumbrances other than Permitted Liens. For the avoidance of doubt, notwithstanding anything in the certificates, instruments or documents to be delivered in accordance with this Agreement, none of the representations and warranties in ARTICLE 3 and ARTICLE 4 shall survive the Closing.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES OF SELLER

Except as set forth in the corresponding sections of the disclosure schedules prepared by Sellers and delivered to Buyer in connection with the execution and delivery of this Agreement (the "Seller Disclosure Schedule"), the Sellers hereby represent and warrant to Buyer as of the date of this Agreement as follows:

3.01 Organization, Good Standing, Qualification. GameTech International, Inc. is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, GameTech Arizona Corp. is a corporation duly organized, validly existing and in good standing under the laws of the State of Arizona, GameTech Canada Corp. is a corporation duly organized, validly existing and in good standing under the laws of Nova Scotia, and GameTech Mexico S. de R.L. de C.V. is a company duly organized, validly existing and in good standing under the laws of Mexico, and each such entity has all necessary power and authority to own, lease and operate its properties and to carry on its business as now being conducted. Except as a result of the commencement of the Bankruptcy Cases, each Seller is duly qualified or licensed as a foreign corporation to conduct business and is in good standing in each jurisdiction where the character of the properties owned, leased or operated by it or the nature of its business makes such qualification or licensing necessary, except where the failure to be so duly qualified or licensed and in good standing, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

3.02 Authority; Enforceability. Subject to the entry of the Sale Order, each Seller has all necessary corporate power and authority to execute and deliver this Agreement and the other Transaction Documents, to perform its obligations hereunder and thereunder, and to consummate the transactions contemplated by this Agreement and the other Transaction Documents. The execution, delivery and performance of this Agreement and the other Transaction Documents and the consummation by each Seller of the transactions contemplated by this Agreement and the other Transaction Document have been duly and validly authorized by all requisite corporate action and no other corporate proceedings on the part of Seller are necessary to authorize this

Agreement or the other Transaction Documents or to consummate the transactions contemplated hereby or thereby. This Agreement has been, and at the Closing the other Transaction Documents will be, duly and validly executed and delivered by Sellers. Subject to the entry of the Sale Order, this Agreement constitutes, and at the Closing the other Transaction Documents will constitute, the legal, valid and binding obligation of Sellers, enforceable against Sellers in accordance with their respective terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws and equitable principles related to or limiting creditors' rights generally and by the availability of equitable remedies and defenses, but giving effect to the Sale Order.

3.03 No Conflicts; Required Consents. Subject to the entry of the Sale Order, the execution, delivery and performance of this Agreement and the other Transaction Documents by each Seller do not and will not, with or without notice or lapse of time:

(a) conflict with, violate or result in any breach of (i) any of the provisions of such Seller's certificate of incorporation, articles of incorporation, bylaws or other organizational or constitutional charter documents; (ii) any of the terms or requirements of any Governmental Approval held by such Seller or that otherwise relates to the Business or any of the Acquired Assets or Assumed Obligations; or (iii) any provision of any Assumed Executory Contract;

(b) give any Governmental Authority or other Person the right to (i) declare a default of, exercise any remedy under, accelerate the performance of, cancel, terminate, modify or receive any payment under any Assumed Executory Contract or any Potential Assumed Executory Contract; or (ii) revoke, suspend or modify any Governmental Approval; or

(c) require such Seller to obtain any Consent with respect to any Assumed Executory Contract, Potential Assumed Executory Contract or Governmental Approval or make or deliver any filing or notice to a Governmental Authority, other than filings with the Bankruptcy Court.

3.04 No Subsidiaries. Other than GameTech Arizona Corp., GameTech Canada Corp. and GameTech Mexico S. de R.L. de C.V., each of which is a directly or indirectly wholly-owned subsidiary of GameTech International, Inc., none of the Sellers directly or indirectly owns any equity or similar interest in, or any interest convertible into or exchangeable or exercisable for any equity or similar interest in, any corporation, partnership, joint venture or other business association or Person.

3.05 Legal Proceedings. Except for Claims that will be resolved, eliminated from the Acquired Assets, or discharged pursuant to the Sale Order of the Bankruptcy Court other than the Bankruptcy Case, there are no material Proceedings pending or, to the Knowledge of Sellers, threatened against, relating to or affecting Sellers with respect to the Business or any of the Acquired Assets which could reasonably be expected to have a Material Adverse Effect. Except for Orders of the Bankruptcy Court, there are no Orders outstanding to which the Business or any of the Acquired Assets are subject.

3.06 Financial Statements.

(a) Seller has delivered to Buyer (i) an audited balance sheet, and the related statement of operations, change in stockholders' equity and cash flows, of Seller as of and for the fiscal year ended October 30, 2011, together with the notes thereto (the "Audited Financial Statements"), and (ii) the unaudited balance sheet, and the related unaudited income statement and statement of cash flows, of Seller as of and for the 13-week period ended May 1, 2012 (the "Unaudited Financial Statements" and together with the Audited Financial Statements, the "Financial Statements").

(b) All of the Financial Statements (i) are accurate and complete in all material respects, (ii) are consistent with the Books and Records, (iii) present fairly and accurately in all material respects the financial condition of Seller as of the respective dates thereof and the results of operations, changes in stockholders' equity and cash flows of Seller for the periods covered thereby, and (iv) have been prepared in accordance with GAAP, applied on a consistent basis throughout the periods covered; provided, however, that the Unaudited Financial Statements are subject to year-end adjustments consistent with past practice and do not contain footnotes required by GAAP.

3.07 Material Contracts. Each material Contract to which a Seller is party that is necessary for such Seller to conduct the Business in the Ordinary Course of Business, including Business License Agreements (collectively, the "Material Contracts"), is indicated by an asterisk (*) on Exhibit B or Exhibit C. There are no Material Contracts that are not listed on Exhibit B or Exhibit C. Sellers have made available to Buyer true and complete executed copies of all Material Contracts (or written summaries of the material terms thereof, if not in writing), including all amendments, supplements, modifications and waivers thereof.

3.08 Title. Sellers own, lease or, to the Knowledge of Sellers, have the legal right to use all the Acquired Assets, and Buyer will (subject to entry of the Sale Order and Section 2.05) be vested, to the maximum extent permitted by Sections 363 and 365 of the Bankruptcy Code, with good and valid title to the Acquired Assets free and clear of all Liens, Claims, Interests and Encumbrances, as set forth in the Sale Order, other than Assumed Liabilities and Permitted Liens.

3.09 Seller Intellectual Property Assets.

(a) Except as set forth in Section 3.09 of the Seller Disclosure Schedule (i) with respect to any Seller Intellectual Property Assets owned by any Seller (as opposed to Seller Intellectual Property Assets of which any Seller is a licensee) and included in the Acquired Assets, Sellers have all right, title and interest to all such Seller Intellectual Property Assets, without any conflict known to any Seller with the rights of others, except as would not have a Material Adverse Effect, (ii) to the Knowledge of Sellers, no Person other than Sellers has the right to use the Seller Intellectual Property Assets owned by Sellers and included in the Acquired Assets, and (iii) to the Knowledge of Sellers, Sellers have the valid right to use, pursuant to a license, sublicense or other agreement, any Seller Intellectual Property Assets used in the Business that is owned by a party other than Sellers and included in the Acquired Assets. Section 3.09 of the Seller Disclosure Schedule contains a true and complete list of all (i) Registered Seller Intellectual Property, specifying as to each item the applicable jurisdiction and

registration or application number, and (ii) Seller-owned unregistered trademarks, trade names and service marks that are material to the conduct of the Business.

(b) Except as a result of the filing of the Bankruptcy Cases, all Business License Agreements are in full force and effect, and enforceable in accordance with their terms. Sellers are in material compliance with, and have not breached any material term of, any such Business License Agreements. No Business License Agreement grants to any Person any exclusive right with respect to any Owned Seller Intellectual Property Asset.

3.10 Compliance with Laws. Except as set forth in Section 3.10 of the Seller Disclosure Schedule and as would not (a) materially adversely affect the ability of Sellers to carry out their obligations under, and to consummate the transactions contemplated by, this Agreement and the Transaction Documents or (b) otherwise have a Material Adverse Effect, each Seller (i) has complied with, is in compliance with and has operated the Business in compliance with all applicable Laws and Permits, and (ii) holds all material Permits. Except as set forth in Section 3.10 of the Seller Disclosure Statement, no Seller has received any written notice or other written communication from any Governmental Authority or other Person (x) asserting any violation of, or failure to comply with, any requirement of any Law or Permit or (y) notifying a Seller of the non-renewal, revocation or withdrawal of any Permit.

3.11 Employee Matters. None of the Sellers or their ERISA Affiliates do not sponsor, participate in or contribute to and have not in the past sponsored, participated in or contributed to and have no current or contingent obligation with respect to (a) any Seller Employee Benefit Plan that is subject to Title IV of ERISA, (b) any “multiemployer plan” as defined in Section 3(37) of ERISA or any Seller Employee Benefit Plan maintained pursuant to a collective bargaining agreement, (c) any plan or arrangement that provides medical benefits, death benefits or other welfare benefits following cessation of employment, except to the extent required by Part 6 of Title I of ERISA or any similar state or foreign law, or (d) any “welfare benefit fund” within the meaning of Section 419 of the IRC. There is no organized labor strike, dispute, slowdown, lockout, work stoppage or labor strike or unfair labor practice claim pending against Sellers or reasonably anticipated, or, to the Knowledge of Sellers, threatened with respect to Sellers’ employees. To the Knowledge of Sellers, there are no activities or proceedings of any labor union or organization to organize any of Sellers’ employees. There are no actions, suits, claims, labor disputes or grievances pending, or, to the Knowledge of Sellers, threatened or reasonably anticipated relating to any labor, safety, wage and hour, contract, tort, retaliation, discrimination or other labor and employment matters involving any of Sellers’ employees, including charges of unfair labor practices, discrimination complaints, or matters arising under the Worker Adjustment and Retraining Notification Act, as amended, or any similar state or foreign plant closing or mass layoff laws. Sellers are not a party to, or bound by, any collective bargaining agreement or union contract, formal or informal with respect to Sellers’ employees and no collective bargaining agreement is being negotiated by Sellers with respect to any of Sellers’ employees.

3.12 Brokers. No broker, finder or investment banker is entitled to any brokerage, finder’s or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Sellers.

3.13 Estimated Cure Costs. Exhibit B or Exhibit C sets forth a true and complete list of the Estimated Cure Cost for each Assumed Executory Contract and Potential Assumed Executory Contract, respectively, that has an Estimated Cure Cost greater than \$0.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF BUYER

Except as set forth in the corresponding sections of the disclosure schedules prepared by Buyer and delivered to Seller in connection with the execution and delivery of this Agreement (the "Buyer Disclosure Schedule"), Buyer hereby represents and warrants to Sellers as of the date of this Agreement as follows:

4.01 Organization and Good Standing. Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, and has all requisite power and authority to own, lease and operate its properties and to carry on its business as now being conducted.

4.02 Authority. Buyer has all necessary corporate power and authority to execute and deliver this Agreement and the other Transaction Documents, to perform its obligations hereunder and thereunder, and to consummate the transactions contemplated by this Agreement and the other Transaction Documents. The execution, delivery and performance of this Agreement and the other Transaction Documents and the consummation by Buyer of the transactions contemplated by this Agreement and the other Transaction Documents have been duly and validly authorized by all requisite corporate action and no other corporate proceedings on the part of Buyer are necessary to authorize this Agreement or the other Transaction Documents or to consummate the transactions contemplated hereby or thereby. This Agreement has been, and at the Closing the other Transaction Documents will be, duly and validly executed and delivered by Buyer (or its designated Affiliate(s)). This Agreement constitutes, and at the Closing the other Transaction Documents will constitute, the legal, valid and binding obligation of Buyer (or its designated Affiliate(s)), enforceable against Buyer (or its designated Affiliate(s)) in accordance with their respective terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws and equitable principles related to or limiting creditors' rights generally and by the availability of equitable remedies and defenses.

4.03 Brokers. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Buyer.

4.04 Financing. Buyer currently has, and on the Closing Date will have, sufficient immediately available funds in such amount as is required to pay the full Purchase Price and to make all other payments required by the terms hereof to consummate the transactions contemplated hereunder on the terms set forth herein and otherwise to perform all of Buyer's obligations under this Agreement

4.05 Litigation. Buyer is not a party to any action that is pending or, to Buyer's knowledge, threatened in any court, whether at law or in equity, whether civil or criminal in

nature or by or before any arbitrator or Governmental Authority, that would adversely affect Buyer's ability to perform its obligations under this Agreement on a timely basis.

4.06 No Conflicts; Required Consents. The execution, delivery and performance of this Agreement and the other Transaction Documents by Buyer do not and will not, with or without notice or lapse of time conflict with, violate or result in any breach of any of the provisions of Buyer's certificate of incorporation, articles of incorporation, bylaws or other organizational or constitutional charter documents. The execution, delivery and performance of this Agreement and the other Transaction Documents by Buyer do not and will not, with or without notice or lapse of time, conflict with, violate or result in any breach of any of the terms or requirements of any Governmental Approval held by Buyer that would result in any material delay in the consummation of the transactions contemplated by this Agreement.

ARTICLE 5

PRE-CLOSING COVENANTS

5.01 Seller's Conduct of the Business Prior to the Closing. From the date of this Agreement until the earlier of the termination of this Agreement in accordance with its terms and the Closing Date, Sellers covenant and agree to use its commercially reasonable efforts to ensure that the Business shall be conducted only in, and Sellers shall not take any action except in the Ordinary Course of Business (other than actions required by the Bankruptcy Code or any applicable Law or any ruling or order of the Bankruptcy Court including the Bankruptcy Court Orders), and Sellers shall use their commercially reasonable best efforts consistent with the applicable Budget to preserve substantially intact the business organization of Sellers, to keep available the services of the current officers, employees, independent contractors and consultants of Sellers and to preserve the current relationships of Sellers with customers, suppliers and other Persons with which Sellers have business relations. Without limiting the generality of the foregoing, from the date of this Agreement until the earlier of the termination of this Agreement in accordance with its terms and the Closing Date, except as specifically contemplated by this Agreement, Sellers shall not, directly or indirectly, do or propose to do any of the following without the prior written consent of Buyer except as required by ruling or order of the Bankruptcy Court including the Bankruptcy Court Orders:

(a) Enter into any commitment or transaction not in the Ordinary Course of Business or pay any disbursements that exceed amounts in the Budget by more than 10%;

(b) Terminate any employees, independent contractors or other service providers of Sellers or grant severance or termination pay to any director, officer, employee, independent contractor or consultant;

(c) Enter into any transaction with its officers, directors or stockholders or their Affiliates except reimbursement of reasonable travel expenses and other benefits related to work performed for Sellers incurred in the Ordinary Course of Business by officers and directors consistent with past practices and to the extent such expenses are permitted, and the amounts thereof do not exceed the amounts contemplated, by the Budget;

(d) Amend or otherwise modify the material terms of any Assumed Executory Contract, Potential Assumed Executory Contract or Governmental Approval;

(e) Transfer to any Person any rights with respect to any Seller Intellectual Property Assets other than nonexclusive licenses entered into in the Ordinary Course of Business;

(f) Sell, lease, license or otherwise dispose of any of the Acquired Assets outside of the Ordinary Course of Business except for any such sale, lease, license or other disposition required by the Bankruptcy Court Orders;

(g) Commence a Proceeding other than (i) Proceedings required by the Bankruptcy Court Orders or (ii) Proceedings (including the filing of motions) before the Bankruptcy Court that are customary in a Chapter 11 bankruptcy case and that would not be reasonably expected to delay the Closing or otherwise have a material adverse effect on Buyer's rights hereunder;

(h) Other than the DIP Facility, incur any indebtedness for borrowed money or guarantee any such indebtedness or issue or sell any debt securities or guarantee any debt securities of others;

(i) Pay, discharge or satisfy any Liability, other than the payment, discharge or satisfaction of obligations in the Ordinary Course of Business or in connection with the Bankruptcy Cases except for any such payment, discharge or satisfaction required by the Bankruptcy Court Orders or otherwise approved by the Bankruptcy Court;

(j) Make any material Tax election other than in the Ordinary Course of Business, change any material Tax election, adopt any material Tax accounting method other than in the Ordinary Course of Business, change any material Tax accounting method, file any material Tax Return (other than any estimated Tax Returns, payroll Tax Return or sales Tax Return) or any amendment to a material Tax Return, enter into any closing agreement, settle any Tax claim or assessment, or consent to any extension or waiver of the limitation period, applicable to any Tax claim or assessment;

(k) Cancel, materially amend or renew any insurance policy that is an Acquired Asset other than in the Ordinary Course of Business consistent with past practices;

(l) Take any action or fail to take any action that would reasonably be expected to have a Material Adverse Effect; or

(m) Enter into any contract or agree, in writing or otherwise, to take any of the actions described above in this Section 5.01, or any action that would make any of its representations or warranties contained in this Agreement untrue or incorrect in any material respect or prevent it from performing or cause it not to perform its covenants hereunder except as required by the Bankruptcy Court Orders or as limited by the Budget.

5.02 Access to Information and Facilities. From the date of this Agreement until the Closing, each Seller shall: (a) permit Buyer and its representatives to have free and complete

access at all reasonable times, and in a manner so as not to unreasonably interfere with the normal business operations of such Seller, to all premises, properties, employees, independent contractors, personnel, Persons having business relationships with such Seller (including suppliers, licensees, customers and distributors), books, records (including Tax records), contracts, and documents of or pertaining to such Seller; (b) furnish Buyer with all financial, operating and other data and information related to the Business (including copies thereof), as Buyer may reasonably request; and (c) otherwise cooperate and assist, to the extent reasonably requested by Buyer, with Buyer's investigation of such Seller, the Business, the Acquired Assets and the Assumed Obligations; provided, that Sellers shall be entitled to present information in encoded, redacted, anonymized or aggregated form to information to protect the Sellers' competitively sensitive information or legal privileges. No information or knowledge obtained in any investigation pursuant to this Section 5.02 shall affect or be deemed to modify any representation or warranty contained herein or the conditions to the obligations of the Parties to consummate the transactions contemplated by this Agreement. Subject to Section 5.09(a), all information obtained by Buyer pursuant to this Section 5.02 shall remain subject to the Confidentiality and Non-Disclosure Agreement.

5.03 Certain Notifications. From the date of this Agreement until the Closing, upon Knowledge of Sellers of such an event occurring, Sellers shall promptly notify Buyer in writing regarding any:

- (a) action taken by Sellers not in the Ordinary Course of Business and any circumstance or event that would reasonably be expected to have a Material Adverse Effect;
- (b) fact, circumstance, event, or action by Sellers (A) which, if known on the date of this Agreement, would have been required to be disclosed in or pursuant to this Agreement; or (B) the existence, occurrence, or taking of which would result in any of the representations and warranties of Sellers contained in this Agreement or in any Transaction Document not being true and correct in any material respect when made or at the Closing;
- (c) breach of any covenant or obligation of Sellers hereunder; and
- (d) circumstance or event which will result in, or would reasonably be expected to result in, the failure of Sellers to timely satisfy any of the closing conditions specified in ARTICLE 7.

5.04 Pre-Closing Covenants of Buyer. Buyer covenants to Sellers that, during the period from the date hereof through and including the Closing or the earlier termination of this Agreement in accordance with the provisions hereof:

- (a) Buyer agrees that it will cooperate as reasonably requested by Sellers to assist in establishing adequate assurance of future performance within the meaning of Section 365 of the Bankruptcy Code with regard to the Assumed Executory Contracts. Buyer shall take such actions as may be reasonably requested by Sellers to assist Sellers in obtaining the Bankruptcy Court's entry of the Sale Order and any other order of the Bankruptcy Court reasonably necessary to consummate the transactions contemplated by this Agreement.

(b) Buyer shall ensure that, on the Closing Date, Buyer will have sufficient funds to pay in full all of the Cure Amounts with respect to the Assumed Executory Contracts that are assumed and assigned to Buyer and pay the Cash Purchase Price.

(c) Buyer shall use commercially reasonable efforts to obtain or consummate the transfer to Buyer of any Permit required to own or operate the Acquired Assets under applicable Laws.

(d) Buyer shall promptly notify Sellers of, and furnish Sellers any information they may reasonably request with respect to, any event that would reasonably be expected to cause any of the conditions set forth in Section 7.02 not to be fulfilled by the Termination Date.

5.05 Bankruptcy Actions.

(a) Promptly after the execution of this Agreement (and in no event later than the next Business Day following execution of this Agreement), Seller shall file and serve a motion (together with supporting papers and with proper notice thereof on interested parties as required by the Bankruptcy Code and the Rules) seeking entry of the bidding procedures order of the Bankruptcy Court, substantially in the form set forth on Exhibit M (the “Bidding Procedures Order”) or otherwise in form and substance reasonably satisfactory to Buyer and Seller, on the Bankruptcy Court’s docket, which order will set a date for the Auction on such notice so as to allow Third Parties a meaningful opportunity to present an overbid. Seller shall use reasonable best efforts to obtain, through the entry of the Bidding Procedures Order, prompt Bankruptcy Court approval of a fee in an amount equal to Four Hundred Thousand Dollars (\$400,000) payable to Buyer in cash (the “Breakup Fee”), plus a reimbursement of Buyer in cash in an amount equal to all reasonable and actual out-of-pocket and third-party costs and expenses (including expenses of counsel and other outside consultants) incurred and documented by Buyer (or its designated Affiliate(s)) in connection with Buyer’s due diligence investigation of Seller and the Business and the negotiation, execution and delivery of this Agreement and the other Transaction Documents and the transactions contemplated by this Agreement (the “Expense Reimbursement”), upon the first to occur of any of the events set forth in Section 8.02(a)(i) or Section 8.02(a)(ii); provided, however, that the Expense Reimbursement shall in no event be greater than One Hundred Forty Thousand Dollars (\$140,000). Sellers shall request the Bankruptcy Court to hold a hearing on shortened notice to approve entry of the Bidding Procedures Order as soon as possible.

(b) Concurrently with the filing of the motion to approve the Bidding Procedures Order, Seller shall file with the Bankruptcy Court one or more motions seeking to approve the transactions contemplated by this Agreement (collectively, the “Sale Motion”), which motion shall seek the entry of the Sale Order, substantially in the form set forth on Exhibit A or otherwise in form and substance reasonably satisfactory to Buyer and Sellers. Sellers shall promptly provide Buyer with copies of any objections to the Sale Order. Buyer shall take such actions as are reasonably requested by Sellers to assist Sellers in obtaining a finding by the Bankruptcy Court that upon execution of this Agreement Buyer is deemed to have purchased the Acquired Assets in good faith pursuant to Section 363(m) of the Bankruptcy Code and shall be responsible for providing evidence necessary to establish to the Bankruptcy Court that it has the necessary qualifications to provide adequate assurance of future performance with respect to the

Assumed Executory Contracts as required by Section 365 of the Bankruptcy Code. A list of the Assumed Executory Contracts and the proposed Final Cure Costs associated with such Contracts shall be filed with the Bankruptcy Court and served in accordance with the Bidding Procedures Order on or before ten (10) Business Days prior to the Sale Hearing. In cases in which Seller is unable to establish that a default exists, the relevant cure amount shall be set at \$0.00.

(c) In the event an appeal is taken, or a stay pending appeal is requested or reconsideration is sought, from the Sale Order, and Buyer has not also been served with papers related to such appeal, stay or reconsideration and such papers are not available to Buyer through the Bankruptcy Court's electronic filing system, Sellers shall promptly notify Buyer of such appeal or stay request and shall promptly provide to Buyer a copy of the related notice of appeal or order of stay or application for reconsideration. To the extent not available to Buyer through the Bankruptcy Court's electronic filing system, Sellers shall also promptly provide Buyer with written notice (and copies) of any other or further notice of appeal, motion or application filed in connection with any appeal from or application for reconsideration of, either of such orders and any related briefs if Buyer is not also included on such additional documents and communications.

(d) To the extent not available to Buyer through the Bankruptcy Court's electronic filing system, Sellers shall promptly notify Buyer in writing and, as is required by the Bankruptcy Code, all parties entitled to notice pursuant to the Bankruptcy Code, the Rules and orders of the Bankruptcy Court, of all motions, notices and orders required to consummate the transactions contemplated by this Agreement, including the Sale Order, as modified by orders in respect of notice which may be issued at any time and from time to time by the Bankruptcy Court. From the date of this Agreement, prior to filing any papers or pleadings in the Bankruptcy Case that relate primarily to this Agreement or Buyer, Sellers shall provide Buyer with a copy of such papers or pleadings.

5.06 Reasonable Efforts. From the date of this Agreement until the Closing, except as specifically contemplated by this Agreement and subject to the order of the Bankruptcy Court and any other Governmental Authority, each of Sellers and Buyer shall use their respective reasonable efforts to cause to be fulfilled and satisfied all of the other Party's conditions to closing set forth in ARTICLE 7.

5.07 Consents, Governmental Approvals and Permits. To the extent that the need for the same will not be obviated by entry of the Sale Order, Sellers shall use commercially reasonable efforts (without Sellers incurring any monetary cost not funded by Buyer): (a) to obtain all Consents with respect to the Assumed Executory Contracts and the Potential Assumed Executory Contracts and Governmental Approvals required or necessary to consummate the transactions contemplated by this Agreement (including any Consent with respect to any Assumed Executory Contract or any Potential Assumed Executory Contract or Governmental Approval as may be required to be obtained under any applicable antitrust or competition Laws), (b) to make all filings, applications, statements and reports to all Governmental Authorities that are required to be made prior to the Closing Date by or on behalf of Sellers or any of their Affiliates pursuant to any applicable Law (including any filing, application, statement or report as may be required pursuant to applicable antitrust or competition Laws) in connection with this Agreement and the transactions contemplated by this Agreement, and (c) to obtain all Consents

with respect to the Assumed Executory Contracts and the Potential Assumed Executory Contracts and Governmental Approvals required or necessary to assign and transfer the Sellers Permits included in the Acquired Assets to Buyer (or one or more Affiliates of Buyer designated by Buyer) at the Closing. To the extent that Buyer's participation in obtaining any Consent or Governmental Approval described above is required, Buyer shall cooperate with Sellers in their efforts to obtain such Consents or Governmental Approvals.

5.08 Solicitation. As consideration for substantial expenditures of time, effort and expense undertaken and continuing by Buyer in connection with the completion of its due diligence review of the Business and the preparation, negotiation, and execution of this Agreement, Seller acknowledges and agrees that subject to Bankruptcy Court approval, Buyer shall be the stalking horse bidder in connection with the sale process and except as may otherwise be required by Bankruptcy Court Order or compliance with its fiduciary duties as confirmed by debtor-in-possession counsel, Seller shall not participate in any negotiations for the purpose of naming any Person other than Buyer as the stalking horse bidder in the Auction; provided that Seller may solicit, encourage and negotiate higher or better offers for the Acquired Assets pursuant to the terms of the Bidding Procedures Order, and provided further that Seller may, pursuant to the terms of the Bidding Procedures Order (i) in response to an acquisition proposal for some or all of the Acquired Assets, participate in negotiations or discussions with, request clarifications from, or furnish information to, any Person which makes such acquisition proposal, and (ii) continue discussions and negotiations and continue to provide information to any Person with which Seller has been conducting such discussions or negotiations. Nothing herein shall limit the ability of the Sellers to comply with their fiduciary duties under applicable Law.

5.09 Confidentiality; Non-Disclosure.

(a) Seller and Buyer acknowledge that Seller and Buyer entered into the Confidentiality and Non-Disclosure Agreement. If this Agreement is terminated, the Confidentiality and Non-Disclosure Agreement shall continue to remain in full force and effect. Upon the Closing, (i) Buyer shall not be bound by any of the terms of the Confidentiality and Non-Disclosure Agreement in respect of the Acquired Assets, the Assumed Obligations and the Business (exclusive of the Excluded Assets and the Excluded Liabilities), and (ii) Seller shall remain bound by all the terms of the Confidentiality and Non-Disclosure Agreement.

(b) Effective as of the Effective Time, Sellers assign and transfer unto Buyer all of Sellers' rights to enforce against any Third Party the terms of, any proprietary information, nondisclosure or confidentiality agreements by and between Sellers and any Third Party, including but not limited to employees of Sellers.

(c) After the Closing, each Seller agrees that it shall not make, participate in the making of, or knowingly encourage any other Person to make, any statement, whether written or oral, that disparages or defames the Business.

5.10 Taxes.

(a) Except as set forth on Section 5.10 of the Seller Disclosure Schedule, on or prior to the Closing (or after the Closing when due and payable, to the extent such Tax Returns are required to be filed and Taxes are due and payable after the Closing), Sellers shall use commercially reasonable efforts to timely file all Tax Returns required to be filed by them and shall pay all Taxes which are or will be owed by Sellers and attributable to periods prior to the Closing.

(b) Buyer shall be responsible for any sales, use, purchase, transfer, franchise, deed, fixed asset, stamp, documentary stamp, use or other Taxes and recording charges due and which may be payable by reason of the sale of the Acquired Assets or the assumption of the Assumed Obligations under this Agreement or the transactions contemplated herein (collectively, "Sales Taxes") and Sellers shall prepare and timely file all Tax Returns required to be filed in connection with such payments.

ARTICLE 6

EMPLOYEES AND INDEPENDENT CONTRACTORS

6.01 Transferred Employees and Transferred Contractors. From the date of this Agreement, Buyer (directly or through its designated Affiliate(s)) shall have the right, in its sole discretion, to negotiate employment or other arrangements with such employees or independent contractors of Seller as determined by Buyer. Buyer (or its designated Affiliate(s)) may offer employment prior to the Closing (but contingent upon the occurrence of the Closing) to such employees or independent contractors of Seller as of the Closing Date as determined by Buyer in its sole discretion (such employees who accept such offer of employment, the "Transferred Employees" and such independent contractors who accept such offer of employment, the "Transferred Contractors") upon the terms and subject to the conditions as determined by Buyer in its sole discretion.

6.02 Records of Transferred Employees and Transferred Contractors. Seller shall provide promptly to Buyer, at Buyer's request, any information or copies of records (including, to the extent applicable, personnel records such as addresses, dates of birth, dates of hire and dependent information) relating to the Transferred Employees and the Transferred Contractors or relating to the service of the Transferred Employees and the Transferred Contractors with Seller (and predecessors of Seller, as applicable) prior to the Closing Date to the extent that providing such records is not prohibited by Law. Seller and Buyer shall each cooperate with the other and shall provide to the other such documentation, information and assistance as is reasonably necessary to effect the provisions of this ARTICLE 6.

6.03 No Benefit to Employees or Independent Contractors of Seller Intended. Nothing contained in this Agreement shall confer upon any employee or independent contractor of Seller prior to the Closing or any Transferred Employee or Transferred Contractor any right with respect to continuance of employment or other arrangement by Buyer or any of its Affiliates, nor shall anything herein interfere with the right of Buyer or any of its Affiliates to terminate the employment of any employee or independent contractor, including any Transferred Employee or

Transferred Contractor, at any time, with or without notice and for any or no reason, or restrict Buyer or any of its Affiliates in modifying any of the terms or conditions of employment of any employee, including any Transferred Employee or Transferred Contractor, after the Closing.

6.04 COBRA. Upon the Closing, to the extent required by applicable Law, Buyer (directly or through its designated Affiliate(s)) shall provide COBRA coverage to the employees of Seller who are “M&A Qualified Beneficiaries” (as defined in the regulations issued pursuant to COBRA) at such employee’s expense. Such coverage provided by Buyer shall be provided solely under Buyer’s employee benefit plans, and only to those to whom Buyer is required to provide COBRA coverage under applicable Law. Buyer hereby agrees that all of the employees of Seller at the Closing to whom Buyer (or its designated Affiliate(s)) does not make an offer of employment and who lose their group health coverage with Seller are M&A Qualified Beneficiaries to whom Buyer (or its designated Affiliate(s)) is required to offer COBRA coverage in accordance with the COBRA rules.

ARTICLE 7

CONDITIONS TO CLOSING

7.01 Conditions Precedent to Obligations of Buyer. The obligations of Buyer to consummate the transactions contemplated by this Agreement are subject to satisfaction of the following conditions, unless waived by Buyer in writing:

(a) Representations and Warranties. The representations and warranties of Sellers contained in this Agreement which are not qualified as to materiality shall be true and accurate in all material respects on and as of the date made and as of the Closing Date as if made at and as of such date and the representations and warranties of Sellers contained in this Agreement which are qualified as to materiality shall be true and accurate on and as of the date made and as of the Closing Date as if made at and as of such date (except those representations and warranties that address matters only as of a particular date or only with respect to a specific period of time, which need only be true and accurate (or true and accurate in all material respects, as applicable) as of such date or with respect to such period).

(b) Performance of Obligations. Sellers shall have performed in all material respects all obligations and covenants required to be performed by them under this Agreement and any other agreement or document entered into in connection herewith prior to the Closing Date.

(c) Bidding Procedures Order. The Bidding Procedures Order, substantially in the form set forth on Exhibit M or otherwise in form and substance satisfactory to Buyer, shall have been entered by the Bankruptcy Court.

(d) Sale Order. The Sale Order, substantially in the form set forth on Exhibit A or otherwise in form and substance satisfactory to Buyer, shall have been entered by the Bankruptcy Court and shall be a Final Order and such Order shall not have been stayed, modified, reversed or amended in any manner materially adverse to Buyer; and Sellers shall have received from the Bankruptcy Court all other orders, approvals and consents required to transfer

the Acquired Assets free and clear of all Liens and Claims and to consummate the transactions contemplated by this Agreement, and Buyer shall have received evidence thereof satisfactory to Buyer and its counsel.

(e) Litigation. No stay shall exist, and no Order shall have been entered that restrains or prohibits the consummation of the transactions contemplated by this Agreement.

(f) Assignment Consents. Buyer shall have received the consents with respect to the Assumed Executory Contracts set forth on Exhibit L in form and substance reasonably satisfactory to Buyer.

(g) Closing Deliveries. Sellers shall have delivered to Buyer all of the closing deliveries set forth in Section 2.08 and Section 2.10.

(h) Government Consents. All Governmental Approvals necessary to permit the parties to perform their obligations under this Agreement and to consummate the transactions contemplated by this Agreement shall have been duly obtained, made or given and shall be in full force and effect, and all terminations or expirations of waiting periods imposed by any Gaming Authority necessary for the consummation of the transactions contemplated by this Agreement, including, if required, under the Gaming Regulations shall have occurred; for the avoidance of doubt, the condition in this Section 7.01(h) shall not require Buyer to obtain any Governmental Approvals necessary to operate any portion of the Business after the Closing and Buyer acknowledges that absent any such required Governmental Approvals, Buyer may lack the ability to use any of the Acquired Assets in the operation of such portion of the Business after the Closing notwithstanding the consummation of Buyer's purchase of the Acquired Assets hereunder.

7.02 Conditions Precedent to Obligations of Seller. The obligations of Sellers to consummate the transactions contemplated by this Agreement are subject to satisfaction of the following conditions, unless waived by Seller in writing:

(a) Representations and Warranties. The representations and warranties of Buyer contained in this Agreement which are not qualified as to materiality shall be true and accurate in all material respects on and as of the date made and as of the Closing Date as if made at and as of such date and the representations and warranties of Buyer contained in this Agreement which are qualified as to materiality shall be true and accurate on and as of the date made and as of the Closing Date as if made at and as of such date (except those representations and warranties that address matters only as of a particular date or only with respect to a specific period of time, which need only be true and accurate (or true and accurate in all material respects, as applicable) as of such date or with respect to such period).

(b) Performance of Obligations. Buyer (directly or through its designated Affiliate(s)) shall have performed in all material respects all obligations and covenants required to be performed by it under this Agreement and any other agreement or document entered into in connection herewith prior to the Closing Date.

(c) Closing Deliveries. Buyer shall have delivered to Seller all of the closing deliveries set forth in Section 2.09 and Section 2.10.

(d) Bidding Procedures Order. The Bidding Procedures Order, substantially in the form set forth on Exhibit M or otherwise in form and substance satisfactory to Seller, shall have been entered by the Bankruptcy Court.

(e) Sale Order. The Sale Order, substantially in the form set forth on Exhibit A or otherwise in form and substance satisfactory to Seller, shall have been entered by the Bankruptcy Court and shall be a Final Order and such Order shall not have been stayed, modified, reversed or amended in any manner materially adverse to Sellers.

(f) Government Consents. All Governmental Approvals necessary to permit the parties to perform their obligations under this Agreement and to consummate the transactions contemplated by this Agreement shall have been duly obtained, made or given and shall be in full force and effect, and all terminations or expirations of waiting periods imposed by any Gaming Authority necessary for the consummation of the transactions contemplated by this Agreement, including, if required, under the Gaming Regulations shall have occurred; for the avoidance of doubt, the condition in this Section 7.02(f) shall not require Buyer to obtain any Governmental Approvals necessary to operate any portion of the Business after the Closing and Buyer acknowledges that absent any such required Governmental Approvals, Buyer may lack the ability to use any of the Acquired Assets in the operation of such portion of the Business after the Closing notwithstanding the consummation of Buyer's purchase of the Acquired Assets hereunder.

ARTICLE 8

TERMINATION; TERMINATION PAYMENT

8.01 Termination. This Agreement may be terminated at any time prior to the Closing as follows:

- (a) by mutual written agreement of Buyer and Sellers;
- (b) by either Buyer or Sellers if there shall be in effect a Final Order restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated by this Agreement;
- (c) by either Buyer or Sellers (provided that the terminating Party is not then in material breach of any representation, warranty, covenant or other agreement contained herein), if there shall have been a material breach or misrepresentation of any of the representations or warranties or a material breach of any of the covenants or obligations set forth in this Agreement on the part of Sellers, on the one hand, or Buyer, on the other hand, which breach would give rise to the failure of the conditions set forth in Section 7.01 or Section 7.02, as applicable, and such breach is not cured within ten (10) calendar days following written notice to the Party committing such breach or which breach, by its nature, cannot be cured prior to the Closing;
- (d) by Buyer or Sellers (provided that the terminating Party is not then in material breach of any representation, warranty, covenant or other agreement contained herein) if it shall have reasonably determined that a material condition set forth in Section 7.01 (other than

Section 7.01(e) or Section 7.02, as applicable, for the benefit of the terminating Party has not been or cannot be fulfilled or satisfied prior to the date that is forty-five (45) calendar days following the date of this Agreement and has not been waived by the terminating Party, provided, however that the terminating Party shall not be responsible for the failure of such condition to be satisfied;

(e) by Buyer or Sellers, if Sellers (i) determine in the exercise of their fiduciary duties that an Alternative Transaction constitutes the “highest and best” bid at the Auction, takes any overt action to seek or support Bankruptcy Court approval of an Alternative Transaction, or takes any overt action to seek or support a plan under Chapter 11 of the Bankruptcy Code that contemplates the sale or retention of the Acquired Assets in a manner substantially inconsistent with the terms of this Agreement or (ii) executes and delivers an agreement or understanding of any kind with respect to any of the items described in the foregoing clause (i); provided, however that, in the event Buyer is the Backup Bidder (as such term is defined in the Bid Procedures attached to the Bidding Procedures Order), Buyer may not terminate this Agreement pursuant to this Section 8.01(e) until the earlier of (A) two (2) Business Days after the closing of the transaction(s) pursuant to which all of the Acquired Assets that were subject to such Backup Bid (as such term is defined in the Bid Procedures attached to the Bidding Procedures Order) have been transferred to one or more Qualified Bidders (as such term is defined in the Bid Procedures attached to the Bidding Procedures Order) pursuant to the Bid Procedures attached to the Bidding Procedures Order, and (B) fifteen (15) calendar days after the date of the conclusion of the Auction;

(f) by Buyer if: (i) the Bidding Procedures Order, substantially in the form set forth on Exhibit M or otherwise in form and substance satisfactory to Buyer is not entered on or before the date that is twenty (20) calendar days following the date of this Agreement, or is stayed reversed, amended or vacated, (ii) the Sale Order, substantially in the form set forth on Exhibit A or otherwise in form and substance satisfactory to Buyer, has not been entered within forty-five (45) days after the entry of the Bidding Procedures Order, or if after such entry, such Sale Order has not, within fifteen (15) days after its entry, become a Final Order, or (ii) if, prior to the Closing Date, Seller’s case is converted to a case under Chapter 7 of the Bankruptcy Code, a trustee or examiner with expanded powers is appointed in the Bankruptcy Case or the Bankruptcy Case is dismissed or if a motion is filed by Seller seeking any of the foregoing; or

(g) by Buyer or Seller on any day on or after the second Business Day following the date on which the Sale Order becomes a Final Order if the Closing shall not have been consummated by such date (or by such later date as shall be mutually agreed to by Buyer and Seller in writing), unless the Closing has not occurred due to a material failure of the terminating Party to perform or observe its covenants or obligations as set forth in this Agreement required to be performed or observed by it on or before the Closing Date.

8.02 Breakup Fee and Expense Reimbursement.

(a) Seller shall immediately have the obligation to pay Buyer the Breakup Fee and the Expense Reimbursement, upon the first to occur of the following:

(i) Buyer terminates this Agreement pursuant to Section 8.01(c) or Section 8.01(d) (if the inability to satisfy the condition is a result of a material breach by Sellers); or

(ii) Buyer or Sellers terminates this Agreement pursuant to Section 8.01(e) (provided that, subject to Section 8.02(b), the Breakup Fee and Expense Reimbursement shall be payable upon consummation of an Alternative Transaction and satisfied out of the proceeds of such Alternative Transaction).

(b) The Breakup Fee and the Expense Reimbursement payable pursuant to this Section 8.02 shall be a super-priority administrative expense claim senior to all other administrative expense claims of Seller under Section 364(c)(1) of the Bankruptcy Code, other than the super-priority claims and the carve-out granted under the Cash Collateral Order or the DIP Facility.

8.03 Effect of Termination or Breach. If this Agreement is terminated in accordance with Section 8.01, all obligations of the Parties hereunder shall terminate, except (i) for this Section 8.03 and (ii) for the provisions of Sections 8.02 (Breakup Fee and Expense Reimbursement), 10.01 (Survival), 10.02 (Expenses), 10.05 (Notices), 10.08 (Submission to Jurisdiction), 10.09 (Governing Law), 10.10 (Binding Nature; Assignment), 10.11 (No Third Party Beneficiaries), 10.12 (No Strict Construction), 10.13 (Public Announcements), 10.14 (Entire Understanding) and 10.16 (Conflict Between Transaction Documents) and each of provisions set forth in (i) and (ii) above shall survive any termination of this Agreement; provided, however, that nothing herein shall relieve any Party from Liability for (i) any breach by such Party that occurs prior to such termination of any of its representations, warranties, covenants or agreements set forth in this Agreement or (ii) any breach by such Party of its covenants or agreements that survive the Closing in accordance with their respective terms.

ARTICLE 9

POST-CLOSING COVENANTS

9.01 Joint Post-Closing Covenants of Buyer and Seller. Subject to the occurrence of the Closing, Buyer and Sellers jointly covenant and agree that, from and after the Closing Date, Buyer and Sellers will each use reasonable efforts to cooperate with each other in connection with (a) any Proceeding involving the other Party relating to the preparation of an audit of any Tax Return of Sellers or Buyer (or its designated Affiliate(s)) for all periods prior to or including the Closing Date, (b) any audit of Buyer (or its designated Affiliate(s)) and/or any audit of Sellers with respect to the sales, transfer and similar Taxes imposed by the Laws of any state or political subdivision thereof, relating to the transactions contemplated by this Agreement and (c) the Bankruptcy Case and all Proceedings related thereto. In furtherance hereof, Buyer and Sellers further covenant and agree to promptly respond to all reasonable inquiries related to such matters and to provide, to the extent reasonably possible, substantiation of transactions and to make available and furnish appropriate documents and personnel in connection therewith. All costs and expenses incurred in connection with this Section 9.01 referred to herein shall be borne by the Party who is subject to such action or requesting such assistance.

9.02 Limited Power of Attorney; Collections. Subject to the occurrence of the Closing, each Seller hereby irrevocably appoints, effective as of the Closing, Buyer (or its designated Affiliate(s)) and its successors, agents and assigns as Seller's true and lawful attorney, in Seller's name, place and stead, with power of substitution, to take any action and to execute any instrument which Buyer may deem necessary or advisable to fulfill Seller's obligations or rights under, or to accomplish the purposes of, this Agreement, including, without limitation: (a) to demand and receive any and all Acquired Assets and to make endorsements and give receipts and releases for and in respect of the same; (b) to institute, prosecute, defend, compromise and/or settle any and all Proceedings with respect to the Acquired Assets and the Assumed Obligations; (c) to endorse and cash and/or deposit in an account of Buyer any and all checks or drafts received on account of any Receivables; (d) to make any filings required to transfer any Seller Intellectual Property Assets or any other Acquired Assets; (e) to receive and open all mail, packages and other communications addressed to Seller and relating to the Business; and (f) in the name of Seller or otherwise, to collect all Receivables for its own account. The foregoing power of attorney is a special power of attorney coupled with an interest and is irrevocable. Seller shall promptly deliver to Buyer any cash, checks or other property that Seller may receive after the Closing in respect of any accounts, notes and credit card receivables or other asset constituting part of the Acquired Assets.

9.03 Post-Closing Operation of Seller; Name Changes. Promptly after the Closing, each Seller shall take all necessary action to change its name to a name bearing no resemblance to the names set forth on the signature pages to this Agreement and will file such documents as are necessary to reflect such name change in the State of Delaware, the State of Arizona, the relevant government offices in Nova Scotia and Mexico and the other jurisdictions where such Seller is qualified to do business as a foreign entity. Each Seller agrees to promptly notify Buyer of such name change and the name chosen by it. Notwithstanding the foregoing, Sellers may refer to "GameTech" as a former name for legal and noticing purposes in the Bankruptcy Case and other legal documents.

9.04 Tax Matters. Within ninety (90) days after the Closing Date, Buyer shall prepare and deliver to Seller a schedule allocating the Purchase Price (and any other items that are required for federal income tax purposes to be treated as part of the purchase price) among the Acquired Assets in accordance with the requirements of Section 1060 of the IRC (such schedule, the "Purchase Price Allocation"). Buyer (or its designated Affiliate(s)) and Seller shall report and file all Tax Returns (including amended Tax Returns and claims for refund) consistent with the Purchase Price Allocation, and shall take no position contrary thereto or inconsistent therewith (including in any audits or examinations by any Governmental Authority or any other Proceeding). Buyer and Seller shall cooperate in the filing of any forms (including Form 8594 under Section 1060 of the IRC) with respect to such Purchase Price Allocation.

9.05 [Intentionally Omitted]

9.06 Personally Identifiable Information. Buyer shall honor and observe, in connection with the transactions contemplated by this Agreement, any and all applicable Laws prohibiting the transfer of personally identifiable information about individuals and otherwise comply with the requirements of Section 363(b)(1)(A) of the Bankruptcy Code.

9.07 Sellers' Access to Books and Records. From and after the Closing Date, Buyer shall provide on a confidential basis to the tax accountants of Sellers copies of such records acquired pursuant to this Agreement, in existence as of the Closing, that are required to enable such tax accountants to prepare Tax filings or reports regarding Sellers' ownership of the Acquired Assets prior to the Closing or the conduct of the Business prior to the Closing.

9.08 Bulk Sales. To the greatest extent permitted by applicable Law, Buyer and Sellers hereby agree to waive compliance with the terms of any bulk sales or similar Laws in any applicable jurisdiction in respect of the transactions contemplated by this Agreement. From and after the Closing, Buyer shall indemnify and hold Sellers harmless from and against any liabilities, damages, costs and expenses (including reasonable attorneys' fees) resulting from or arising out of (i) the parties' failure to comply with any such bulk sales Laws in connection with the consummation of the transactions contemplated by this Agreement or (ii) any action brought or levy made as a result of such failure to so comply with any such bulk sales Laws in connection with the consummation of the transactions contemplated by this Agreement.

ARTICLE 10

MISCELLANEOUS

10.01 Survival. Except only as provided in the second sentence of this Section 10.01, the representations and warranties contained in ARTICLE 3 and ARTICLE 4 of this Agreement and/or in any certificate or other document or instrument executed pursuant hereto (other than the FIRPTA Certificate) shall not survive the Closing and shall, upon the Closing, automatically lapse and cease to be of any further force or effect whatsoever, and neither Sellers nor Buyer nor any of their respective officers, directors, agents, representatives or affiliates shall have any liability to the other under this Agreement or any document or certificate delivered pursuant to this Agreement at any time after the Closing with respect to such representations and warranties, other than for intentional misrepresentation or fraud. Notwithstanding the foregoing, each of the covenants and obligations of Buyer and Sellers in this Agreement and in the other Transaction Documents shall survive the Closing in accordance with their respective terms.

10.02 Expenses. Except as otherwise expressly provided herein, each Party hereto shall bear its own costs and expenses, including attorneys' fees, with respect to the transactions contemplated by this Agreement.

10.03 Amendment. This Agreement may not be amended, modified or supplemented except by a written instrument duly executed by both Sellers and Buyer.

10.04 Further Assurances. Buyer and Sellers each agrees (a) to furnish upon request to each other Party such further information, (b) to execute and deliver to each other Party such other documents, and (c) to do such other acts and things, all as the other Party may reasonably request for the purpose of carrying out the intent of this Agreement and the transactions contemplated by this Agreement.

10.05 Notices. Any notice, request, instruction or other document to be given hereunder by a Party hereto shall be in writing and shall be deemed to have been given, (a) when received if given in person, (b) on the date of transmission if sent by telex, telecopy, email or other wire transmission (with answer back confirmation of such transmission, and, if sent by email, provided that a copy of such notice, request or instruction or other document be sent by overnight delivery), (c) upon delivery, if delivered by a nationally known commercial courier service providing next day delivery service (such as Federal Express), or (d) upon delivery, or refusal of delivery, if deposited in the U.S. mail, certified or registered mail, return receipt requested, postage prepaid:

TO SELLERS: GameTech International, Inc.
8850 Double Diamond Parkway
Reno, Nevada 89521
Attn: James Robertson
Fax: (775) 850-6115
E-mail:jrobertson@gtiemail.com

with copies
(which shall not
constitute notice) to: Greenberg Traurig, LLP
200 Park Avenue
New York, NY 10166
Attn: Matthew L. Hinker
Fax: (212) 801-6400
E-mail:hinkerm@gtlaw.com

TO BUYER: YI GT Acquisition, Inc.
9101 W. Sahara Avenue, Suite 105-B25
Las Vegas, Nevada 89117
Attention: Treasurer
Telephone: (702) 286-8682
Facsimile: (702) 798-4050

with copies
(which shall not
constitute notice) to: Morrison & Foerster LLP
755 Page Mill Road
Palo Alto, California 94304-1018
Attn: Timothy J. Harris
Fax: (650) 251-3781
E-mail:tharris@mofocom

or to such other individual or address as a Party hereto may designate for itself by notice given as herein provided.

10.06 Waivers. The failure of a Party hereto at any time or times to require performance of any provision hereof shall in no manner affect its right at a later time to enforce the same. No waiver by a Party of any condition or of any breach of any term, covenant, representation or warranty contained in this Agreement shall be effective unless in writing by Sellers in the case of a waiver by Sellers, or Buyer, in the case of any waiver by Buyer, and no waiver in any one or more instances shall be deemed to be a further or continuing waiver of any such condition or breach of other instances or a waiver of any other condition or breach of any other term, covenant, representation or warranty.

10.07 Counterparts and Execution. This Agreement may be executed simultaneously in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Any counterpart may be executed by facsimile signature and such facsimile signature shall be deemed an original.

10.08 SUBMISSION TO JURISDICTION. THE PARTIES HERETO HEREBY AGREE THAT ANY AND ALL CLAIMS, ACTIONS, CAUSES OF ACTION, SUITS, AND PROCEEDINGS RELATING TO THIS AGREEMENT OR THE OTHER TRANSACTION DOCUMENTS SHALL BE FILED AND MAINTAINED ONLY IN THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE, AND THE PARTIES HEREBY CONSENT TO THE JURISDICTION OF SUCH COURT.

10.09 Governing Law. This Agreement shall be governed by and construed in accordance with the Laws of the State of Nevada (without regard to its principles of conflicts of laws that would result in the application of the laws of any other jurisdiction to the rights and obligations of the Parties under this Agreement).

10.10 Binding Nature; Assignment. Subject to approval of the Bankruptcy Court, this Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and permitted assigns, but neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the Parties hereto without prior written consent of the other Party (which shall not be unreasonably withheld or delayed); except that (a) Buyer may assign any of its rights and obligations hereunder to any Affiliate or Subsidiary of Buyer (whether wholly owned or otherwise) and, following the Closing, in whole or in part to any successor-in-interest to any Person acquiring all or any portion of the Business or the Acquired Assets; (b) the rights and interests of Sellers hereunder may be assigned to a trustee appointed under Chapter 11 or Chapter 7 of the Bankruptcy Code; (c) this Agreement may be assigned to any entity appointed as a successor to Sellers pursuant to a confirmed plan under Chapter 11 of the Bankruptcy Code; and (d) as otherwise provided in this Agreement. Sellers hereby agree that the terms of this Agreement shall be binding upon any subsequent trustee appointed under Chapter 11 or Chapter 7 of the Bankruptcy Code.

10.11 No Third Party Beneficiaries. This Agreement is solely for the benefit of Buyer (or its designated Affiliate(s)) and Sellers and nothing contained herein, express or implied, is intended to confer on any Person other than the Parties hereto or their successors and permitted assigns, any rights, remedies, obligations, Claims, or causes of action under or by reason of this Agreement.

10.12 No Strict Construction. Buyer and Sellers participated jointly in the negotiation and drafting of this Agreement and, in the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as jointly drafted by Buyer and Sellers and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any provision of this Agreement.

10.13 Public Announcements. Except as required by this Agreement or Law or as required or appropriate in connection with the Bankruptcy Case, neither Sellers nor Buyer shall issue any press release or public announcement concerning this Agreement or the transactions contemplated by this Agreement without obtaining the prior written consent of the other Party hereto relating to the contents and manner of presentation and publication thereof, which approval will not be unreasonably withheld, delayed or conditioned. Prior to making any public disclosure required by applicable Law outside of Bankruptcy Court filings, Sellers shall give Buyer a copy of the proposed disclosure and reasonable opportunity to comment on the same and shall use its commercially reasonable efforts to include Buyer's comments in such public disclosure. For purposes of clarity, the reference to "applicable Law" in the preceding sentence does not include filings in the Bankruptcy Case.

10.14 Entire Understanding. This Agreement, the other Transaction Documents and the Exhibits, Appendices, and Schedules (a) set forth the entire agreement and understanding of the Parties hereto in respect to the transactions contemplated by this Agreement, (b) supersede all prior agreements, arrangements and understandings relating to the subject matter hereof, and (c) are not intended to confer upon any other Person any rights or remedies hereunder, except as expressly set forth in this Agreement.

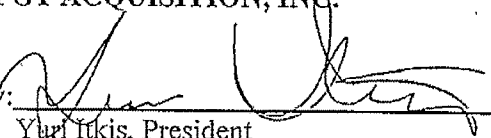
10.15 Closing Actions. All deliveries, payments and other transactions and documents relating to the Closing shall be interdependent, and none shall be effective unless and until all are effective (except to the extent that the Party hereto entitled to the benefit thereof has waived satisfaction or performance thereof as a condition precedent to the Closing).

10.16 Conflict Between Transaction Documents. The Parties hereto agree and acknowledge that to the extent any terms and provisions of this Agreement are in any way inconsistent with or in conflict with any term, condition or provision of any other Transaction Document, this Agreement shall govern and control. In the event of any conflict between this Agreement and the Sale Order, the Sale Order shall govern.

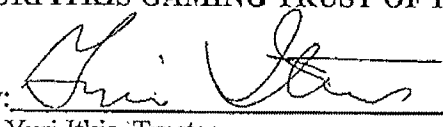
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IN WITNESS WHEREOF, the Parties hereto have caused this Asset Purchase Agreement to be duly executed and delivered as of the date first above written.

BUYER:
YI GT ACQUISITION, INC.

By: 
Yuri Itkis, President

TRUST:
YURI ITKIS GAMING TRUST OF 1993

By: 
Yuri Itkis, Trustee

SELLERS:
GAMETECH INTERNATIONAL, INC.

By:
Name:
Title:

GAMETECH ARIZONA CORP.

By:
Name:
Title:

GAMETECH CANADA CORP.

By:
Name:
Title:

GAMETECH MEXICO S. DE R.L. DE C.V.

[Signature page to Asset Purchase Agreement]

IN WITNESS WHEREOF, the Parties hereto have caused this Asset Purchase Agreement to be duly executed and delivered as of the date first above written.

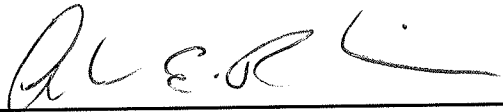
**BUYER:
YI GT ACQUISITION, INC.**

By: _____
Yuri Itkis, President

**TRUST:
YURI ITKIS GAMING TRUST OF 1993**

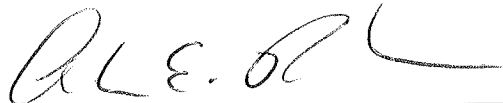
By: _____
Yuri Itkis, Trustee

**SELLERS:
GAMETECH INTERNATIONAL, INC.**




By: ANDREW E. ROBINSON
Name:
Title: CFO SR. VP.

GAMETECH ARIZONA CORP.



By: ANDREW E. ROBINSON
Name:
Title: PRESIDENT

GAMETECH CANADA CORP.



By:
Name: ANDREW E. ROBINSON
Title: PRESIDENT

GAMETECH MEXICO S. DE R.L. DE C.V.

ALEPL

By:
Name: *Andrew E. Robinson*
Title: *PRESIDENT*

APPENDIX A

“Acquired Assets” has the meaning set forth in Section 2.01(a).

“Affiliate” of any particular Person means any other Person controlling, controlled by or under common control with such particular Person, where “control” means the possession, directly or indirectly, of the power to direct the management and policies of a Person whether through the ownership of voting securities or otherwise.

“Affiliated Group” means an affiliated group as defined in Section 1504 of the IRC (or any analogous combined, consolidated or unitary group defined under state, local or foreign income Tax Law) of which any of the Sellers is or has been a member.

“Agreement” means this Asset Purchase Agreement, including all the Schedules, Exhibits and Appendices hereto, as the same may be amended, modified or waived from time to time in accordance with its terms.

“Alternative Transaction” means any transaction, sale, or plan of reorganization or liquidation accepted by Sellers as being the highest and best offer pursuant to the Bidding Procedures Order, or otherwise, whereby all or a material portion of the Business is purchased by, or otherwise conveyed to or controlled by, a Person other than Buyer and/or one or more of its Affiliates.

“Assignment and Assumption” has the meaning set forth in Section 2.08(b).

“Assignment Consent” has the meaning set forth in Section 2.05.

“Assumed Executory Contracts” has the meaning set forth in Section 2.01(a)(viii).

“Assumed Obligations” has the meaning set forth in Section 2.03(a).

“Auction” means the auction conducted by Sellers pursuant to the Bidding Procedures Order for substantially all of the Acquired Assets.

“Bankruptcy Cases” has the meaning set forth in the recitals.

“Bankruptcy Code” has the meaning set forth in the recitals.

“Bankruptcy Court” has the meaning set forth in the recitals.

“Bankruptcy Court Orders” means the Sale Order, the Bidding Procedures Order, and any other order of the Bankruptcy Court which is binding upon the Sellers..

“Bidding Procedures Order” has the meaning set forth in Section 5.04(a).

“Bingo Business” has the meaning set forth in the recitals.

“Books and Records” has the meaning set forth in Section 2.01(a)(ix).

“Breakup Fee” has the meaning set forth in Section 5.05(a).

“Budget” means that certain line item budget of cash expenditures by Seller set forth in, and subject to the limitations set forth in, the Cash Collateral Order or the Order approving the DIP Facility.

“Business” has the meaning set forth in the recitals.

“Business Day” means any day other than (i) a Saturday or a Sunday or (ii) a day on which banking and savings and loan institutions are authorized or required by law to be closed in the States of New York, Nevada or California.

“Business License Agreement” means (i) any Contract pursuant to which any Person other than Sellers are purportedly authorized to use (or is otherwise purportedly granted any license, covenant not to sue, immunity or other right with respect to) any Intellectual Property Right or Technology owned by Sellers and which Contract is used in, or is otherwise useful or necessary for the conduct of, the Business as currently conducted and/or as planned to be conducted by Sellers, and (ii) any Contract pursuant to which Sellers are purportedly authorized to use (or is otherwise purportedly granted any license, covenant not to sue, immunity or other right with respect to) any Intellectual Property Right or Technology owned by any third Person and which Contract is used in, or is otherwise useful or necessary for the conduct of, the Business as currently conducted and/or as planned to be conducted by Sellers.

“Buyer” has the meaning set forth in the preamble.

“Buyer Disclosure Schedule” has the meaning set forth in the first paragraph of ARTICLE 4.

“Cash Collateral Order” means that certain *Second Interim Order (A) Authorizing Debtors to (I) Use Cash Collateral Pursuant to 11 U.S.C. § 363 and (II) Provide Adequate Protection Pursuant to 11 U.S.C. §§ 361, 362, 363, and 507 and (B) Scheduling a Final Hearing Pursuant to Bankruptcy Rule 4001* entered by the Bankruptcy Court on July 18, 2012, as the same may be amended or supplemented, together with any subsequent or final order concerning the Buyer’s use of cash collateral.

“Cash Purchase Price” has the meaning set forth in Section 2.06(a).

“Chapter 5 Claims” has the meaning set forth in Section 2.06(a)(xi).

“Claim” has the meaning set forth in Section 101(5) of the Bankruptcy Code.

“Closing” has the meaning set forth in Section 2.07.

“Closing Date” has the meaning set forth in Section 2.07.

“COBRA” means Title X of the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.

“Consent” means any approval, consent, ratification, permission, waiver or authorization (including any Governmental Approval).

“Contract” means any agreement, contract, commitment or other binding arrangement or understanding, whether written or oral, to which any Seller is a party.

“Confidentiality and Non-Disclosure Agreement” means the Confidentiality and Nondisclosure Agreement, effective July 13, 2012, previously executed by Buyer and Sellers.

“Deposits and Advances” has the meaning set forth in Section 2.01(a)(vii).

“Dollars” or “\$” means dollars of the United States of America.

“DIP Facility” means that certain secured, super-priority debtor-in-possession credit agreement among Sellers (as Borrower) and Buyer (as Lender).

“DIP Obligations” means all obligations that remain outstanding as of immediately prior to the Closing under the DIP Facility (including, without limitation, all principal, interest, costs, fees and expenses under the DIP Facility).

“Effective Time” means, unless otherwise agreed to by Buyer and Sellers, 11:59 p.m. Las Vegas, Nevada time on the Closing Date.

“Encumbrances” means, to the extent not considered a Lien, a security interest, pledge, hypothecation, mortgage, or encumbrance, other than any licenses of Intellectual Property.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended, and the applicable regulations thereunder.

“ERISA Affiliate” means any other Person under common control with Sellers within the meaning of Section 414 (b), (c), (m) or (o) of the IRC.

“Estimated Cure Cost” has the meaning set forth in Section 2.01(c).

“Excluded Assets” has the meaning set forth in Section 2.02.

“Excluded Liabilities” has the meaning set forth in Section 2.04.

“Expense Reimbursement” has the meaning set forth in Section 5.04(a).

“Final Cure Costs” has the meaning set forth in Section 2.03(a)(ii).

“Final Order” means an Order as to which the time to file an appeal, a motion for rehearing or reconsideration or a petition for writ of certiorari has expired and no such appeal, motion or petition is pending.

“GAAP” means generally accepted accounting principles in the United States of America, as in effect from time to time and consistently applied and maintained throughout the periods indicated.

“Gaming Authorities” means any governmental authorities having regulatory authority over the gaming activities of the Business.

“Gaming Regulations” means any rule or regulation of the Gaming Authorities necessary for or relating to the activities relating to the Business.

“General Assignment and Bill of Sale” has the meaning set forth in Section 2.08(a).

“Governmental Approval” means any: (a) Permit, license, certificate, concession, approval, Consent, ratification, permission, clearance, confirmation, exemption, waiver, franchise, certification, designation, rating, registration, variance, qualification, accreditation or authorization issued, granted, given or otherwise made available by or under the authority of any Governmental Authority or pursuant to any Law including the Gaming Authorities; or (b) right under any Contract with any Governmental Authority including the Gaming Authorities.

“Governmental Authority” means any United States federal, state or local or any foreign government, governmental regulatory or administrative authority, agency or commission or any court, tribunal or judicial or arbitral body.

“Intellectual Property Rights” means any intellectual property rights, including, without limitation, rights in or arising out of patents, patent applications, copyrights, copyright registrations, applications for copyright registrations, mask works, mask work registrations, applications for mask work registrations, trade secrets, trademarks, service marks, collective marks, certification marks, registrations therefor and applications for registrations therefor, trade names, and trade dress.

“Interest” means an “interest” as that term is used in Bankruptcy Code Section 363(f).

“Inventory” has the meaning set forth in Section 2.01(a)(iii).

“IRC” means the United States Internal Revenue Code of 1986, as amended.

“Knowledge of Sellers” means the knowledge of a particular fact or other matter, which Seller shall be deemed to have if (a) any executive officer of Seller is actually aware of such fact or other matter; or (b) that knowledge should have been acquired by such Person after making such due inquiry and exercising such due diligence as a prudent businessperson would have made or exercised in the management of his or her business affairs, including due inquiry of those officers, directors, key employees and professional advisers (including attorneys, accountants and consultants) of such Person who would reasonably be expected to have actual knowledge of the matters in question.

“Law” means any law, statute, regulation, ruling, or Order of, administered or enforced by or on behalf of, any Governmental Authority, or common law.

“Liability” means any liability (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, and whether due or to become due and regardless of when asserted), including any liability for Taxes.

“Lien” or “Liens” means any lien (statutory or otherwise), hypothecation, encumbrance, Liability, security interest, interest, mortgage, pledge, restriction, charge, instrument, license, preference, priority, security agreement, easement, covenant, encroachment, option, right of recovery, Tax (including foreign, federal, state and local Tax), Order of any Governmental Authority, of any kind or nature, whether secured or unsecured, choate or inchoate, filed or unfiled, scheduled or unscheduled, noticed or unnoticed, recorded or unrecorded, contingent or non-contingent, material or non-material, known or unknown.

“Material Adverse Effect” means any event, condition, development or effect that individually or in the aggregate with all other events, changes, conditions, developments and effects, is or is reasonably likely to be materially adverse to (a) the Business, the Acquired Assets or the Assumed Obligations or (b) the ability of Sellers to perform its obligations under this Agreement; provided, however, that the commencement of the Bankruptcy Cases and the procedures and orders related thereto shall be deemed in and of itself to not constitute and shall not be taken into account in determining whether there has been or will be a Material Adverse Effect unless such procedures or orders in the Bankruptcy Case are directly and materially adverse to Buyer.

“Material Contracts” has the meaning set forth in Section 3.07.

“Non-Assignable Asset” has the meaning set forth in Section 2.05.

“Open Source” means software or similar subject matter which is distributed as “open source software” or under any license or arrangement that (whether by covenant, by condition or otherwise) (i) requires or purports to require the distribution of or access to source code or similar materials or (ii) restricts or purports to restrict the ability to charge for distribution or use of software (including software or similar subject matter distributed under the GNU General Public License, GNU Lesser General Public License, BSD License, MIT License, Common Public License and other licenses approved as open source licenses by the Open Source Initiative).

“Order” means any decree, order, injunction, rule, judgment, consent of or by any Governmental Authority.

“Ordinary Course of Business” means the operation of the Business by Sellers in the usual and ordinary course in a manner substantially similar to the manner in which Sellers operated, consistent with past practice prior to the date hereof, subject to any obligations as a debtor under the Bankruptcy Code or any order of the Bankruptcy Court.

“Owned Seller Intellectual Property Assets” means all Seller Intellectual Property Assets that any Seller owns or claims or purports to own. Owned Seller Intellectual Property Assets includes, without limitation, the Registered Seller Intellectual Property.

“Parties” means Buyer and Sellers and “Party” means Buyer or Sellers as the context requires.

“Permitted Liens” means Liens and Encumbrances that will be released and/or discharged pursuant to the Sale Order.

“Permits” means licenses, permits, approvals, certificates of occupancy, authorizations, operating permits, registrations, plans and the like.

“Person” means any corporation, partnership, joint venture, limited liability company, organization, entity, authority or natural person.

“Personal Property” has the meaning set forth in Section 2.01(a)(v).

“Petition Date” has the meaning set forth in the recitals.

“Potential Assumed Executory Contracts” has the meaning set forth in Section 2.01(b).

“Proceeding” means any claim, charge, complaint, dispute, demand, action, investigation, inquiry, audit, suit in equity or at Law, administrative, regulatory or quasi-judicial proceeding, arbitration, account, contribution, and/or other causes of action of whatever kind or character.

“Purchase Price” has the meaning set forth in Section 2.06.

“Purchase Price Allocation” has the meaning set forth in Section 9.04.

“Receivables” has the meaning set forth in Section 2.01(a)(ii).

“Registered Seller Intellectual Property” means all (a) patents and patent applications, (b) registered trademarks, service marks, collective marks, and certification marks, and applications for registration therefor, (c) copyright registrations and applications for copyright registrations, (d) mask work registrations and applications for mask work registrations and (e) domain names, in each case that are owned by or registered in the name of any Seller.

“Rule” or “Rules” means the Federal Rules of Bankruptcy Procedure.

“Sale Hearing” means the hearing of the Bankruptcy Court to approve this Agreement and the transactions contemplated by this Agreement.

“Sale Motion” has the meaning set forth in Section 5.05(a).

“Sale Order” has the meaning set forth in the recitals.

“Schedules” means the schedules attached hereto (including the Seller Disclosure Schedule and the Buyer Disclosure Schedule).

“Seller” or “Sellers” has the meaning set forth in the preamble.

“Seller Claims” has the meaning set forth in Section 2.01(a)(xi).

“Seller Disclosure Schedule” has the meaning set forth in the first paragraph of ARTICLE 3.

“Seller Employee Benefit Plan” means each written plan, program, policy, practice, agreement or other arrangement, that is maintained, contributed to, sponsored or provided by

Seller or an ERISA Affiliate for the benefit of any current or former employees or consultants or with respect to which Seller or an ERISA Affiliate may have any Liability with respect to any current or former employees or consultants providing for compensation, bonus payments, incentive compensation, severance, retention payments, change in control payments, termination pay, pension benefits, retirement benefits, deferred compensation, performance awards, stock or stock-related awards, fringe benefits (including health or other medical, dental, vision, life, disability, sabbatical, accidental death and dismemberment or other insurance benefits), or other employee benefits or remuneration of any kind, whether written, unwritten or otherwise, funded or unfunded, including each “employee benefit plan,” within the meaning of Section 3(3) of Title I of ERISA.

“Seller Intellectual Property Assets” means all Intellectual Property Rights and Technology that are used in, or held for use in, the Business, including any Intellectual Property Rights and Technology incorporated into or otherwise used in connection with any Seller Products.

“Seller Products” means all products and services manufactured, made, designed, maintained, supported, developed, sold, licensed, marketed, or otherwise distributed or provided (or planned to be manufactured, made, designed, maintained, supported, developed, sold, licensed, marketed, or otherwise distributed or provided) by or for Sellers (including all versions and releases thereof, whether already distributed or provided, under development, planned or otherwise), together with any related materials, information or data, including customer information, the names, numbers (e.g., part numbers) and packaging associated with such products and services.

“Subsidiary” means, with respect to any Person, any corporation a majority of the total voting power of shares of stock of which is entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof, or any partnership, limited liability company, association or other business entity a majority of the partnership or other similar ownership interest of which is at the time owned or controlled, directly or indirectly, by that Person or one or more Subsidiaries of that Person or a combination thereof. For purposes of this definition, a Person is deemed to have a majority ownership interest in a partnership, limited liability company, association or other business entity if such Person is allocated a majority of the gains or losses of such partnership, limited liability company, association or other business entity or is or controls the managing director or general partner of such partnership, limited liability company, association or other business entity.

“Tax” and, with correlative meaning, “Taxes” mean with respect to any Person (a) all federal, state, local, county, foreign and other taxes, assessments or other government charges, fees, imposts or levies, including any income, alternative or add-on minimum tax, estimated gross income, gross receipts, sales, use, *ad valorem*, value added, transfer, capital stock, franchise, profits, license, registration, recording, documentary, intangibles, conveyancing, gains, withholding, backup withholding, payroll, employment, social security (or similar), unemployment, disability, excise, severance, stamp, occupation, premium, real property, personal property, inventory, unclaimed property, environmental or windfall profit tax, custom

duty or other tax, or other like assessment, charge, or tax of any kind whatsoever, together with any interest, penalty, fine, addition to tax or additional amount imposed by any Governmental Authority responsible for the imposition of any such tax (domestic or foreign) whether such Tax is disputed or not, (b) Liability for the payment of any amounts of the type described in clause (a) above relating to any other Person as a result of being party to any tax sharing, tax indemnity or tax allocation agreement with such other Person, being a successor or transferee of such other Person, or being a member of the same affiliated, consolidated, combined, unitary or other group with such other Person, or (c) Liability for the payment of any amounts of the type described in clause (a) arising as a result of being (or ceasing to be) a member of any Affiliated Group (or being included (or required to be included) in any Tax Return relating thereto).

“Tax Return” means any written or electronic report, return, declaration, certificate, claim for refund or other information or statement filed or required to be filed relating to Taxes, including any schedules or attachments thereto and any amendments thereof.

“Technology” means any algorithms, confidential or proprietary information or data, designs, discoveries, domain names, formulae, ideas, inventions, know-how, logos, methods, models, names, processes, research, software, techniques, technology, works of authorship, and general intangibles of like nature, whether patentable or unpatentable and whether or not reduced to practice.

“Third Party” means any Person other than Sellers, Buyer or any of their respective Affiliates.

“Transaction Documents” means this Agreement, and all other agreements, instruments, certificates and other documents to be entered into or delivered by any party in connection with the transactions contemplated by this Agreement.

“Transferred Contractors” has the meaning set forth in Section 6.01.

“Transferred Employees” has the meaning set forth in Section 6.01.

“VLT Business” has the meaning set forth in the recitals.

EXHIBIT A
FORM OF SALE ORDER

EXHIBIT B
LIST OF ASSUMED EXECUTORY CONTRACTS

See attached

EXHIBIT C
LIST OF POTENTIAL ASSUMED EXECUTORY CONTRACTS

See attached

EXHIBIT D

OTHER EXCLUDED ASSETS

Such portion of the amounts refunded to the Sellers after the date of the Agreement, up to a maximum aggregate of \$300,000, by the City of Reno or its taxing authorities equal to the amount of the federal income tax liability incurred by Sellers as a result of accelerated depreciation recapture following the consummation of the transactions contemplated by the Agreement, it being understood that the remainder of such refunded amounts shall be Acquired Assets.

See attached

EXHIBIT E

FORM OF GENERAL ASSIGNMENT AND BILL OF SALE¹

This General Assignment and Bill of Sale (this “General Assignment and Bill of Sale”) is being delivered pursuant to that certain Asset Purchase Agreement, dated as of August 8, 2012 (the “Asset Purchase Agreement”) by and between GameTech International, Inc., a Delaware corporation; GameTech Arizona Corporation, an Arizona corporation; GameTech Canada Corp., a corporation organized under the laws of Nova Scotia; and GameTech Mexico S. de R.L. de C.V., a company organization under the laws of Mexico (collectively, “Assignor”), YI GT Acquisition, Inc., a Delaware corporation (“Assignee”) and solely with respect to Section 2.06(e), Yuri Itkis Gaming Trust of 1993.

A. Assignor and Assignee have entered into the Asset Purchase Agreement, assigning, among other things, all right, title and interest in and to the Acquired Assets from Assignor to Assignee.

B. Any capitalized term used but not otherwise defined in this General Assignment and Bill of Sale has the meaning ascribed to such term in the Asset Purchase Agreement.

NOW, THEREFORE, in consideration of the good and valuable consideration set forth in the Asset Purchase Agreement, the receipt and sufficiency of which are hereby acknowledged, Assignor hereby sells, conveys, assigns, transfers and delivers to Assignee and its successors and assigns, free and clear of all Liens and Claims, effective as of 11:59 p.m. Las Vegas, Nevada time on September __, 2012 (the “Effective Time”), all of Assignor’s right, title and interest in and to all of the Acquired Assets.

Assignor agrees (a) to furnish upon request to Assignee such further information, (b) to execute and deliver to Assignee such other documents, and (c) to do such other acts and things, all as Assignee may reasonably request for the purpose of carrying out the intent of this General Assignment and Bill of Sale and the transactions contemplated by this General Assignment and Bill of Sale.

The terms of the Asset Purchase Agreement, including but not limited to the representations, warranties, covenants and agreements relating to the Acquired Assets set forth in the Asset Purchase Agreement, are incorporated herein by this reference. Assignor acknowledges and agrees that the representations, warranties, covenants and agreements set forth in the Asset Purchase Agreement shall not be superseded hereby but shall remain in full force and effect to the full extent provided therein. To the extent any terms and provisions of this General Assignment and Bill of Sale are in any way inconsistent with or in conflict with any term, condition or provision of the Asset Purchase Agreement, the Asset Purchase Agreement shall govern and control.

¹ In the event that Buyer designates one or more of its Affiliates to acquire the Acquired Assets pursuant to the Asset Purchase Agreement, this Form shall be modified as appropriate by Sellers to the extent necessary to reflect such designated Affiliate(s) as the applicable Assignee.

EXHIBIT F

FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT²

This Assignment and Assumption Agreement (this “Assignment and Assumption”) is made and entered into as of September __, 2012, by and among GameTech International, Inc., a Delaware corporation; GameTech Arizona Corporation, an Arizona corporation; GameTech Canada Corp., a corporation organized under the laws of Nova Scotia; and GameTech Mexico S. de R.L. de C.V., a company organization under the laws of Mexico (collectively, “Assignor”) and YI GT Acquisition, Inc., a Delaware corporation (“Assignee”).

RECITALS

A. Assignor and Assignee are parties to that certain Asset Purchase Agreement, dated as of August 8, 2012 (the “Asset Purchase Agreement”), pursuant to which Assignee has agreed to purchase from Assignor the Acquired Assets.

B. Upon the terms and subject to the conditions of the Asset Purchase Agreement, Assignor has agreed to assign the Acquired Assets to Assignee, and Assignee has agreed to assume from Assignor the Assumed Obligations.

C. Any capitalized term used but not otherwise defined in this Assignment and Assumption has the meaning ascribed to such term in the Asset Purchase Agreement.

NOW, THEREFORE, in consideration of the good and valuable consideration set forth in the Asset Purchase Agreement and the premises and the mutual covenants contained herein, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee agree as follows:

1. Assignment and Assumption. Effective as of 11:59 p.m. Las Vegas, Nevada time on September __, 2012 (the “Effective Time”), Assignor hereby assigns to Assignee, and Assignee hereby assumes from Assignor and shall thereafter be responsible for the payment, performance or discharge of the Assumed Obligations. Notwithstanding anything to the contrary in this Assignment and Assumption, except for the Assumed Obligations, Assignee shall not assume and shall not be in any way liable or responsible for (whether directly, indirectly, contingently or otherwise) any Excluded Liabilities, and the parties hereto agree that all such Excluded Liabilities shall remain the sole responsibility of Assignor.

2. Terms of the Asset Purchase Agreement. The terms of the Asset Purchase Agreement, including but not limited to the representations, warranties, covenants and agreements relating to the Assumed Obligations set forth in the Asset Purchase Agreement, are incorporated herein by this reference. Assignor acknowledges and agrees that the representations, warranties, covenants and agreements set forth in the Asset Purchase Agreement

² In the event that Buyer designates one or more of its Affiliates to acquire the Acquired Assets and/or assume the Assumed Obligations pursuant to the Asset Purchase Agreement, this Form shall be modified as appropriate by Buyer and Seller to the extent necessary to reflect such designated Affiliate(s) as the applicable Assignee.

shall not be superseded hereby but shall remain in full force and effect to the full extent provided therein. To the extent any terms and provisions of this Assignment and Assumption are in any way inconsistent with or in conflict with any term, condition or provision of the Asset Purchase Agreement, the Asset Purchase Agreement shall govern and control.

3. Further Assurances. Assignor and Assignee each agrees (a) to furnish upon request to each other party hereto such further information, (b) to execute and deliver to each other party hereto such other documents, and (c) to do such other acts and things, all as the other party hereto may reasonably request for the purpose of carrying out the intent of this Assignment and Assumption and the transactions contemplated by this Assignment and Assumption.

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IN WITNESS WHEREOF, Assignor has caused this General Assignment and Bill of Sale to be executed by its duly authorized representative as of the Effective Time.

**ASSIGNOR:
GAMETECH INTERNATIONAL, INC.**



By: _____
Name: *ANDREW E. ROBINSON*
Title: *CFO SR. VP.*

GAMETECH ARIZONA CORP.



By: _____
Name: *ANDREW E. ROBINSON*
Title: *PRESIDENT*

GAMETECH CANADA CORP.



By: _____
Name: *ANDREW E. ROBINSON*
Title: *PRESIDENT*

GAMETECH MEXICO S. DE R.L. DE C.V.



By: _____
Name: *ANDREW E. ROBINSON*
Title: *PRESIDENT*

IN WITNESS WHEREOF, the parties hereto have caused this Assignment and Assumption to be executed by their duly authorized representatives as of the date first above written.

**ASSIGNOR:
GAMETECH INTERNATIONAL, INC.**



By:
Name: *Andrew E. Robinson*
Title: *CFO BR. U.P.*

GAMETECH ARIZONA CORP.



By:
Name: *Andrew E. Robinson*
Title: *PRESIDENT*

GAMETECH CANADA CORP.



By: *Andrew E. Robinson*
Name:
Title: *PRESIDENT*

GAMETECH MEXICO S. DE R.L. DE C.V.



By: *Andrew E. Robinson*
Name:
Title: *PRESIDENT*

**ASSIGNEE:
YI GT ACQUISITION, INC.**

By:
Name:
Title:

EXHIBIT G

FORM OF PATENT ASSIGNMENT³

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

PATENT ASSIGNMENT

This Patent Assignment (this "Patent Assignment") is being delivered pursuant to that certain Asset Purchase Agreement, dated as of September __, 2012 (the "Asset Purchase Agreement") by and between GameTech International, Inc., a Delaware corporation; GameTech Arizona Corporation, an Arizona corporation; GameTech Canada Corp., a corporation organized under the laws of Nova Scotia; and GameTech Mexico S. de R.L. de C.V., a company organization under the laws of Mexico (collectively, "Assignor"), YI GT Acquisition, Inc., a Delaware corporation ("Assignee") and solely with respect to Section 2.06(e), Yuri Itkis Gaming Trust of 1993.

A. Assignor owns certain patent applications and/or registrations, as listed in Attachment A attached hereto and incorporated herein by this reference (the "Patents").

B. Assignor and Assignee have entered into the Asset Purchase Agreement, assigning, among other things, all right, title and interest in and to the Patents from Assignor to Assignee.

C. Any capitalized term used but not otherwise defined in this Patent Assignment has the meaning ascribed to such term in the Asset Purchase Agreement.

NOW, THEREFORE, for good and valuable consideration as set forth in the Asset Purchase Agreement, the receipt and sufficiency of which hereby is acknowledged, Assignor hereby sells, conveys, assigns, transfers and delivers to Assignee and its successors and assigns, free and clear of all Liens and Claims, effective as of 11:59 p.m. Las Vegas, Nevada time on September __, 2012 (the "Effective Time"), Assignor's entire right, title and interest in and to the Patents, including all divisions, continuations, continuations-in-part, reexaminations, substitutions, reissues, extensions and renewals of the applications and registrations for the Patents (and the right to apply for any of the foregoing); all rights to causes of action and remedies related thereto (including, without limitation, the right to sue for past, present or future infringement, misappropriation or violation of rights related to the foregoing); and any and all other rights and interests arising out of, in connection with or in relation to the Patents.

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³ In the event that Buyer designates one or more of its Affiliates to acquire the Acquired Assets pursuant to the Asset Purchase Agreement, this Form shall be modified as appropriate by Seller to the extent necessary to reflect such designated Affiliate(s) as the applicable Assignee.

IN WITNESS WHEREOF, Assignor has caused this Patent Assignment to be executed by its duly authorized representative as of the Effective Time.

**ASSIGNOR:
GAMETECH INTERNATIONAL, INC.**



By: _____
Name: *ANDREW E. ROBINSON*
Title: *CFO SR. V.P.*

GAMETECH ARIZONA CORP.



By: _____
Name: *ANDREW E. ROBINSON*
Title: *PRESIDENT*

GAMETECH CANADA CORP.



By: _____
Name: *ANDREW E. ROBINSON*
Title: *PRESIDENT*

GAMETECH MEXICO S. DE R.L. DE C.V.



By: _____
Name: *ANDREW E. ROBINSON*
Title: *PRESIDENT*

ATTACHMENT A TO PATENT ASSIGNMENT

See attached

EXHIBIT H
FORM OF COPYRIGHT ASSIGNMENT⁴
IN THE UNITED STATES COPYRIGHT OFFICE
COPYRIGHT ASSIGNMENT

This Copyright Assignment (this “Copyright Assignment”) is being delivered pursuant to that certain Asset Purchase Agreement, dated as of July 30, 2012 (the “Asset Purchase Agreement”) by and between GameTech International, Inc., a Delaware corporation; GameTech Arizona Corporation, an Arizona corporation; GameTech Canada Corp., a corporation organized under the laws of Nova Scotia; and GameTech Mexico S. de R.L. de C.V., a company organization under the laws of Mexico (collectively, “Assignor”), YI GT Acquisition, Inc., a Delaware corporation (“Assignee”) and solely with respect to Section 2.06(e), Yuri Itkis Gaming Trust of 1993.

A. Assignor owns certain works of authorship and/or copyrights, and registrations for such works of authorship and copyrights, as set forth in Attachment A attached hereto and incorporated herein by this reference (“Copyrights”).

B. Assignor and Assignee have entered into the Asset Purchase Agreement, assigning, among other things, all right, title and interest in and to the Copyrights from Assignor to Assignee.

C. Any capitalized term used but not otherwise defined in this Copyright Assignment has the meaning ascribed to such term in the Asset Purchase Agreement.

NOW, THEREFORE, for good and valuable consideration as set forth in the Asset Purchase Agreement, the receipt and sufficiency of which hereby is acknowledged, Assignor hereby sells, conveys, assigns, transfers and delivers to Assignee and its successors and assigns, free and clear of all Liens and Claims, effective as of 11:59 p.m. Las Vegas, Nevada time on September __, 2012 (the “Effective Time”), Assignor’s entire right, title and interest in and to the Copyrights, including all registrations for the Copyrights (and the right to apply for any of the foregoing); all rights to causes of action and remedies related thereto (including, without limitation, the right to sue for past, present or future infringement, misappropriation or violation of rights related to the foregoing); and any and all other rights and interests arising out of, in connection with or in relation to the Copyrights.

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⁴ In the event that Buyer designates one or more of its Affiliates to acquire the Acquired Assets pursuant to the Asset Purchase Agreement, this Form shall be modified as appropriate by Seller to the extent necessary to reflect such designated Affiliate(s) as the applicable Assignee.

IN WITNESS WHEREOF, Assignor has caused this Copyright Assignment to be executed by its duly authorized representative as of the Effective Time.

**ASSIGNOR:
GAMETECH INTERNATIONAL, INC.**



By: Andrew E. Robinson
Name:
Title: CFO SR V.P.

GAMETECH ARIZONA CORPORATION



By: Andrew E. Robinson
Name:
Title: PRESIDENT

GAMETECH CANADA CORP.



By: Andrew E. Robinson
Name:
Title: PRESIDENT

GAMETECH MEXICO S. DE R.L. DE C.V.



By: Andrew E. Robinson
Name:
Title: PRESIDENT

ATTACHMENT A TO COPYRIGHT ASSIGNMENT

See attached

EXHIBIT I

FORM OF TRADEMARK ASSIGNMENT⁵

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

TRADEMARK ASSIGNMENT

This Trademark Assignment (this "Trademark Assignment") is being delivered pursuant to that certain Asset Purchase Agreement, dated as of August 8, 2012 (the "Asset Purchase Agreement") by and between GameTech International, Inc., a Delaware corporation; GameTech Arizona Corporation, an Arizona corporation; GameTech Canada Corp., a corporation organized under the laws of Nova Scotia; and GameTech Mexico S. de R.L. de C.V., a company organization under the laws of Mexico (collectively, "Assignor"), YI GT Acquisition, Inc., a Delaware corporation ("Assignee") and solely with respect to Section 2.06(e), Yuri Itkis Gaming Trust of 1993.

A. Assignor owns certain trademarks and/or service marks, and applications and/or registrations for such marks, as listed in Attachment A attached hereto and incorporated herein by this reference (the "Marks").

B. Assignor and Assignee have entered into the Asset Purchase Agreement, assigning, among other things, all right, title and interest in and to the Marks from Assignor to Assignee.

C. Any capitalized term used but not otherwise defined in this Trademark Assignment has the meaning ascribed to such term in the Asset Purchase Agreement.

NOW, THEREFORE, for good and valuable consideration as set forth in the Asset Purchase Agreement, the receipt and sufficiency of which hereby is acknowledged, Assignor hereby sells, conveys, assigns, transfers and delivers to Assignee and its successors and assigns, free and clear of all Liens and Claims, effective as of 11:59 p.m. Las Vegas, Nevada time on September __, 2012 (the "Effective Time"), Assignor's entire right, title and interest in and to the Marks, and to the applications and/or registrations for the Marks, together with the goodwill of the business symbolized by the Marks, including the right to sue and recover for any past infringement thereof.

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⁵ In the event that Buyer designates one or more of its Affiliates to acquire the Acquired Assets pursuant to the Asset Purchase Agreement, this Form shall be modified as appropriate by Seller to the extent necessary to reflect such designated Affiliate(s) as the applicable Assignee.

IN WITNESS WHEREOF, Assignor has caused this Trademark Assignment to be executed by its duly authorized representative as of the Effective Time.

ASSIGNOR:
GAMETECH INTERNATIONAL, INC.



By: Andrew E. Robinson
Name: Andrew E. Robinson
Title: CFO SR. U.P.

GAMETECH ARIZONA CORPORATION



By: President
Name: Andrew E. Robinson
Title: Andrew E. Robinson

GAMETECH CANADA CORP.



By: Andrew E. Robinson
Name: Andrew E. Robinson
Title: President

GAMETECH MEXICO S. DE R.L. DE C.V.



By: Andrew E. Robinson
Name: Andrew E. Robinson
Title: President

ATTACHMENT A TO TRADEMARK ASSIGNMENT

See attached

EXHIBIT J

FORM OF DOMAIN NAME ASSIGNMENT AGREEMENT⁶

DOMAIN NAMES ASSIGNMENT AGREEMENT

This Domain Names Assignment Agreement (this “Domain Names Assignment Agreement”) is made as of September __, 2012, by and between GameTech International, Inc., a Delaware corporation; GameTech Arizona Corporation, an Arizona corporation; GameTech Canada Corp., a corporation organized under the laws of Nova Scotia; and GameTech Mexico S. de R.L. de C.V., a company organization under the laws of Mexico (collectively, “Assignor”) and YI GT Acquisition, Inc., a Delaware corporation (“Assignee”).

RECITALS

- A. Assignor is the sole owner of all right, title and interest in and to the domain names set forth on Section 3.9(a) of the Seller Disclosure Schedule (collectively, the “Domain Names”) as part of the entire business or portion thereof to which the Domain Names pertain.
- B. Assignor has duly registered the Domain Names with [NAME OF REGISTRAR] (the “Registrar”).
- C. Assignor and Assignee have entered into that certain Asset Purchase Agreement, dated as of July 30, 2012 (the “Asset Purchase Agreement”), assigning, among other things, all right, title and interest in and to the Domain Names from Assignor to Assignee.
- D. Any capitalized term used but not otherwise defined in this Domain Names Assignment Agreement has the meaning ascribed to such term in the Asset Purchase Agreement.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained herein, the parties hereto agree as follows:

1. Assignment. Assignor hereby sells, conveys, assigns, transfers and delivers to Assignee and its successors and assigns, free and clear of all Liens and Claims, effective as of 11:59 p.m. Las Vegas, Nevada time on September __, 2012 (the “Effective Time”) and as contemplated by the Asset Purchase Agreement, all of Assignor’s right, title and interest throughout the world in and to the Domain Names.
2. Transfer of Domain Names and Rights. Assignor has prepared and submitted or will promptly prepare and submit to the appropriate individuals or entities all forms and other documents requested by Buyer to transfer the Domain Names and Rights to Buyer. Further, Assignor will take all other actions requested by Buyer to transfer the Domain Names and Rights to Buyer.

⁶ In the event that Buyer designates one or more of its Affiliates to acquire the Acquired Assets pursuant to the Asset Purchase Agreement, this Form shall be modified as appropriate by Buyer and Seller to the extent necessary to reflect such designated Affiliate(s) as the applicable Assignee.

3. Further Assurances. Assignor agrees (a) to furnish upon request to Assignee such further information, (b) to execute and deliver to Assignee such other documents, and (c) to do such other acts and things, all as Assignee may reasonably request for the purpose of carrying out the intent of this Domain Names Assignment Agreement and the transactions contemplated by this Domain Names Assignment Agreement.

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IN WITNESS WHEREOF, the parties hereto have caused this Domain Names Assignment Agreement to be executed by their duly authorized representatives as of the date first above written.

ASSIGNOR:
GAMETECH INTERNATIONAL, INC.



By: Andrew E. Robinson
Name:
Title: CFO Sr. V.P.

GAMETECH ARIZONA CORPORATION



By: Andrew E. Robinson
Name:
Title: PRESIDENT

GAMETECH CANADA CORP.



By: Andrew E. Robinson
Name:
Title: PRESIDENT

GAMETECH MEXICO S. DE R.L. DE C.V.



By: Andrew E. Robinson
Name:
Title: PRESIDENT

ASSIGNEE:
YI GT ACQUISITION, INC.

By:
Name:
Title:

EXHIBIT K

FORM OF FIRPTA CERTIFICATE

**FIRPTA NOTIFICATION LETTER
CERTIFICATE OF NON-FOREIGN STATUS**

1. Section 1445 of the U.S. Internal Revenue Code provides that a transferee of a U.S. real property interest must withhold tax if the transferor is a foreign person. To inform the transferee that withholding of tax is not required upon the disposition of a U.S. real property interest by GameTech International, Inc., a Delaware corporation and GameTech Arizona Corp., an Arizona corporation (collectively, the "Sellers"), the undersigned hereby certifies under penalties of perjury the following on behalf of the respective Seller:

(a) Seller is not a foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder) or a nonresident alien for U.S. income tax purposes;

(b) GameTech International, Inc.'s U.S. employer identification number is 33-0612983 and GameTech Arizona Corp.'s U.S. employer identification number is [_____]; and

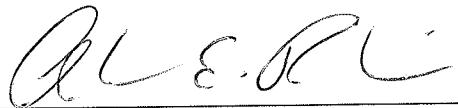
(c) GameTech International, Inc.'s office address is 8850 Double Diamond Parkway, Reno, Nevada 89521 and GameTech Arizona Corp.'s office address is [_____].

(d) As of the date hereof, Seller is not a "U.S. real property holding corporation" (a "USRPHC") as defined in § 897(c)(2) of the Code and Treas. Reg. § 1.897-2(b), and the Company has not been a USRPHC for the five-year period ending on the date hereof.

2. Each Seller understands that this Certification may be disclosed to the U.S. Internal Revenue Service by the transferee and hereby consents to such disclosure, and each Seller understands that any false statement contained herein could be punished by fine, imprisonment, or both.

3. Under penalties of perjury I declare that I have examined this Certification and to the best of my knowledge and belief it is true, correct, and complete, and I further declare that I have authority to sign this document on behalf of the respective Seller.

GAMETECH INTERNATIONAL, INC.

By: 
Name: Andrew R. Robinson
Title: CFO SR. V.P.
Dated: 8-8-2012

GAMETECH ARIZONA CORP.

By: AL E. ROBINSON
Name: ANDREW E. ROBINSON
Title: PRESIDENT
Dated: 8-8-2012

EXHIBIT L

ASSIGNMENT CONSENTS

Each Potential Assumed Executory Contract set forth on Exhibit C if and only if such Potential Assumed Executory Contract becomes an Assumed Executory Contract pursuant to Section 2.01(b).

See attached

EXHIBIT M
FORM OF BIDDING PROCEDURES ORDER

EXHIBIT B TO BID PROCEDURES ORDER
Bid Procedures and Sale Notice

EXHIBIT C TO BID PROCEDURES ORDER
Auction and Hearing Notice

EXHIBIT D TO BID PROCEDURES ORDER
Assumed Executory Contracts Notice

**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re

GameTech International, Inc., *et al.*¹

Debtors.

Chapter 11

Case No. 12-11964 (PJW)

(Jointly Administered)

**NOTICE OF (I) POTENTIAL ASSUMPTION OF EXECUTORY
CONTRACTS AND UNEXPIRED LEASES, (II) FIXING
OF CURE AMOUNTS, AND (III) DEADLINE TO OBJECT THERETO**

PLEASE TAKE NOTICE that on August __, 2012, the United States Bankruptcy Court for the District of Delaware entered an Order [Docket No. ____] (the “**Bid Procedures Order**”) on the motion (the “**Motion**”) of the above-captioned debtors and debtors-in-possession (the “**Debtors**”) (i) approving certain bid procedures, including the bid protections as set forth in the asset purchase agreement between the Debtors and YI GT Acquisition, Inc., with respect to the proposed sale (the “**Sale**”) of substantially all of the assets of the Debtors, (ii) scheduling a hearing on the Sale and setting objection and bidding deadlines with respect to the Sale, (iii) approving the form and manner of notice of an auction for the Assets (as defined in the Motion), (iv) establishing procedures to determine cure amounts and deadlines for objections for certain contracts and leases to be assumed and assigned by the Debtors; and (v) granting related relief.

PLEASE TAKE FURTHER NOTICE that pursuant to the Bid Procedures Order, attached hereto as Exhibit A the Debtors have indicated each potentially assumable and assignable executory contract and unexpired lease (each, an “**Assigned Contract**” and collectively, the “**Assigned Contracts**”) along with the cure amounts (the “**Cure Amounts**”), calculated as of August 31, 2012, that the Debtors believe must be paid to compensate the non-Debtor parties for any actual and pecuniary losses arising from any defaults under the Assigned Contracts in connection with the potential assumption and/or assignment of such Assigned Contracts.

PLEASE TAKE FURTHER NOTICE that objections to the Cure Amounts, whether or not such party previously has filed a proof of claim with respect to amounts due under the applicable Assigned Contract, and/or objections to the potential assumption of such Assigned Contract, must be filed by and served, together with all documentation supporting such cure claim or objection, so as to be received by **September 12, 2012 at 5:00 p.m.** (Prevailing Eastern Time) on the Debtors’ counsel, Greenberg Traurig, LLP, Attn: Nancy A. Mitchell, Esq. and Matthew L. Hinker, Esq., 200 Park Avenue, New York, NY 10166, Attn: David D. Cleary, Esq.,

¹ The Debtors in these chapter 11 Cases, along with the last four digits of each Debtor’s federal tax identification number, are GameTech International, Inc. (2983), GameTech Arizona Corp. (9812), GameTech Canada Corp. (0001), and GameTech Mexico S. De R.L. de C.V. (5489).

2375 East Camelback Rd., Suite 700, Phoenix, AZ 85016, and Attn: Dennis A. Meloro, Esq., The Nemours Building, 1007 North Orange Street, Suite 1200, Wilmington, Delaware, 19801 and on counsel to YI GT Acquisition, Inc., Morrison & Foerster LLP, 425 Market Street, San Francisco, CA 94105, Attn: Vincent J. Novak, Esq. and Pepper Hamilton LLP, Hercules Plaza, Suite 5100, 1313 Market Street, Wilmington, Delaware 19801, Attn: David B. Stratton, Esq. and David Fournier, Esq. In the event no objection is timely filed with respect to an Assigned Contract, the non-Debtor counterparty to such Assigned Contract shall be deemed to have consented to the Cure Amount proposed by the Debtors.

PLEASE TAKE FURTHER NOTICE that the Debtor and Successful Bidder (as defined in the Bid Procedures Order), as applicable, reserve the right to designate which, if any, executory contracts or unexpired leases will be assumed and assigned, and any alternative purchaser may designate which executory contracts or unexpired leases it wishes to assume and assign. Inclusion of a contract or lease on Exhibit A hereto does not indicate that either Successful Bidder or any alternative purchaser will determine to have the Debtors assume and seek assignment of such contract or lease.

PLEASE TAKE FURTHER NOTICE that if the Debtors amend the list of Assigned Contracts and/or Cure Amounts annexed hereto, the affected non-Debtor party(ies) shall be provided prompt notice and shall have seven (7) calendar days from the date of such service to object thereto.

PLEASE TAKE FURTHER NOTICE that the inclusion of a contract or lease on Exhibit A hereto shall not constitute or be deemed a determination or an admission by the Debtors that such document is in fact, an executory contract or unexpired lease within the meaning of section 365 of the Bankruptcy Code (all rights with respect thereto being expressly reserved).

PLEASE TAKE FURTHER NOTICE that a hearing to consider approval of the Sale and to determine the Cure Amounts and assumption or assignment issues for any parties to Assigned Contracts that filed objections and that have been designated to be assumed and assigned will be held on **September 27, 2012 at 2:00 p.m.** (Prevailing Eastern Time) before the Honorable Peter J. Walsh at the United States Bankruptcy Court for the District of Delaware, 824 North Market Street, 6th Floor, Courtroom #2, Wilmington, Delaware 19801.

Dated: August __, 2012

Respectfully Submitted,

GREENBERG TRAURIG, LLP

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-and-

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-and-

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hinkerm@gtlaw.com

*Counsel for the Debtors
and Debtors-in-Possession*

EXHIBIT B TO BID PROCEDURES/SALE MOTION
Sale Order

**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re

GameTech International, Inc., *et al.*,¹

Debtors.

Chapter 11

Case No. 12-11964 (PJW)

(Jointly Administered)

Ref. Docket No. __

**ORDER UNDER 11 U.S.C. §§ 105(A), 363 AND 365 AND
FED. R. BANKR. P. 2002, 6004 AND 6006 AUTHORIZING AND APPROVING (A) THE
SALE OF ASSETS FREE AND CLEAR OF LIENS AND OTHER INTERESTS AND
(B) ASSUMPTION AND ASSIGNMENT OF EXECUTORY CONTRACTS AND
UNEXPIRED LEASES TO SUCCESSFUL BIDDER(S) AT AUCTION**

Upon the motion (the “**Motion**”)² of the above-captioned debtors (the “**Debtors**” or “**Seller**”) for an order, under Bankruptcy Code sections 105(a), 363 and 365 and Bankruptcy Rules 2002, 6004 and 6006, authorizing and approving the proposed sale of substantially all of the assets (the “**Assets**”) of the Debtors to YI GT Acquisition, Inc., a Delaware corporation (the “**Buyer**”), pursuant to that certain Asset Purchase Agreement, dated August 8, 2012, a copy of which is attached hereto as Exhibit A (the “**Agreement**”); the Court having considered the Motion and the Agreement, objections thereto, the statements of counsel and any testimony or offer of proof as to testimony on the record at the hearing on September __, 2012 (the “**Sale Hearing**”), at which time all interested parties were offered an opportunity to be heard with respect to the Motion; and it appearing that the relief requested in the Motion is in the best

¹ The Debtors in these chapter 11 Cases, along with the last four digits of each Debtors’ federal tax identification number, are GameTech International, Inc. (2983), GameTech Arizona Corp. (9812), GameTech Canada Corp. (0001), and GameTech Mexico S. De R.L. de C.V. (5489).

² Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Motion or the Agreement, as applicable.

interests of the Debtors, their bankruptcy estates, their creditors and other parties-in-interest; and after due deliberation and good cause appearing therefor;

THE COURT HEREBY MAKES THE FOLLOWING FINDINGS:³

A. **Jurisdiction and Venue**. This Court has jurisdiction to consider this Motion under 28 U.S.C. §§ 157 and 1334. This is a core proceeding under 28 U.S.C. § 157(b). Venue of these cases and this Motion in this District is proper under 28 U.S.C. §§ 1408 and 1409.

B. **Statutory Predicates**. The statutory predicates for the relief sought in the Motion are Bankruptcy Code sections 105(a), 363 and 365 and Bankruptcy Rules 2002, 6004 and 6006.

C. **Notice**. As evidenced by the affidavits of service filed with this Court and based upon the representations of counsel at the Sale Hearing: (i) due, proper, timely, adequate and sufficient notice of the Motion, the Auction, the Sale Hearing and the transactions set forth in the Agreement (the “**Transaction**”), including the assumption and assignment of the Assigned Contracts and Cure Amounts with respect thereto, has been provided in accordance with Bankruptcy Code sections 105(a), 363 and 365 and Bankruptcy Rules 2002, 6004 and 6006; (ii) it appearing that no other or further notice need be provided; (iii) such notice was and is good, sufficient and appropriate under the circumstances; and (iv) no other or further notice of the Motion, the Auction, the Sale Hearing or the Transaction (including the assumption and assignment of the Assigned Contracts), is or shall be required.

D. **Opportunity to Object**. A reasonable opportunity to object and to be heard with respect to the Motion and the relief requested therein has been given, in light of the circumstances, to all interested persons and entities, including the following: (a) the U.S. Trustee;

³ Findings of fact shall be construed as conclusions of law and conclusions of law shall be construed as findings of fact when appropriate. *See* Bankruptcy Rule 7052.

(b) counsel to the official committee of unsecured creditors appointed in these cases (the “Committee”); (c) all parties known to be asserting a lien on any of the Assets; (d) all known vendors, suppliers, customers, lenders, contract, license and lease counterparties; (e) all entities known to have expressed an interest in acquiring any of the Assets; (f) the United States Attorney’s office; (g) all state attorney generals in states in which the Debtors do business; (h) various federal and state agencies and authorities asserting jurisdiction over the Assets, including the Internal Revenue Service; (i) the Buyer and its counsel; (j) all other parties that have filed a notice of appearance and demand for service of papers in the Debtors’ chapter 11 cases under Bankruptcy Rule 2002 as of the date of filing the Motion; (k) all regulatory authorities having jurisdiction over the Debtors; and (l) all known creditors of the Debtors. A reasonable opportunity to object and to be heard with respect to the Motion and the relief requested therein has been given.

E. **Corporate Authority.** (i) The Debtors have full corporate power and authority to execute the Agreement and all other documents contemplated thereby and the Debtors’ sale of the Assets has been duly and validly authorized by all necessary corporate action, (ii) the Debtors have all of the corporate power and authority necessary to consummate the transactions contemplated by the Agreement, (iii) the Debtors have taken all corporate action necessary to authorize and approve the Agreement and the consummation of the transactions contemplated thereby, and (iv) no consents or approvals, other than those expressly provided for in the Agreement, are required for the Debtors to consummate such transactions.

F. **Sale in Best Interests.** Good and sufficient reasons for approval of the Agreement and the Transaction have been articulated, and the relief requested in the Motion is in the best interests of the Debtors, their estates, their creditors and other parties in interest.

G. **Business Justification.** The Debtors have demonstrated both (i) good, sufficient and sound business purposes and justifications and (ii) compelling circumstances for the Transaction other than in the ordinary course of business under Bankruptcy Code section 363(b) before, and outside of, a plan of reorganization in that, among other things, the immediate consummation of the Transaction with the Buyer is necessary and appropriate to maximize the value of the Debtors' estates. Entry of an order approving the Agreement and all the provisions thereof is a necessary condition precedent to the Buyer consummating the transactions set forth in the Agreement.

H. **Arm's-Length Sale.** The Agreement was negotiated, proposed and entered into by the Debtors and the Buyer without collusion, in good faith and from arm's-length bargaining positions. The Buyer is not an "insider" of any of the Debtors, as that term is defined in Bankruptcy Code section 101(31). Neither any of the Debtors, nor the Buyer has engaged in any conduct that would cause or permit the Agreement to be avoided under Bankruptcy Code section 363(n). Specifically, the Buyer has not acted in a collusive manner with any person and the purchase price was not controlled by any agreement among bidders.

I. **Good-Faith Buyer.** The Buyer is a good-faith purchaser of the Assets within the meaning of Bankruptcy Code section 363(m) and, is therefore entitled to all of the protections afforded thereby. The Buyer has proceeded in good faith in all respects in connection with this proceeding in that: (a) Buyer recognized that the Debtors were free to deal with any other party interested in acquiring the Assets; (b) Buyer complied with the provisions in the Bidding Procedures Order; (c) Buyer agreed to subject its bid to the competitive bidding procedures set forth in the Bidding Procedures Order dated August __, 2012; and (d) all payments to be made

by the Buyer and other agreements or arrangements entered into by the Buyer in connection with the Transaction have been disclosed.

J. **Highest and Best Offer.** The Debtors conducted the Auction in accordance with, and have otherwise complied in all material respects with, the Bidding Procedures Order. The Auction established in the Bidding Procedures Order afforded a full, fair and reasonable opportunity for any person or entity to make a higher or otherwise better offer to purchase the Assets. The Auction was duly noticed and conducted in a non-collusive, fair and good faith manner and a reasonable opportunity was given to any interested party to make a higher and better offer for the Assets. The Agreement constitutes the highest and best offer for the Assets. The Debtors' determination that the Agreement constitutes the highest and best offer for the Assets is a valid and sound exercise of their fiduciary duty and constitutes a valid and sound exercise of the Debtors' business judgment.

K. **Consideration.** The consideration constitutes reasonably equivalent value or fair consideration, as the case may be (as those terms are defined in each of the Uniform Fraudulent Transfer Act, Uniform Fraudulent Conveyance Act and section 548 of the Bankruptcy Code), and fair consideration under the Bankruptcy Code. The Agreement represents a fair and reasonable offer to purchase the Assets under the circumstances of these chapter 11 cases. No other person or entity or group of entities, other than the Buyer, has offered to purchase the Assets for an amount that would give greater economic value to the Debtors' estates. Approval of the Motion and the Agreement and the consummation of the transactions contemplated thereby are in the best interests of the Debtors, their creditors, their estates and all other parties in interest.

L. **Credit Bid Valid.** Buyer is a secured creditor of the Debtors, holding valid and perfected Liens, claims and encumbrances in and against the Debtors, their estates, and the Assets arising in connection with the Amended and Restated Promissory Notes, dated June 15, 2011, issued by Sellers and held by Buyer, and related documents, instruments and agreements (collectively, the “**Seller Promissory Notes**”). The Buyer holds an allowed secured claim for all principal, interest, and other obligations and amounts owing by the Debtors to the Buyer arising under or in connection with the Seller Promissory Notes, and was authorized to credit bid any or all of such claims under the Agreement. The Buyer’s credit bid pursuant to the Agreement was a valid and proper offer pursuant to the Bidding Procedures Order and sections 363(b) and 363(k) of the Bankruptcy Code.

M. **Free and Clear.** The Debtors are the sole and lawful owner of the Assets, or have a valid, enforceable property interest in such assets. The transfer of the Assets to the Buyer under the Agreement will be a legal, valid, and effective transfer of the Assets, and vests or will vest the Buyer with all right, title, and interest of the Debtors to the Assets free and clear of all liens, claims (as defined in section 101(5) of the Bankruptcy Code), encumbrances, obligations, liabilities, contractual commitments or interests of any kind or nature whatsoever (collectively, the “**Interests**”) other than the Assumed Liabilities, including, but not limited to, (i) those that purport to give to any party a right or option to effect any forfeiture, modification or termination of the Debtors’ interests in the Assets, or any similar rights and (ii) those relating to taxes arising under or out of, in connection with, or in any way relating to the operation of the Debtors’ business prior to the Closing Date. For avoidance of doubt, all Interests other than the Assumed Liabilities shall attach to the cash proceeds received by the Debtors ultimately attributable to the property against or in which such Interests are asserted, subject to the terms of such Interests,

with the same validity, force and effect, and in the same order of priority, which such Interests now have against the Assets or their proceeds, if any, subject to any rights, claims and defenses the Debtors or their estates, as applicable, may possess with respect thereto.

N. The Debtors may sell the Assets free and clear of any Interests of any kind or nature whatsoever because in each case, one or more of the standards set forth in section 363(f)(1)-(5) of the Bankruptcy Code has been satisfied. Each entity with an Interest in the Assets to be transferred on the Closing Date: (i) has, subject to the terms and conditions of this Order, consented to the Transaction or is deemed to have consented to the Transaction; (ii) could be compelled in a legal or equitable proceeding to accept money satisfaction of such Interest; or (iii) otherwise falls within the provisions of section 363(f) of the Bankruptcy Code. Those holders of Interests who did not object to the Motion are deemed, subject to the terms of this Order, to have consented pursuant to Bankruptcy Code section 363(f)(2). All holders of Interests are adequately protected by having their Interests attach to the cash proceeds received by the Debtors that are ultimately attributable to the property against or in which such Interests are asserted, subject to the terms of such Interests, with the same validity, force and effect, and in the same order of priority, which such Interests now have against the Assets or their proceeds, if any, subject to any rights, claims and defenses the Debtors or their estates, as applicable, may possess with respect thereto.

O. **No Fraudulent Transfer.** The Agreement was not entered into for the purpose of hindering, delaying or defrauding creditors under the Bankruptcy Code and under the laws of the United States, any state, territory, possession, or the District of Columbia. No Debtor nor the Buyer is entering into the transactions contemplated by the Agreement fraudulently.

P. **Not a Successor.** Buyer (a) is not a successor to the Debtors, (b) has not, de facto or otherwise, merged with or into the Debtors, (c) is not a continuation or substantial continuation of the Debtors or any enterprise of the Debtors, (d) does not have a common identity of incorporators, directors or equity holders with the Debtors, and (e) is not holding itself out to the public as a continuation of the Debtors. The (i) transfer of the Assets to Buyer and (ii) assumption and assignment to Buyer of the Assigned Contracts, do not and will not subject Buyer to any liability whatsoever with respect to the operation of the Debtors' business before the Closing Date or by reason of such transfer under the laws of the United States, any state, territory, or possession thereof, or the District of Columbia, based, in whole or in part, directly or indirectly, on any theory of law or equity, including, without limitation, any theory of equitable law, including, without limitation, any theory of antitrust or successor or transferee liability and, except as otherwise contained herein, in connection with any carve-out provided for in financing or cash collateral orders, or in the Agreement, Buyer shall not have any liability to any broker or other professionals retained by the Debtors or to cure any default of the Debtors related to the Assets or Assigned Contracts.

Q. **Cure/Adequate Assurance.** The assumption and assignment of the Assigned Contracts pursuant to the terms of this Order is integral to the Agreement and is in the best interests of the Debtors and their estates, creditors and all other parties in interest, and represents the reasonable exercise of sound and prudent business judgment by the Debtors. The Buyer has (i) to the extent necessary, cured or provided adequate assurance of cure, of any default existing prior to the date hereof with respect to the Assigned Contracts, within the meaning of 11 U.S.C. §§ 365(b)(1)(A) and 365(f)(2)(A), and (ii) to the extent necessary, provided compensation or adequate assurance of compensation to any party for any actual pecuniary loss to such party

resulting from a default prior to the date hereof with respect to the Assigned Contracts, within the meaning of 11 U.S.C. § 365(b)(1)(B) and 365(f)(2)(A). The Buyer's promise to perform the obligations under the Assigned Contracts after the Closing Date shall constitute adequate assurance of future performance within the meaning of 11 U.S.C. §§ 365(b)(1)(C), 365(b)(3) (to the extent applicable) and 365(f)(2)(B).

R. **Prompt Consummation.** The Transaction must be approved and consummated promptly in order to preserve the viability of the Debtors' business as a going concern, to maximize the value of the Debtors' estates. Time is of the essence in consummating the Transaction.

S. **Personally Identifiable Information.** The Transaction may include the transfer of Personally Identifiable Information, as defined in Bankruptcy Code section 101(41A). No Consumer Privacy Ombudsman need be appointed under Code section 363(b)(1) because Buyer has agreed to adhere to any privacy policies applicable to the Debtors.

NOW, THEREFORE, IT IS ORDERED THAT:

1. **Motion is Granted.** The Motion and the relief requested therein is GRANTED and APPROVED, as set forth herein.

2. **Objections Overruled.** Any objections to the entry of this Order or the relief granted herein and requested in the Motion that have not been withdrawn, waived, or settled, or not otherwise resolved pursuant to the terms hereof, if any, hereby are denied and overruled on the merits with prejudice.

3. **Approval.** The Agreement is hereby approved. The Debtors are hereby authorized to (a) execute the Agreement, along with any additional instruments or documents that may be reasonably necessary or appropriate to implement the Agreement, provided that such

additional documents do not materially change its terms; (b) consummate the Transaction in accordance with the terms and conditions of the Agreement and the instruments to the Agreement contemplated thereby; and (c) take all other and further actions as may be reasonably necessary to implement the transactions contemplated by the Agreement.

4. **Free and Clear**. Except as otherwise specifically provided for in the Agreement or this Order, pursuant to Bankruptcy Code sections 105(a) and 363(f), the Debtors are authorized to transfer the Assets to the Buyer and, as of the Closing Date, the Buyer shall take title to and possession of the Assets free and clear of all Interests of any kind or nature whatsoever, including but not limited to the Liens and Excluded Liabilities, with all such Interests to attach to the cash proceeds received by the Debtors that are ultimately attributable to the property against or in which such Interests are asserted, subject to the terms of such Interests, with the same validity, force and effect, and in the same order of priority, which such Interests now have against the Assets or their proceeds, if any, subject to any rights, claims and defenses the Debtors or their estates, as applicable, may possess with respect thereto.

5. **Valid Transfer**. As of the Closing Date, (a) the transactions contemplated by the Agreement effect a legal, valid, enforceable and effective sale and transfer of the Assets to Buyer, and shall vest Buyer with title to such assets free and clear of all Liens and Excluded Liabilities and (b) this Agreement and the transactions and instruments contemplated hereby shall be enforceable against and binding upon Buyer and Seller, and not subject to rejection or avoidance by the Debtors or any chapter 11 or chapter 7 trustee of the Debtors and their estates.

6. **General Assignment**. On the Closing Date, this Order shall be construed and shall constitute for any and all purposes a full and complete general assignment, conveyance

and transfer to Buyer of the Debtors' interests in the Assets. Each and every federal, state, and local governmental agency or department is hereby authorized to accept any and all documents and instruments necessary and appropriate to consummate the transactions contemplated by the Agreement.

7. **Injunction.** Except as expressly permitted by the Agreement or by this Order, all persons and entities, including, but not limited to, the Debtors' employees, former employees, all debt security holders, equity security holders, administrative agencies, governmental, tax and regulatory authorities, secretaries of state, federal, state and local officials, lenders, contract parties, lessors, trade creditors and all other creditors, holding Interests of any kind or nature whatsoever against or in the Debtors or in the Debtors' interests in the Assets (whether legal or equitable, secured or unsecured, matured or unmatured, contingent or noncontingent, known or unknown, liquidated or unliquidated, senior or subordinated), arising under or out of, in connection with, or in any way relating to, such assets or with respect to any Interests arising out of or related to the Assets, shall be and hereby are forever barred, estopped and permanently enjoined from commencing, prosecuting or continuing in any manner any action or other proceeding of any kind against Buyer, its property, its successors and assigns, alleged or otherwise, its affiliates or such Assets. Notwithstanding the foregoing, nothing herein shall prevent (i) the Debtors from pursuing an action against the Buyer arising under the Agreement or the related documents, or (ii) any administrative agencies, governmental, tax and regulatory authorities, secretaries of state, federal, state and local officials from properly exercising their police and regulatory powers.

8. **Release of Interests.** Subject to Paragraphs 4 and 27 of this Order, this Order shall be effective as a determination that, on the Closing Date, all Interests other than the

Assumed Liabilities of any kind or nature whatsoever existing as to the Assets prior to the Closing Date have been unconditionally released, discharged and terminated, and that the conveyances described herein have been effected.

9. **Direction to Release Interests.** On the Closing Date and subject to the Interests attaching to the cash proceeds of the Sale as provided for in Paragraphs 4 and 27 of this Order, each of the Debtors' creditors is authorized and directed to execute such documents and take all other actions as may be reasonably necessary to release its Interests in the Assets, if any, as such Interests may have been recorded or may otherwise exist.

10. **No Successor Liability.** Neither Buyer nor its affiliates, successors or assigns shall be deemed, as a result of any action taken in connection with the purchase of the Assets, to: (a) be a successor to the Debtors or their estates; (b) have, de facto or otherwise, merged or consolidated with or into the Debtors or their estates; or (c) be a continuation or substantial continuation of the Debtors or any enterprise of the Debtors. Except for the Assumed Obligations, the transfer of the Assets to Buyer under the Agreement shall not result in (i) Buyer, its affiliates, members, or shareholders, or the Assets, having any liability or responsibility for any claim against the Debtors or against an insider of the Debtors, (ii) Buyer, its affiliates, members, or shareholders, or the Assets, having any liability whatsoever with respect to or be required to satisfy in any manner, whether at law or in equity, whether by payment, setoff or otherwise, directly or indirectly, any Lien or Excluded Liability, or (iii) Buyer, its affiliates, members, or shareholders, or the Assets, having any liability or responsibility to the Debtors except as is expressly set forth in the Agreement.

11. Without limiting the effect or scope of the foregoing, the Buyer shall have no successor or vicarious liabilities of any kind or character, including, but not limited to, any

theory of antitrust, environmental, successor or transferee liability, labor law, de facto merger or substantial continuity, whether known or unknown as of the Closing Date, now existing or hereafter arising, whether asserted or unasserted, fixed or contingent, liquidated or unliquidated with respect to the Debtors or any obligations of the Debtors arising prior to the Closing Date, including, but not limited to, liabilities on account of any taxes or other government fees, contributions or surcharges arising, accruing or payable under, out of, in connection with, or in any way relating to the operation of the Assets prior to the Closing Date, under the laws of the United States, any state, territory or possession thereof or the District of Columbia applicable to such transactions.

12. **Assumption and Assignment of Assigned Contracts.** Under 11 U.S.C. §§ 105(a) and 365, and subject to and conditioned upon the Closing of the Transaction, the Debtors' assumption and assignment of the Assigned Contracts to the Buyer free and clear of all Interests pursuant to the terms set forth in the Agreement, as modified by the terms of any amendments reached with the respective counterparty, is hereby approved, and the requirements of 11 U.S.C. §§ 365(b)(1), 365(b)(3) and 365(f)(2) with respect thereto are hereby deemed satisfied. Each counterparty to an Assigned Contract hereby is forever barred, and estopped from raising or asserting against the Debtors, or Buyer, or the property of either, any assignment fee, default, breach, claim, pecuniary loss, liability or obligation (whether legal or equitable, secured or unsecured, matured or unmatured, contingent or non-contingent, senior or subordinate) arising under or related to the Assigned Contracts existing as of the Closing Date or arising by reason of the Closing.

13. There shall be no rent accelerations, assignment fees, increases (including advertising rates) or any other fees charged to the Buyer or the Debtors as a result of the assumption and assignment of the Assigned Contracts.

14. Any provisions in any Assigned Contract that prohibit or condition the assignment of such Assigned Contract or allow the party to such Assigned Contract to terminate, recapture, impose any penalty, condition on renewal or extension or modify any term or condition upon the assignment of such Assigned Contract, are either deemed satisfied or constitute unenforceable anti-assignment provisions that are void and of no force and effect.

15. The Buyer has provided adequate assurance of its future performance under the relevant Assigned Contracts within the meaning of sections 365(b)(1)(C), 365(b)(3) (to the extent applicable) and 365(f)(2)(B) of the Bankruptcy Code. All other requirements and conditions under sections 363 and 365 of the Bankruptcy Code for the assumption by the Debtors, and assignment to the Buyer of the Assigned Contracts have been satisfied.

16. Upon the Closing, in accordance with sections 363 and 365 of the Bankruptcy Code, (i) the Buyer shall be fully and irrevocably vested with all right, title and interest of the Debtors under the Assigned Contracts; and (ii) the Debtors shall be relieved from any liability for any breach of such Assigned Contracts occurring thereafter pursuant to section 365(k) of the Bankruptcy Code.

17. To the extent any governmental license or permit is necessary for the operation of the business is determined not to be an executory contract assumable and assignable under section 365 of the Bankruptcy Code, Buyer shall apply for and obtain any necessary license or permit promptly after the Closing and to the extent permitted by law such licenses or permits of the Debtors shall remain in place for the Buyer's benefit until new licenses and

permits are obtained. Debtors shall have no liability under such licenses or permits after Closing.

18. Notwithstanding anything herein to the contrary and subject to the Agreement, Buyer may remove any Contract from the list of Assigned Contracts (and thereby exclude such Contract from the definition of Assigned Contracts) by providing written notice to the Debtors and the counter-parties to such contract(s) at least three (3) Business Days prior to the Closing.

19. **Cure.** The Buyer shall pay all Cure Amounts relative to the contracts to be assigned on the Closing Date in accordance with the terms of the Agreement, and the Seller shall not have any obligation to pay, or any liability for, any such Cure Amounts. Cure Costs payable under the Assigned Contracts shall be paid as promptly as possible after closing, but in no event later than 20 Business Days after the Closing Date. The payment of the applicable Cure Amounts (if any) shall (a) effect a cure of all defaults existing thereunder as of the Closing Date, (b) compensate for any actual pecuniary loss to such non-Debtors party resulting from such default, and (c) together with the assumption of the Assigned Contracts by the Debtors, constitute adequate assurance of future performance thereof. Except as set forth in paragraph 12, the non-Debtor party or parties to each Assigned Contract which is to be assigned on the Closing Date are forever barred from asserting against the Debtors, the Buyer, any of its affiliates or any of the Assets: (i) any fee, default, breach, claim or pecuniary loss arising under or related to the Assigned Contract existing as of the Closing Date or arising by reason of the Closing, and (ii) any objection to the assumption and assignment of such non-Debtor party's Assigned Contracts.

20. **Binding Effect of Order.** This Order shall be binding upon and shall govern the acts of all entities, including without limitation all filing agents, filing officers, title agents, title companies, recorders of mortgages, recorders of deeds, registrars of deeds, administrative agencies, governmental departments, secretaries of state, federal, state and local officials, and all other persons and entities who may be required by operation of law, the duties of their office, or contract, to accept, file, register or otherwise record or release any documents or instruments, or who may be required to report or insure any title or state of title in or to any of the Assets.

21. **Binding on Successors.** The terms and provisions of the Agreement and this Order shall be binding in all respects upon the Debtors, their estates, all creditors of (whether known or unknown) and holders of equity interests in, the Debtors, Buyer and their respective affiliates, successors and assigns, and any affected third parties, including, but not limited to, all persons asserting Interests in the Assets and all non-Debtor counterparties to the Assigned Contracts, notwithstanding any subsequent appointment of any trustee of the Debtors under any chapter of the Bankruptcy Code, as to which trustee(s) such terms and provisions likewise shall be binding. This Order and the Agreement shall inure to the benefit of the Debtors, their estates, their creditors, the Buyer, and their respective successors and assigns.

22. **Bankruptcy Code Section 363(n).** The consideration provided by Buyer for the Assets under the Agreement is fair and reasonable and may not be avoided under Bankruptcy Code section 363(n).

23. **Good Faith.** The transactions contemplated by the Agreement are undertaken by Buyer without collusion and in good faith, as that term is used in Bankruptcy Code section 363(m) and, accordingly, the reversal or modification on appeal of the

authorization provided herein to consummate the Transaction shall not affect the validity of the Transaction (including the assumption and assignment of the Assigned Contracts) with Buyer, unless such authorization is duly stayed pending such appeal. Buyer is a good faith purchaser of the Assets, and is entitled to all of the benefits and protections afforded by Bankruptcy Code section 363(m).

24. **Fair Consideration.** The consideration provided by the Buyer to the Debtors pursuant to the Agreement for its purchase of the Assets constitutes reasonably equivalent value and fair consideration under the Bankruptcy Code, the Uniform Fraudulent Transfer Act, and the Uniform Fraudulent Conveyance Act.

25. **Surrender of Possession.** The Debtors shall exercise commercially reasonable efforts to assure that all entities that are presently, or on the Closing Date may be, in possession of some or all of the Assets in which the Debtors hold an interest will surrender possession of the Assets either to (i) the Debtors before the Closing Date, or (ii) to Buyer on the Closing Date.

26. **Retention of Jurisdiction.** This Court retains jurisdiction, pursuant to its statutory powers under 28 U.S.C. § 157(b)(2), to, among other things, interpret, implement, and enforce the terms and provisions of this Order and the Agreement, all amendments thereto and any waivers and consents thereunder and each of the agreements executed in connection therewith, including, but not limited to, retaining jurisdiction to (a) compel delivery of the Assets to Buyer; (b) compel delivery of the cash component of the Purchase Price or performance of other obligations owed to the Debtors; (c) interpret, implement and enforce the provisions of this Order and the Agreement; (d) to adjudicate, if necessary, any and all disputes concerning or

relating in any way to the Transaction; and (e) protect Buyer against any Interests in the Debtors or the Assets of any kind or nature whatsoever, attaching to the proceeds of the Transaction.

27. **Sale Proceeds.** Any and all valid and perfected Interests in Assets of the Debtors shall attach to any cash proceeds of such assets immediately upon receipt of such proceeds by the Debtors (or any party acting on the Debtors' behalf) in the order of priority, and with the same validity, force and effect which they now have against such assets, if any, subject to any rights, claims and defenses the Debtors or their estates, as applicable, may possess with respect thereto, and, in addition to any limitations on the use of such cash proceeds pursuant to any provision of this Order.

28. **Non-material Modifications.** The Agreement and any related agreements, documents or other instruments may be modified, amended or supplemented by the parties thereto, in a writing signed by such parties, and in accordance with the terms thereof, without further order of the Court, provided that any such modification, amendment or supplement does not have a material adverse effect on the Debtors' estates.

29. **Subsequent Plan Provisions.** Nothing contained in any chapter 11 plan confirmed in the Debtors' cases or any order confirming any such plan or in any other order in these chapter 11 cases (including any order entered after any conversion of any of these cases to a case under chapter 7 of the Bankruptcy Code) shall alter, conflict with, or derogate from, the provisions of the Agreement or this Order.

30. **Failure to Specify Provisions.** The failure specifically to include any particular provisions of the Agreement in this Order shall not diminish or impair the effectiveness of such provisions, it being the intent of the Court that the Agreement be authorized and approved in its entirety; provided, however, that this Order shall govern if there is any

inconsistency between the Agreement (including all ancillary documents executed in connection therewith) and this Order. Likewise, all of the provisions of this Order are nonseverable and mutually dependent.

31. **No Stay of Order.** Notwithstanding the provisions of Bankruptcy Rule 6004(h) and Bankruptcy Rule 6006(d), this Order shall not be stayed for fourteen days after the entry hereof, but shall be effective and enforceable immediately upon issuance hereof. Time is of the essence in closing the transactions referenced herein, and the Debtors and Buyer intend to close the Transaction as soon as practicable. Any party objecting to this Order must exercise due diligence in filing an appeal and pursuing a stay, or risk its appeal being foreclosed as moot.

32. **Cooperation with Administration of the Estate.** The tax accountants of the Debtors will have reasonable access, on a confidential basis, to copies of the books and records constituting Assets that are required to enable such tax accountants to prepare Tax filings or reports regarding Sellers' ownership of the Assets prior to the Closing or the conduct of the Business prior to the Closing. The Buyer and any Transferred Employees shall cooperate with all reasonable requests of the Debtors and provide any information or documentation reasonably necessary to enable the Debtors to administer their estates and to reconcile claims. Except for the foregoing, Buyer shall not be liable for any costs, fees and/or expenses associated with the administration of the Debtors' estates and/or reconciliation of claims, including, but not limited to, (i) any administrative fees and expenses, including, without limitation, allowed administrative expenses under section 503(b) of the Bankruptcy Code; (ii) any transaction costs, fees and expenses in connection with the Debtors' obligations under the Agreement or this Order; and (iii) any rejection damages claimed in the Debtors' chapter 11 cases.

33. **Confidentiality Agreements.** The Debtors are authorized to enforce their rights under any confidentiality agreements they entered into with other potential bidders with respect to the Assets for the benefit of the Buyer for the term of each respective confidentiality agreement. All rights of the Debtors under each non-disclosure agreement executed by any entity prior to the date of entry of this Order are property of the Debtors' estates that may and shall be transferred to the Buyer at Closing, as Assets, pursuant to Section 363(b) and (f) and free and clear of all Interests. Nothing in this paragraph shall be deemed to constitute a finding that any such non-disclosure agreement is an Assigned Contract (unless expressly identified as such in the Agreement) or that the Buyer will assume at Closing any obligations to the non-Debtor party to any such non-disclosure agreement.

34. **Further Assurances.** From time to time, as and when requested by any party, each party shall execute and deliver, or cause to be executed and delivered, all such documents and instruments and shall take, or cause to be taken, all such further or other actions as such other party may reasonably deem necessary or desirable to consummate the transactions contemplated by the Agreement including, such actions as may be necessary to vest, perfect or confirm, of record or otherwise, in Buyer its right, title and interest in and to the Assets, including, without limitation, any Seller Intellectual Property Assets.

35. **Consummation of Transactions; Injunction.** Upon entry of this Order, no further corporate action of the Debtors or approval of any Debtor's equity security holders shall be required to authorize the Debtors to consummate the transactions contemplated by the Agreement. Except as expressly permitted by this Order, all holders of claims against or equity interests in the Debtors shall be and hereby are forever barred, estopped and enjoined from commencing, prosecuting or continuing in any manner any action or other proceeding of any

kind against the Debtors' employees, officers, directors, advisors or attorneys on account of or related to the Agreement or the transactions contemplated thereby. Nothing herein shall prevent any administrative agencies, governmental, tax and regulatory authorities, secretaries of state, federal, state and local officials from properly exercising their police and regulatory powers.

Dated: Wilmington, Delaware
_____, 2012

Honorable Peter J. Walsh
United States Bankruptcy Judge

EXHIBIT A
AGREEMENT

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT, dated as of August 8, 2012, is by and between GameTech International, Inc., a Delaware corporation; GameTech Arizona Corp., an Arizona corporation; GameTech Canada Corp., a corporation organized under the laws of Nova Scotia; and GameTech Mexico S. de R.L. de C.V., a company organization under the laws of Mexico (each a “Seller” and, collectively, “Sellers”), YI GT Acquisition, Inc., a Delaware corporation (“Buyer”), and solely with respect to Section 2.06(f), Yuri Itkis Gaming Trust of 1993 (the “Trust”).

RECITALS

A. The Sellers are engaged in the business of developing, manufacturing, marketing, distributing and supporting a variety of gaming entertainment products and systems including, but not limited to, products and systems for the bingo market (as currently conducted by Sellers, the “Bingo Business”) and products and services for the video lottery terminal market (as currently conducted by the Sellers, the “VLT Business” and, together with the Bingo Business, the “Business”).

B. On July 2, 2012 (the “Petition Date”), each of the Sellers filed voluntary petitions for reorganization relief (the “Bankruptcy Cases”) pursuant to chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”).

C. Sellers desire to sell to Buyer (or one or more Affiliates of Buyer designated by Buyer), and Buyer (directly or through one or more Affiliates of Buyer designated by Buyer) desires to acquire from Sellers, the Acquired Assets, and Buyer (directly or through its designated Affiliate(s)) is willing to assume the Assumed Obligations, all upon the terms and subject to the conditions of this Agreement.

D. The Trust is the sole stockholder of Buyer.

E. Buyer and Sellers desire that the Acquired Assets be sold pursuant to the terms of this Agreement and an order entered by the Bankruptcy Court approving such sale under Section 363 of the Bankruptcy Code, as provided in a sale order substantially in the form set forth in Exhibit A or as is otherwise acceptable to Sellers and Buyer (the “Sale Order”), and the assumption and assignment of the Assumed Executory Contracts under Section 365 of the Bankruptcy Code.

F. The transactions contemplated by this Agreement are subject to the approval of the Bankruptcy Court and will be consummated only pursuant to the Sale Order to be entered in the Bankruptcy Cases.

NOW, THEREFORE, in consideration of the foregoing premises, the mutual representations, warranties, covenants and agreements hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Buyer and Sellers agree as follows:

ARTICLE 1

DEFINITIONS

1.01 Definitions. Any capitalized term used but not otherwise defined in this Agreement has the meaning ascribed to such term in Appendix A to this Agreement.

1.02 Interpretation. The definitions set forth or referred to in Appendix A shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The headings to the Articles and Sections are for convenience of reference and shall not affect the meaning or interpretation of this Agreement. The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”. The words “hereof,” “herein” and “herewith” and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole and not to any particular provision of this Agreement. All references herein to Articles, Sections, Exhibits, Appendices, and Schedules shall be deemed to be references to Articles and Sections of, and Exhibits, Appendices, and Schedules to, this Agreement unless the context shall otherwise require. Unless the context shall otherwise require, any reference to any contract, instrument, statute, rule or regulation is a reference to it as amended and supplemented from time to time (and, in the case of a statute, rule or regulation, to any successor provision). Any reference in this Agreement to a “day” or a number of “days” (without the explicit qualification of “Business”) shall be interpreted as a reference to a calendar day or number of calendar days. Any reference in this Agreement to \$ or dollars shall mean U.S. dollars. Any reference to any party to this Agreement or any other agreement or document shall include such party’s permitted successors and assigns. The Exhibits, Appendices, and Schedules hereto are hereby incorporated by reference into, and shall be deemed a part of, this Agreement; provided, however, that no Exhibit consisting of a form of agreement or instrument shall be deemed to become effective until executed and delivered by the appropriate parties.

ARTICLE 2

PURCHASE AND SALE OF ASSETS

2.01 Acquired Assets.

(a) Pursuant to Sections 105, 363, and 365 of the Bankruptcy Code, upon the terms and subject to the conditions of this Agreement and the Sale Order, at the Closing, each Seller shall sell, convey, assign, transfer and deliver to Buyer (or one or more Affiliates of Buyer designated by Buyer), free and clear of all Liens, Claims, Interests, and Encumbrances, and Buyer (directly or through one or more Affiliates of Buyer designated by Buyer) shall purchase, acquire, accept, and take assignment and delivery of, all properties, assets, rights, titles and interests of every kind and nature, owned, licensed or leased by such Seller, as the same shall exist at the Effective Time, whether tangible or intangible, real or personal and wherever located and by whomever possessed and whether held by such Seller, its Affiliates, or any Third Party other than the Excluded Assets (collectively the “Acquired Assets” but exclusive, in all cases, of the Excluded Assets). Except as provided in the representations and warranties of Sellers in this Agreement (none of which representations and warranties will survive the Closing), the

Acquired Assets are being purchased hereunder on an “as is” basis and with all faults. Notwithstanding anything to the contrary in any other provision of this Agreement or any document or instrument executed pursuant hereto but without limiting the covenants of the Parties hereunder, to the extent that any of the Acquired Assets are leased, licensed or otherwise held by Seller pursuant to an agreement with a Third Party, Buyer (directly or through its designated Affiliate(s)) shall only acquire the right to use and possession, as applicable, of such Acquired Assets if the corresponding lease, license or other agreement is assigned to and assumed by Buyer (or its designated Affiliate(s)) pursuant to the Sale Order at the Closing. The Acquired Assets shall include, without limitation, all of the following assets:

(i) Cash and Cash Equivalents. All cash and cash equivalents (including marketable securities and short-term investments) other than the Cash Purchase Price;

(ii) Receivables. All accounts, payment intangibles, general intangibles, chattel paper, letters of credit, notes receivable, checks, and instruments (the “Receivables”);

(iii) Inventory. All inventory of Seller Products and its components, wherever located and whether held by any Seller or any Third Party (it being understood that any such inventory may be in the possession of a Third Party at the Closing in the Ordinary Course of Business, and that the purchase and sale of such inventory shall not be conditioned upon Sellers obtaining possession of such inventory at the Closing), including all raw materials, work in process, samples, packaging, supplies, service parts, purchased parts and goods (collectively, the “Inventory”), any and all rights to market and sell all such Inventory and all warehouse receipts, bills of lading and similar documents;

(iv) Machinery and Equipment. All machinery and equipment (including manufacturing assembly and test equipment), fixed assets, tools (including lab tools), spare and replacement parts, maintenance equipment, materials, networks, computers, printers, servers, or other equipment, wherever located and whether held by any Seller or any Third Party (it being understood that any such machinery or equipment may be in the possession of a Third Party at the Closing in the Ordinary Course of Business, and that the purchase and sale of such machinery and equipment shall not be conditioned upon Sellers obtaining possession of such machinery and equipment at the Closing);

(v) Personal Property. All office furnishings and furniture, display racks, shelves, decorations, fixtures, supplies and other tangible personal property (the “Personal Property”);

(vi) Seller Intellectual Property Assets. All Seller Intellectual Property Assets;

(vii) Deposits and Advances. All performance and other bonds, letters of credit, security and other deposits, advances, advance payments, prepaid credits and deferred charges (the “Deposits and Advances”);

(viii) Assumed Executory Contracts. All rights and claims in, to and under the Contracts to which a Seller is a party or may be bound or receive benefits or by which

the Acquired Assets or the Assumed Obligations may be affected as set forth on Exhibit B, including any offsetting claims and rights of recoupment in favor of Seller (collectively, as may be revised pursuant to the terms of this Agreement, the “Assumed Executory Contracts”); provided, however, that such Exhibit may be revised in accordance with Section 2.01(b);

(ix) Books and Records. All books, files, papers, agreements, correspondence, databases, information systems, programs, software, documents, records and documentation thereof related to any of the Acquired Assets or the Assumed Obligations, or used in the conduct of the Business, in whatever medium, including paper, electronic and otherwise, whether held by Seller or by any Third Party unless transfer of such records is prohibited by Law or such items constitute Excluded Assets pursuant to Section 2.02 (the “Books and Records”);

(x) Governmental Approvals. All Governmental Approvals (and pending applications therefor);

(xi) Claims. All commercial torts and other claims, choses-in-action, rights in action, rights to tender claims or demands to Sellers’ insurance companies (except to the extent the related insurance policy is an Excluded Asset), rights to any insurance proceeds (except to the extent the related insurance policy is an Excluded Asset), rights under any policy of insurance or tail under which Sellers are insured (except to the extent the related insurance policy is an Excluded Asset), rights to any Damages, and other similar claims including any attorney-client privileges related thereto (collectively, the “Seller Claims”) other than any and all claims and causes of action under Chapter 5 of the Bankruptcy Code including any attorney-client privileges related thereto (collectively, the “Chapter 5 Claims”);

(xii) Goodwill. All goodwill generated by or associated with the Business; and

(xiii) Other Assets. All other assets, properties, rights and claims related to the operations or conduct of the Business or which arise in or from the conduct thereof, including any attorney-client privileges related thereto other than the Excluded Assets.

(b) Notwithstanding anything to the contrary in this Agreement, (i) Sellers shall not reject (or make any motion to reject) any Assumed Executory Contract, (ii) Sellers shall not reject (or make any motion to reject) any Contract set forth on Exhibit C prior to the Closing (collectively, the “Potential Assumed Executory Contracts”) unless expressly agreed to by Buyer in writing, and (iii) Buyer shall have the right, in its sole discretion, to exclude any asset of Sellers from, or include any asset of Sellers in, the Acquired Assets (including the right, in Buyer’s sole discretion, to exclude any Contract from, or include any Contract in, the definition of Assumed Executory Contract) by providing written notice to Sellers at least three (3) Business Days prior to the Closing. Notwithstanding the foregoing sentence, Buyer may only revise Exhibit B to (A) add any Contract to such Exhibit after the filing of such Exhibit pursuant to Section 5.05(a) with the consent of the counterparty to such Contract and (B) remove any Assumed Executory Contract if (x) the Final Cure Cost associated with such Assumed Executory Contract exceeds an amount equal to 200% of the Estimated Cure Cost (provided it the Estimated Cure Costs is greater than \$0) associated with such Assumed Executory Contract or (y) a breach of such Contract by Sellers has triggered non-monetary obligations of Sellers or any

rights or defenses of the counterparty to such Contract that Buyer deems materially disadvantageous to Buyer.

(c) For purposes of this Agreement, with respect to any Assumed Executory Contract or Potential Assumed Executory Contract, “Estimated Cure Cost” means Seller’s best estimate, as of the date of this Agreement, of the respective costs of cure required to be satisfied in order for Seller to assume and assign such Assumed Executory Contract and Potential Assumed Executory Contract as set forth on Exhibit B or Exhibit C.

2.02 Excluded Assets. Notwithstanding anything to the contrary in Section 2.01, the following assets of Seller shall be retained by Seller and are not being sold or assigned to Buyer (or its designated Affiliate(s)) hereunder (collectively, the “Excluded Assets”).

- (a) Certain Cash. The Cash Purchase Price;
- (b) Certain Claims. Any Chapter 5 Claims and any Seller Claims that relate exclusively to an Excluded Asset and the attorney-client privileges related thereto;
- (c) Corporate Documents. Corporate seals, certificates of incorporation, minute books, stock transfer records, or other records related to the corporate organization of Sellers;
- (d) Employee Benefit Contracts. Seller Employee Benefit Plans and contracts of insurance for employee group medical, dental and life insurance plans;
- (e) Records. All personnel records and other records that Sellers are required by applicable Law to retain in its possession;
- (f) Deposits. Any Deposits and Advances solely related to any of the Excluded Assets or Excluded Liabilities;
- (g) Rights under Transaction Documents. All rights of Sellers under the Transaction Documents;
- (h) Director and Officer Claims. Any claims against Sellers’ directors and officers, other than claims for conversion of assets from any Seller, intentional misrepresentation to any Seller or fraud against Seller; and
- (i) Other Excluded Assets. The Contracts not assumed by Buyer (directly or through its designated Affiliate(s)) hereby, and other assets of Sellers not transferred to Buyer (or its designated Affiliate(s)) as set forth on Exhibit D.

2.03 Assumed Obligations.

(a) Upon the terms and subject to the conditions of this Agreement, effective at the Effective Time, Buyer (directly or through its designated Affiliate(s)) shall only assume from Sellers and thereafter only be responsible for the payment, performance or discharge of the following Liabilities (collectively, the “Assumed Obligations”):

(i) the Liabilities and obligations of Sellers arising after the Effective Time under the Assumed Executory Contracts;

(ii) the costs of cure required to be satisfied in order for Sellers to assume and assign each Assumed Executory Contract under Section 365 of the Bankruptcy Code as determined by the Bankruptcy Court (collectively, the “Final Cure Costs”); provided that the aggregate amount of such Final Cure Costs shall not exceed \$203,000;

(iii) all Liabilities arising out of the operation of the Acquired Assets and the Business for periods following the Closing Date;

(iv) all Tax Liabilities relating to the Acquired Assets or the Business for a Tax period (or portion thereof) beginning on and after the Closing Date, but excluding all income Tax liabilities of Sellers for any Tax period;

(v) all Liabilities incurred in the Ordinary Course of Business after the Petition Date which have been accrued but not yet paid; provided, that the aggregate amount of such Liabilities shall not exceed \$250,000 and such Liabilities shall not include any professional fees or other costs of administering the Bankruptcy Code; and

(vi) all Liabilities for distributor commissions, sale and use taxes, paid time off, and 503(b)(9) claims accrued during the post-petition period and in the Ordinary Course of Business; provided that the aggregate amount of such amounts shall not exceed \$330,000.

2.04 No Other Liabilities Assumed. Notwithstanding anything to the contrary in this Agreement, except for the Assumed Obligations, Buyer (directly or through its designated Affiliate(s)) shall not assume and shall not be in any way liable or responsible for (whether directly, indirectly, contingently or otherwise), any Liability of Sellers or any other Person, whether relating to or arising out of the Business, the Excluded Assets or the Acquired Assets or otherwise (collectively, the “Excluded Liabilities”).

2.05 Non-Assignable Assets.

(a) Notwithstanding anything to the contrary in this Agreement, if pursuant to Section 365 or any other provision of the Bankruptcy Code any of the Assumed Executory Contracts or other Acquired Assets are held by the Bankruptcy Court, despite application of Section 365(f) of the Bankruptcy Code for Buyer’s benefit, to be non-assignable or transferable (each, a “Non-Assignable Asset”) without the consent of, or waiver by, a third party (each, an “Assignment Consent”), either as a result of the provisions thereof or applicable Law, and any of such Assignment Consents are not obtained by Sellers on or prior to the Closing Date, Buyer may elect in its sole discretion to have Sellers retain the Non-Assignable Asset and all Liabilities relating thereto to the extent provided for in the Sale Order (provided, that Sellers shall not be required to retain or perform under any Non-Assignable Asset unless Buyer funds any direct and indirect costs associated with such retention or performance), and, in such case, this Agreement and the other Transaction Documents shall not constitute an assignment or transfer of such Non-Assignable Assets, and Buyer (directly or through its designated Affiliate(s)) shall not assume Sellers’ rights or obligations under such Non-Assignable Asset (and such Non-Assignable Asset

shall not be included in the Acquired Assets). Sellers shall provide reasonable cooperation to Buyer in Buyer's efforts to obtain all such Assignment Consents after the Closing Date and thereafter assign to Buyer (or its designated Affiliate(s)) such Non-Assignable Assets. Following any such assignment, such assets shall be deemed Acquired Assets for purposes of this Agreement.

(b) After the Closing, Seller shall cooperate with Buyer to provide Buyer (or its designated Affiliate(s)) with all of the benefits of the Non-Assignable Assets as if the appropriate Assignment Consents had been obtained, including by granting subleases, sublicenses or other rights as appropriate and establishing arrangements whereby Buyer (or one or more Affiliates of Buyer designated by Buyer) shall undertake the work necessary to perform under the Assumed Executory Contracts, provided, that Sellers shall not be required to undertake or perform any such work unless Buyer funds any direct and indirect costs associated with such undertaking or performance.

2.06 Purchase Price. The purchase price payable at the Closing by Buyer to Sellers for the Acquired Assets shall consist of the following (the "Purchase Price"):

(a) the credit pursuant to Section 363(k) of the Bankruptcy Code of all indebtedness owing as of the Effective Time by GameTech International, Inc. to Buyer pursuant to the Amended and Restated Promissory Notes, dated June 15, 2011, issued by GameTech International, Inc. and held by Buyer (the "Seller Promissory Notes");

(b) the credit pursuant to Section 363(k) of the Bankruptcy Code of all DIP Obligations owing as of the Effective Time;

(c) cash in an amount (the "Cash Purchase Price") equal to \$2,500,000 minus the amount of all DIP Obligations owing as of the Effective Time;

(d) the assumption of the Assumed Obligations by Buyer (directly or through its designated Affiliate(s)); and

(e) the payment of all Sales Taxes.

For the avoidance of doubt, Buyer reserves the right to increase the amount of the Purchase Price pursuant to the terms of the Bidding Procedures Order.

(f) The Trust hereby guarantees the due and punctual payment of the Cash Purchase Price pursuant to Section 2.06(c) above and the payment of any monetary damages imposed upon Buyer by a court of competent jurisdiction as a result of Buyer's breach of this Agreement.

2.07 Closing. Upon the terms and subject to the conditions of this Agreement, the closing of the transactions contemplated by this Agreement (the "Closing") shall occur at the offices of Morrison & Foerster LLP, 755 Page Mill Road, Palo Alto, California 94304-1018, or such other place as Buyer and Sellers may mutually agree, as soon as practicable but in no event later than the third (3rd) Business Day following the date upon which all of the conditions set forth in ARTICLE 7 have been satisfied or waived in accordance with this Agreement, or upon

such other date as Buyer and Seller may mutually agree; provided, however, that, absent an order from the Bankruptcy Court that rescinds the automatic fourteen (14) day stay following the entry of the Sale Order, Buyer may elect, in its sole discretion, to delay the Closing until a date not later than the fifteenth (15th) calendar day following the date upon which all of the conditions set forth in ARTICLE 7 have been satisfied or waived in accordance with this Agreement (the “Closing Date”).

2.08 Closing Deliveries by Seller. At the Closing, Sellers shall (a) take all commercially reasonable steps necessary to place Buyer (or its designated Affiliate(s)) in actual possession and operating control of the Business and the Acquired Assets and (b) deliver to Buyer the following items, duly executed by Sellers, as applicable, all of which shall be in form and substance reasonably acceptable to Buyer and its counsel:

(a) General Assignment and Bill of Sale. General Assignment and Bill of Sale, substantially in the form set forth on Exhibit E, covering all of the applicable Acquired Assets (the “General Assignment and Bill of Sale”);

(b) Assignment and Assumption Agreement. Assignment and Assumption Agreement, substantially in the form set forth on Exhibit F, covering all of the Assumed Obligations (the “Assignment and Assumption”);

(c) Intellectual Property Confirmatory Assignments. Any and all documents necessary to properly record the assignment to Buyer (or its designated Affiliate(s)) of all of Seller’s right, title and interest in and to the Seller Intellectual Property Assets, including (i) a patent assignment substantially in the form set forth on Exhibit G, (ii) a copyright assignment substantially in the form set forth on Exhibit H, (iii) a trademark assignment substantially in the form set forth on Exhibit I, and (iv) a domain name assignment agreement substantially in the form set forth on Exhibit J;

(d) Other Conveyance Instruments. Such other specific instruments of sale, transfer, conveyance and assignment as Buyer may reasonably request;

(e) FIRPTA Certificate. A FIRPTA certificate, dated as of the Closing Date, substantially in the form set forth on Exhibit K;

(f) Assumed Executory Contracts. Originals (or, to the extent originals are not available, true and complete executed copies) of all Assumed Executory Contracts (together with all amendments, supplements or modifications thereto);

(g) Books and Records. The Books and Records; and

(h) Officer’s Certificate. A certificate duly executed by an officer of Seller, dated as of the Closing Date (in form and substance reasonably satisfactory to Buyer) certifying on behalf of Seller the matters in Section 7.01(a) and Section 7.01(b).

2.09 Closing Deliveries by Buyer. At the Closing, Buyer shall (a) deliver to Sellers (i) the Assignment and Assumption duly executed by Buyer (or its designated Affiliate(s)) and (ii) deliver to Sellers a certificate, duly executed by a senior officer of Buyer, certifying the matters

set forth in Section 7.02(a) and 7.02(b), in form reasonably satisfactory to Sellers and (b) pay the Cash Purchase Price by wire transfer of immediately available funds to the account or accounts designated in writing by Sellers.

2.10 Closing Deliveries by Buyer and Seller. At the Closing, Buyer and Sellers shall deliver such other certificates, instruments or documents required pursuant to the provisions of this Agreement or otherwise reasonably necessary or appropriate to transfer the Acquired Assets and Assumed Obligations in accordance with the terms of this Agreement and consummate the transactions contemplated by this Agreement, and to vest in Buyer (or its designated Affiliate(s)) and its successors and assigns good and marketable title to the Acquired Assets, free and clear of all Liens, Claims, Interests and Encumbrances other than Permitted Liens. For the avoidance of doubt, notwithstanding anything in the certificates, instruments or documents to be delivered in accordance with this Agreement, none of the representations and warranties in ARTICLE 3 and ARTICLE 4 shall survive the Closing.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES OF SELLER

Except as set forth in the corresponding sections of the disclosure schedules prepared by Sellers and delivered to Buyer in connection with the execution and delivery of this Agreement (the “Seller Disclosure Schedule”), the Sellers hereby represent and warrant to Buyer as of the date of this Agreement as follows:

3.01 Organization, Good Standing, Qualification. GameTech International, Inc. is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, GameTech Arizona Corp. is a corporation duly organized, validly existing and in good standing under the laws of the State of Arizona, GameTech Canada Corp. is a corporation duly organized, validly existing and in good standing under the laws of Nova Scotia, and GameTech Mexico S. de R.L. de C.V. is a company duly organized, validly existing and in good standing under the laws of Mexico, and each such entity has all necessary power and authority to own, lease and operate its properties and to carry on its business as now being conducted. Except as a result of the commencement of the Bankruptcy Cases, each Seller is duly qualified or licensed as a foreign corporation to conduct business and is in good standing in each jurisdiction where the character of the properties owned, leased or operated by it or the nature of its business makes such qualification or licensing necessary, except where the failure to be so duly qualified or licensed and in good standing, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

3.02 Authority; Enforceability. Subject to the entry of the Sale Order, each Seller has all necessary corporate power and authority to execute and deliver this Agreement and the other Transaction Documents, to perform its obligations hereunder and thereunder, and to consummate the transactions contemplated by this Agreement and the other Transaction Documents. The execution, delivery and performance of this Agreement and the other Transaction Documents and the consummation by each Seller of the transactions contemplated by this Agreement and the other Transaction Document have been duly and validly authorized by all requisite corporate action and no other corporate proceedings on the part of Seller are necessary to authorize this

Agreement or the other Transaction Documents or to consummate the transactions contemplated hereby or thereby. This Agreement has been, and at the Closing the other Transaction Documents will be, duly and validly executed and delivered by Sellers. Subject to the entry of the Sale Order, this Agreement constitutes, and at the Closing the other Transaction Documents will constitute, the legal, valid and binding obligation of Sellers, enforceable against Sellers in accordance with their respective terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws and equitable principles related to or limiting creditors' rights generally and by the availability of equitable remedies and defenses, but giving effect to the Sale Order.

3.03 No Conflicts; Required Consents. Subject to the entry of the Sale Order, the execution, delivery and performance of this Agreement and the other Transaction Documents by each Seller do not and will not, with or without notice or lapse of time:

(a) conflict with, violate or result in any breach of (i) any of the provisions of such Seller's certificate of incorporation, articles of incorporation, bylaws or other organizational or constitutional charter documents; (ii) any of the terms or requirements of any Governmental Approval held by such Seller or that otherwise relates to the Business or any of the Acquired Assets or Assumed Obligations; or (iii) any provision of any Assumed Executory Contract;

(b) give any Governmental Authority or other Person the right to (i) declare a default of, exercise any remedy under, accelerate the performance of, cancel, terminate, modify or receive any payment under any Assumed Executory Contract or any Potential Assumed Executory Contract; or (ii) revoke, suspend or modify any Governmental Approval; or

(c) require such Seller to obtain any Consent with respect to any Assumed Executory Contract, Potential Assumed Executory Contract or Governmental Approval or make or deliver any filing or notice to a Governmental Authority, other than filings with the Bankruptcy Court.

3.04 No Subsidiaries. Other than GameTech Arizona Corp., GameTech Canada Corp. and GameTech Mexico S. de R.L. de C.V., each of which is a directly or indirectly wholly-owned subsidiary of GameTech International, Inc., none of the Sellers directly or indirectly owns any equity or similar interest in, or any interest convertible into or exchangeable or exercisable for any equity or similar interest in, any corporation, partnership, joint venture or other business association or Person.

3.05 Legal Proceedings. Except for Claims that will be resolved, eliminated from the Acquired Assets, or discharged pursuant to the Sale Order of the Bankruptcy Court other than the Bankruptcy Case, there are no material Proceedings pending or, to the Knowledge of Sellers, threatened against, relating to or affecting Sellers with respect to the Business or any of the Acquired Assets which could reasonably be expected to have a Material Adverse Effect. Except for Orders of the Bankruptcy Court, there are no Orders outstanding to which the Business or any of the Acquired Assets are subject.

3.06 Financial Statements.

(a) Seller has delivered to Buyer (i) an audited balance sheet, and the related statement of operations, change in stockholders' equity and cash flows, of Seller as of and for the fiscal year ended October 30, 2011, together with the notes thereto (the "Audited Financial Statements"), and (ii) the unaudited balance sheet, and the related unaudited income statement and statement of cash flows, of Seller as of and for the 13-week period ended May 1, 2012 (the "Unaudited Financial Statements" and together with the Audited Financial Statements, the "Financial Statements").

(b) All of the Financial Statements (i) are accurate and complete in all material respects, (ii) are consistent with the Books and Records, (iii) present fairly and accurately in all material respects the financial condition of Seller as of the respective dates thereof and the results of operations, changes in stockholders' equity and cash flows of Seller for the periods covered thereby, and (iv) have been prepared in accordance with GAAP, applied on a consistent basis throughout the periods covered; provided, however, that the Unaudited Financial Statements are subject to year-end adjustments consistent with past practice and do not contain footnotes required by GAAP.

3.07 Material Contracts. Each material Contract to which a Seller is party that is necessary for such Seller to conduct the Business in the Ordinary Course of Business, including Business License Agreements (collectively, the "Material Contracts"), is indicated by an asterisk (*) on Exhibit B or Exhibit C. There are no Material Contracts that are not listed on Exhibit B or Exhibit C. Sellers have made available to Buyer true and complete executed copies of all Material Contracts (or written summaries of the material terms thereof, if not in writing), including all amendments, supplements, modifications and waivers thereof.

3.08 Title. Sellers own, lease or, to the Knowledge of Sellers, have the legal right to use all the Acquired Assets, and Buyer will (subject to entry of the Sale Order and Section 2.05) be vested, to the maximum extent permitted by Sections 363 and 365 of the Bankruptcy Code, with good and valid title to the Acquired Assets free and clear of all Liens, Claims, Interests and Encumbrances, as set forth in the Sale Order, other than Assumed Liabilities and Permitted Liens.

3.09 Seller Intellectual Property Assets.

(a) Except as set forth in Section 3.09 of the Seller Disclosure Schedule (i) with respect to any Seller Intellectual Property Assets owned by any Seller (as opposed to Seller Intellectual Property Assets of which any Seller is a licensee) and included in the Acquired Assets, Sellers have all right, title and interest to all such Seller Intellectual Property Assets, without any conflict known to any Seller with the rights of others, except as would not have a Material Adverse Effect, (ii) to the Knowledge of Sellers, no Person other than Sellers has the right to use the Seller Intellectual Property Assets owned by Sellers and included in the Acquired Assets, and (iii) to the Knowledge of Sellers, Sellers have the valid right to use, pursuant to a license, sublicense or other agreement, any Seller Intellectual Property Assets used in the Business that is owned by a party other than Sellers and included in the Acquired Assets. Section 3.09 of the Seller Disclosure Schedule contains a true and complete list of all (i) Registered Seller Intellectual Property, specifying as to each item the applicable jurisdiction and

registration or application number, and (ii) Seller-owned unregistered trademarks, trade names and service marks that are material to the conduct of the Business.

(b) Except as a result of the filing of the Bankruptcy Cases, all Business License Agreements are in full force and effect, and enforceable in accordance with their terms. Sellers are in material compliance with, and have not breached any material term of, any such Business License Agreements. No Business License Agreement grants to any Person any exclusive right with respect to any Owned Seller Intellectual Property Asset.

3.10 Compliance with Laws. Except as set forth in Section 3.10 of the Seller Disclosure Schedule and as would not (a) materially adversely affect the ability of Sellers to carry out their obligations under, and to consummate the transactions contemplated by, this Agreement and the Transaction Documents or (b) otherwise have a Material Adverse Effect, each Seller (i) has complied with, is in compliance with and has operated the Business in compliance with all applicable Laws and Permits, and (ii) holds all material Permits. Except as set forth in Section 3.10 of the Seller Disclosure Statement, no Seller has received any written notice or other written communication from any Governmental Authority or other Person (x) asserting any violation of, or failure to comply with, any requirement of any Law or Permit or (y) notifying a Seller of the non-renewal, revocation or withdrawal of any Permit.

3.11 Employee Matters. None of the Sellers or their ERISA Affiliates do not sponsor, participate in or contribute to and have not in the past sponsored, participated in or contributed to and have no current or contingent obligation with respect to (a) any Seller Employee Benefit Plan that is subject to Title IV of ERISA, (b) any “multiemployer plan” as defined in Section 3(37) of ERISA or any Seller Employee Benefit Plan maintained pursuant to a collective bargaining agreement, (c) any plan or arrangement that provides medical benefits, death benefits or other welfare benefits following cessation of employment, except to the extent required by Part 6 of Title I of ERISA or any similar state or foreign law, or (d) any “welfare benefit fund” within the meaning of Section 419 of the IRC. There is no organized labor strike, dispute, slowdown, lockout, work stoppage or labor strike or unfair labor practice claim pending against Sellers or reasonably anticipated, or, to the Knowledge of Sellers, threatened with respect to Sellers’ employees. To the Knowledge of Sellers, there are no activities or proceedings of any labor union or organization to organize any of Sellers’ employees. There are no actions, suits, claims, labor disputes or grievances pending, or, to the Knowledge of Sellers, threatened or reasonably anticipated relating to any labor, safety, wage and hour, contract, tort, retaliation, discrimination or other labor and employment matters involving any of Sellers’ employees, including charges of unfair labor practices, discrimination complaints, or matters arising under the Worker Adjustment and Retraining Notification Act, as amended, or any similar state or foreign plant closing or mass layoff laws. Sellers are not a party to, or bound by, any collective bargaining agreement or union contract, formal or informal with respect to Sellers’ employees and no collective bargaining agreement is being negotiated by Sellers with respect to any of Sellers’ employees.

3.12 Brokers. No broker, finder or investment banker is entitled to any brokerage, finder’s or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Sellers.

3.13 Estimated Cure Costs. Exhibit B or Exhibit C sets forth a true and complete list of the Estimated Cure Cost for each Assumed Executory Contract and Potential Assumed Executory Contract, respectively, that has an Estimated Cure Cost greater than \$0.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF BUYER

Except as set forth in the corresponding sections of the disclosure schedules prepared by Buyer and delivered to Seller in connection with the execution and delivery of this Agreement (the "Buyer Disclosure Schedule"), Buyer hereby represents and warrants to Sellers as of the date of this Agreement as follows:

4.01 Organization and Good Standing. Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, and has all requisite power and authority to own, lease and operate its properties and to carry on its business as now being conducted.

4.02 Authority. Buyer has all necessary corporate power and authority to execute and deliver this Agreement and the other Transaction Documents, to perform its obligations hereunder and thereunder, and to consummate the transactions contemplated by this Agreement and the other Transaction Documents. The execution, delivery and performance of this Agreement and the other Transaction Documents and the consummation by Buyer of the transactions contemplated by this Agreement and the other Transaction Documents have been duly and validly authorized by all requisite corporate action and no other corporate proceedings on the part of Buyer are necessary to authorize this Agreement or the other Transaction Documents or to consummate the transactions contemplated hereby or thereby. This Agreement has been, and at the Closing the other Transaction Documents will be, duly and validly executed and delivered by Buyer (or its designated Affiliate(s)). This Agreement constitutes, and at the Closing the other Transaction Documents will constitute, the legal, valid and binding obligation of Buyer (or its designated Affiliate(s)), enforceable against Buyer (or its designated Affiliate(s)) in accordance with their respective terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws and equitable principles related to or limiting creditors' rights generally and by the availability of equitable remedies and defenses.

4.03 Brokers. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Buyer.

4.04 Financing. Buyer currently has, and on the Closing Date will have, sufficient immediately available funds in such amount as is required to pay the full Purchase Price and to make all other payments required by the terms hereof to consummate the transactions contemplated hereunder on the terms set forth herein and otherwise to perform all of Buyer's obligations under this Agreement

4.05 Litigation. Buyer is not a party to any action that is pending or, to Buyer's knowledge, threatened in any court, whether at law or in equity, whether civil or criminal in

nature or by or before any arbitrator or Governmental Authority, that would adversely affect Buyer's ability to perform its obligations under this Agreement on a timely basis.

4.06 No Conflicts; Required Consents. The execution, delivery and performance of this Agreement and the other Transaction Documents by Buyer do not and will not, with or without notice or lapse of time conflict with, violate or result in any breach of any of the provisions of Buyer's certificate of incorporation, articles of incorporation, bylaws or other organizational or constitutional charter documents. The execution, delivery and performance of this Agreement and the other Transaction Documents by Buyer do not and will not, with or without notice or lapse of time, conflict with, violate or result in any breach of any of the terms or requirements of any Governmental Approval held by Buyer that would result in any material delay in the consummation of the transactions contemplated by this Agreement.

ARTICLE 5

PRE-CLOSING COVENANTS

5.01 Seller's Conduct of the Business Prior to the Closing. From the date of this Agreement until the earlier of the termination of this Agreement in accordance with its terms and the Closing Date, Sellers covenant and agree to use its commercially reasonable efforts to ensure that the Business shall be conducted only in, and Sellers shall not take any action except in the Ordinary Course of Business (other than actions required by the Bankruptcy Code or any applicable Law or any ruling or order of the Bankruptcy Court including the Bankruptcy Court Orders), and Sellers shall use their commercially reasonable best efforts consistent with the applicable Budget to preserve substantially intact the business organization of Sellers, to keep available the services of the current officers, employees, independent contractors and consultants of Sellers and to preserve the current relationships of Sellers with customers, suppliers and other Persons with which Sellers have business relations. Without limiting the generality of the foregoing, from the date of this Agreement until the earlier of the termination of this Agreement in accordance with its terms and the Closing Date, except as specifically contemplated by this Agreement, Sellers shall not, directly or indirectly, do or propose to do any of the following without the prior written consent of Buyer except as required by ruling or order of the Bankruptcy Court including the Bankruptcy Court Orders:

(a) Enter into any commitment or transaction not in the Ordinary Course of Business or pay any disbursements that exceed amounts in the Budget by more than 10%;

(b) Terminate any employees, independent contractors or other service providers of Sellers or grant severance or termination pay to any director, officer, employee, independent contractor or consultant;

(c) Enter into any transaction with its officers, directors or stockholders or their Affiliates except reimbursement of reasonable travel expenses and other benefits related to work performed for Sellers incurred in the Ordinary Course of Business by officers and directors consistent with past practices and to the extent such expenses are permitted, and the amounts thereof do not exceed the amounts contemplated, by the Budget;

(d) Amend or otherwise modify the material terms of any Assumed Executory Contract, Potential Assumed Executory Contract or Governmental Approval;

(e) Transfer to any Person any rights with respect to any Seller Intellectual Property Assets other than nonexclusive licenses entered into in the Ordinary Course of Business;

(f) Sell, lease, license or otherwise dispose of any of the Acquired Assets outside of the Ordinary Course of Business except for any such sale, lease, license or other disposition required by the Bankruptcy Court Orders;

(g) Commence a Proceeding other than (i) Proceedings required by the Bankruptcy Court Orders or (ii) Proceedings (including the filing of motions) before the Bankruptcy Court that are customary in a Chapter 11 bankruptcy case and that would not be reasonably expected to delay the Closing or otherwise have a material adverse effect on Buyer's rights hereunder;

(h) Other than the DIP Facility, incur any indebtedness for borrowed money or guarantee any such indebtedness or issue or sell any debt securities or guarantee any debt securities of others;

(i) Pay, discharge or satisfy any Liability, other than the payment, discharge or satisfaction of obligations in the Ordinary Course of Business or in connection with the Bankruptcy Cases except for any such payment, discharge or satisfaction required by the Bankruptcy Court Orders or otherwise approved by the Bankruptcy Court;

(j) Make any material Tax election other than in the Ordinary Course of Business, change any material Tax election, adopt any material Tax accounting method other than in the Ordinary Course of Business, change any material Tax accounting method, file any material Tax Return (other than any estimated Tax Returns, payroll Tax Return or sales Tax Return) or any amendment to a material Tax Return, enter into any closing agreement, settle any Tax claim or assessment, or consent to any extension or waiver of the limitation period, applicable to any Tax claim or assessment;

(k) Cancel, materially amend or renew any insurance policy that is an Acquired Asset other than in the Ordinary Course of Business consistent with past practices;

(l) Take any action or fail to take any action that would reasonably be expected to have a Material Adverse Effect; or

(m) Enter into any contract or agree, in writing or otherwise, to take any of the actions described above in this Section 5.01, or any action that would make any of its representations or warranties contained in this Agreement untrue or incorrect in any material respect or prevent it from performing or cause it not to perform its covenants hereunder except as required by the Bankruptcy Court Orders or as limited by the Budget.

5.02 Access to Information and Facilities. From the date of this Agreement until the Closing, each Seller shall: (a) permit Buyer and its representatives to have free and complete

access at all reasonable times, and in a manner so as not to unreasonably interfere with the normal business operations of such Seller, to all premises, properties, employees, independent contractors, personnel, Persons having business relationships with such Seller (including suppliers, licensees, customers and distributors), books, records (including Tax records), contracts, and documents of or pertaining to such Seller; (b) furnish Buyer with all financial, operating and other data and information related to the Business (including copies thereof), as Buyer may reasonably request; and (c) otherwise cooperate and assist, to the extent reasonably requested by Buyer, with Buyer's investigation of such Seller, the Business, the Acquired Assets and the Assumed Obligations; provided, that Sellers shall be entitled to present information in encoded, redacted, anonymized or aggregated form to information to protect the Sellers' competitively sensitive information or legal privileges. No information or knowledge obtained in any investigation pursuant to this Section 5.02 shall affect or be deemed to modify any representation or warranty contained herein or the conditions to the obligations of the Parties to consummate the transactions contemplated by this Agreement. Subject to Section 5.09(a), all information obtained by Buyer pursuant to this Section 5.02 shall remain subject to the Confidentiality and Non-Disclosure Agreement.

5.03 Certain Notifications. From the date of this Agreement until the Closing, upon Knowledge of Sellers of such an event occurring, Sellers shall promptly notify Buyer in writing regarding any:

- (a) action taken by Sellers not in the Ordinary Course of Business and any circumstance or event that would reasonably be expected to have a Material Adverse Effect;
- (b) fact, circumstance, event, or action by Sellers (A) which, if known on the date of this Agreement, would have been required to be disclosed in or pursuant to this Agreement; or (B) the existence, occurrence, or taking of which would result in any of the representations and warranties of Sellers contained in this Agreement or in any Transaction Document not being true and correct in any material respect when made or at the Closing;
- (c) breach of any covenant or obligation of Sellers hereunder; and
- (d) circumstance or event which will result in, or would reasonably be expected to result in, the failure of Sellers to timely satisfy any of the closing conditions specified in ARTICLE 7.

5.04 Pre-Closing Covenants of Buyer. Buyer covenants to Sellers that, during the period from the date hereof through and including the Closing or the earlier termination of this Agreement in accordance with the provisions hereof:

- (a) Buyer agrees that it will cooperate as reasonably requested by Sellers to assist in establishing adequate assurance of future performance within the meaning of Section 365 of the Bankruptcy Code with regard to the Assumed Executory Contracts. Buyer shall take such actions as may be reasonably requested by Sellers to assist Sellers in obtaining the Bankruptcy Court's entry of the Sale Order and any other order of the Bankruptcy Court reasonably necessary to consummate the transactions contemplated by this Agreement.

(b) Buyer shall ensure that, on the Closing Date, Buyer will have sufficient funds to pay in full all of the Cure Amounts with respect to the Assumed Executory Contracts that are assumed and assigned to Buyer and pay the Cash Purchase Price.

(c) Buyer shall use commercially reasonable efforts to obtain or consummate the transfer to Buyer of any Permit required to own or operate the Acquired Assets under applicable Laws.

(d) Buyer shall promptly notify Sellers of, and furnish Sellers any information they may reasonably request with respect to, any event that would reasonably be expected to cause any of the conditions set forth in Section 7.02 not to be fulfilled by the Termination Date.

5.05 Bankruptcy Actions.

(a) Promptly after the execution of this Agreement (and in no event later than the next Business Day following execution of this Agreement), Seller shall file and serve a motion (together with supporting papers and with proper notice thereof on interested parties as required by the Bankruptcy Code and the Rules) seeking entry of the bidding procedures order of the Bankruptcy Court, substantially in the form set forth on Exhibit M (the “Bidding Procedures Order”) or otherwise in form and substance reasonably satisfactory to Buyer and Seller, on the Bankruptcy Court’s docket, which order will set a date for the Auction on such notice so as to allow Third Parties a meaningful opportunity to present an overbid. Seller shall use reasonable best efforts to obtain, through the entry of the Bidding Procedures Order, prompt Bankruptcy Court approval of a fee in an amount equal to Four Hundred Thousand Dollars (\$400,000) payable to Buyer in cash (the “Breakup Fee”), plus a reimbursement of Buyer in cash in an amount equal to all reasonable and actual out-of-pocket and third-party costs and expenses (including expenses of counsel and other outside consultants) incurred and documented by Buyer (or its designated Affiliate(s)) in connection with Buyer’s due diligence investigation of Seller and the Business and the negotiation, execution and delivery of this Agreement and the other Transaction Documents and the transactions contemplated by this Agreement (the “Expense Reimbursement”), upon the first to occur of any of the events set forth in Section 8.02(a)(i) or Section 8.02(a)(ii); provided, however, that the Expense Reimbursement shall in no event be greater than One Hundred Forty Thousand Dollars (\$140,000). Sellers shall request the Bankruptcy Court to hold a hearing on shortened notice to approve entry of the Bidding Procedures Order as soon as possible.

(b) Concurrently with the filing of the motion to approve the Bidding Procedures Order, Seller shall file with the Bankruptcy Court one or more motions seeking to approve the transactions contemplated by this Agreement (collectively, the “Sale Motion”), which motion shall seek the entry of the Sale Order, substantially in the form set forth on Exhibit A or otherwise in form and substance reasonably satisfactory to Buyer and Sellers. Sellers shall promptly provide Buyer with copies of any objections to the Sale Order. Buyer shall take such actions as are reasonably requested by Sellers to assist Sellers in obtaining a finding by the Bankruptcy Court that upon execution of this Agreement Buyer is deemed to have purchased the Acquired Assets in good faith pursuant to Section 363(m) of the Bankruptcy Code and shall be responsible for providing evidence necessary to establish to the Bankruptcy Court that it has the necessary qualifications to provide adequate assurance of future performance with respect to the

Assumed Executory Contracts as required by Section 365 of the Bankruptcy Code. A list of the Assumed Executory Contracts and the proposed Final Cure Costs associated with such Contracts shall be filed with the Bankruptcy Court and served in accordance with the Bidding Procedures Order on or before ten (10) Business Days prior to the Sale Hearing. In cases in which Seller is unable to establish that a default exists, the relevant cure amount shall be set at \$0.00.

(c) In the event an appeal is taken, or a stay pending appeal is requested or reconsideration is sought, from the Sale Order, and Buyer has not also been served with papers related to such appeal, stay or reconsideration and such papers are not available to Buyer through the Bankruptcy Court's electronic filing system, Sellers shall promptly notify Buyer of such appeal or stay request and shall promptly provide to Buyer a copy of the related notice of appeal or order of stay or application for reconsideration. To the extent not available to Buyer through the Bankruptcy Court's electronic filing system, Sellers shall also promptly provide Buyer with written notice (and copies) of any other or further notice of appeal, motion or application filed in connection with any appeal from or application for reconsideration of, either of such orders and any related briefs if Buyer is not also included on such additional documents and communications.

(d) To the extent not available to Buyer through the Bankruptcy Court's electronic filing system, Sellers shall promptly notify Buyer in writing and, as is required by the Bankruptcy Code, all parties entitled to notice pursuant to the Bankruptcy Code, the Rules and orders of the Bankruptcy Court, of all motions, notices and orders required to consummate the transactions contemplated by this Agreement, including the Sale Order, as modified by orders in respect of notice which may be issued at any time and from time to time by the Bankruptcy Court. From the date of this Agreement, prior to filing any papers or pleadings in the Bankruptcy Case that relate primarily to this Agreement or Buyer, Sellers shall provide Buyer with a copy of such papers or pleadings.

5.06 Reasonable Efforts. From the date of this Agreement until the Closing, except as specifically contemplated by this Agreement and subject to the order of the Bankruptcy Court and any other Governmental Authority, each of Sellers and Buyer shall use their respective reasonable efforts to cause to be fulfilled and satisfied all of the other Party's conditions to closing set forth in ARTICLE 7.

5.07 Consents, Governmental Approvals and Permits. To the extent that the need for the same will not be obviated by entry of the Sale Order, Sellers shall use commercially reasonable efforts (without Sellers incurring any monetary cost not funded by Buyer): (a) to obtain all Consents with respect to the Assumed Executory Contracts and the Potential Assumed Executory Contracts and Governmental Approvals required or necessary to consummate the transactions contemplated by this Agreement (including any Consent with respect to any Assumed Executory Contract or any Potential Assumed Executory Contract or Governmental Approval as may be required to be obtained under any applicable antitrust or competition Laws), (b) to make all filings, applications, statements and reports to all Governmental Authorities that are required to be made prior to the Closing Date by or on behalf of Sellers or any of their Affiliates pursuant to any applicable Law (including any filing, application, statement or report as may be required pursuant to applicable antitrust or competition Laws) in connection with this Agreement and the transactions contemplated by this Agreement, and (c) to obtain all Consents

with respect to the Assumed Executory Contracts and the Potential Assumed Executory Contracts and Governmental Approvals required or necessary to assign and transfer the Sellers Permits included in the Acquired Assets to Buyer (or one or more Affiliates of Buyer designated by Buyer) at the Closing. To the extent that Buyer's participation in obtaining any Consent or Governmental Approval described above is required, Buyer shall cooperate with Sellers in their efforts to obtain such Consents or Governmental Approvals.

5.08 Solicitation. As consideration for substantial expenditures of time, effort and expense undertaken and continuing by Buyer in connection with the completion of its due diligence review of the Business and the preparation, negotiation, and execution of this Agreement, Seller acknowledges and agrees that subject to Bankruptcy Court approval, Buyer shall be the stalking horse bidder in connection with the sale process and except as may otherwise be required by Bankruptcy Court Order or compliance with its fiduciary duties as confirmed by debtor-in-possession counsel, Seller shall not participate in any negotiations for the purpose of naming any Person other than Buyer as the stalking horse bidder in the Auction; provided that Seller may solicit, encourage and negotiate higher or better offers for the Acquired Assets pursuant to the terms of the Bidding Procedures Order, and provided further that Seller may, pursuant to the terms of the Bidding Procedures Order (i) in response to an acquisition proposal for some or all of the Acquired Assets, participate in negotiations or discussions with, request clarifications from, or furnish information to, any Person which makes such acquisition proposal, and (ii) continue discussions and negotiations and continue to provide information to any Person with which Seller has been conducting such discussions or negotiations. Nothing herein shall limit the ability of the Sellers to comply with their fiduciary duties under applicable Law.

5.09 Confidentiality; Non-Disclosure.

(a) Seller and Buyer acknowledge that Seller and Buyer entered into the Confidentiality and Non-Disclosure Agreement. If this Agreement is terminated, the Confidentiality and Non-Disclosure Agreement shall continue to remain in full force and effect. Upon the Closing, (i) Buyer shall not be bound by any of the terms of the Confidentiality and Non-Disclosure Agreement in respect of the Acquired Assets, the Assumed Obligations and the Business (exclusive of the Excluded Assets and the Excluded Liabilities), and (ii) Seller shall remain bound by all the terms of the Confidentiality and Non-Disclosure Agreement.

(b) Effective as of the Effective Time, Sellers assign and transfer unto Buyer all of Sellers' rights to enforce against any Third Party the terms of, any proprietary information, nondisclosure or confidentiality agreements by and between Sellers and any Third Party, including but not limited to employees of Sellers.

(c) After the Closing, each Seller agrees that it shall not make, participate in the making of, or knowingly encourage any other Person to make, any statement, whether written or oral, that disparages or defames the Business.

5.10 Taxes.

(a) Except as set forth on Section 5.10 of the Seller Disclosure Schedule, on or prior to the Closing (or after the Closing when due and payable, to the extent such Tax Returns are required to be filed and Taxes are due and payable after the Closing), Sellers shall use commercially reasonable efforts to timely file all Tax Returns required to be filed by them and shall pay all Taxes which are or will be owed by Sellers and attributable to periods prior to the Closing.

(b) Buyer shall be responsible for any sales, use, purchase, transfer, franchise, deed, fixed asset, stamp, documentary stamp, use or other Taxes and recording charges due and which may be payable by reason of the sale of the Acquired Assets or the assumption of the Assumed Obligations under this Agreement or the transactions contemplated herein (collectively, "Sales Taxes") and Sellers shall prepare and timely file all Tax Returns required to be filed in connection with such payments.

ARTICLE 6

EMPLOYEES AND INDEPENDENT CONTRACTORS

6.01 Transferred Employees and Transferred Contractors. From the date of this Agreement, Buyer (directly or through its designated Affiliate(s)) shall have the right, in its sole discretion, to negotiate employment or other arrangements with such employees or independent contractors of Seller as determined by Buyer. Buyer (or its designated Affiliate(s)) may offer employment prior to the Closing (but contingent upon the occurrence of the Closing) to such employees or independent contractors of Seller as of the Closing Date as determined by Buyer in its sole discretion (such employees who accept such offer of employment, the "Transferred Employees" and such independent contractors who accept such offer of employment, the "Transferred Contractors") upon the terms and subject to the conditions as determined by Buyer in its sole discretion.

6.02 Records of Transferred Employees and Transferred Contractors. Seller shall provide promptly to Buyer, at Buyer's request, any information or copies of records (including, to the extent applicable, personnel records such as addresses, dates of birth, dates of hire and dependent information) relating to the Transferred Employees and the Transferred Contractors or relating to the service of the Transferred Employees and the Transferred Contractors with Seller (and predecessors of Seller, as applicable) prior to the Closing Date to the extent that providing such records is not prohibited by Law. Seller and Buyer shall each cooperate with the other and shall provide to the other such documentation, information and assistance as is reasonably necessary to effect the provisions of this ARTICLE 6.

6.03 No Benefit to Employees or Independent Contractors of Seller Intended. Nothing contained in this Agreement shall confer upon any employee or independent contractor of Seller prior to the Closing or any Transferred Employee or Transferred Contractor any right with respect to continuance of employment or other arrangement by Buyer or any of its Affiliates, nor shall anything herein interfere with the right of Buyer or any of its Affiliates to terminate the employment of any employee or independent contractor, including any Transferred Employee or

Transferred Contractor, at any time, with or without notice and for any or no reason, or restrict Buyer or any of its Affiliates in modifying any of the terms or conditions of employment of any employee, including any Transferred Employee or Transferred Contractor, after the Closing.

6.04 COBRA. Upon the Closing, to the extent required by applicable Law, Buyer (directly or through its designated Affiliate(s)) shall provide COBRA coverage to the employees of Seller who are “M&A Qualified Beneficiaries” (as defined in the regulations issued pursuant to COBRA) at such employee’s expense. Such coverage provided by Buyer shall be provided solely under Buyer’s employee benefit plans, and only to those to whom Buyer is required to provide COBRA coverage under applicable Law. Buyer hereby agrees that all of the employees of Seller at the Closing to whom Buyer (or its designated Affiliate(s)) does not make an offer of employment and who lose their group health coverage with Seller are M&A Qualified Beneficiaries to whom Buyer (or its designated Affiliate(s)) is required to offer COBRA coverage in accordance with the COBRA rules.

ARTICLE 7

CONDITIONS TO CLOSING

7.01 Conditions Precedent to Obligations of Buyer. The obligations of Buyer to consummate the transactions contemplated by this Agreement are subject to satisfaction of the following conditions, unless waived by Buyer in writing:

(a) Representations and Warranties. The representations and warranties of Sellers contained in this Agreement which are not qualified as to materiality shall be true and accurate in all material respects on and as of the date made and as of the Closing Date as if made at and as of such date and the representations and warranties of Sellers contained in this Agreement which are qualified as to materiality shall be true and accurate on and as of the date made and as of the Closing Date as if made at and as of such date (except those representations and warranties that address matters only as of a particular date or only with respect to a specific period of time, which need only be true and accurate (or true and accurate in all material respects, as applicable) as of such date or with respect to such period).

(b) Performance of Obligations. Sellers shall have performed in all material respects all obligations and covenants required to be performed by them under this Agreement and any other agreement or document entered into in connection herewith prior to the Closing Date.

(c) Bidding Procedures Order. The Bidding Procedures Order, substantially in the form set forth on Exhibit M or otherwise in form and substance satisfactory to Buyer, shall have been entered by the Bankruptcy Court.

(d) Sale Order. The Sale Order, substantially in the form set forth on Exhibit A or otherwise in form and substance satisfactory to Buyer, shall have been entered by the Bankruptcy Court and shall be a Final Order and such Order shall not have been stayed, modified, reversed or amended in any manner materially adverse to Buyer; and Sellers shall have received from the Bankruptcy Court all other orders, approvals and consents required to transfer

the Acquired Assets free and clear of all Liens and Claims and to consummate the transactions contemplated by this Agreement, and Buyer shall have received evidence thereof satisfactory to Buyer and its counsel.

(e) Litigation. No stay shall exist, and no Order shall have been entered that restrains or prohibits the consummation of the transactions contemplated by this Agreement.

(f) Assignment Consents. Buyer shall have received the consents with respect to the Assumed Executory Contracts set forth on Exhibit L in form and substance reasonably satisfactory to Buyer.

(g) Closing Deliveries. Sellers shall have delivered to Buyer all of the closing deliveries set forth in Section 2.08 and Section 2.10.

(h) Government Consents. All Governmental Approvals necessary to permit the parties to perform their obligations under this Agreement and to consummate the transactions contemplated by this Agreement shall have been duly obtained, made or given and shall be in full force and effect, and all terminations or expirations of waiting periods imposed by any Gaming Authority necessary for the consummation of the transactions contemplated by this Agreement, including, if required, under the Gaming Regulations shall have occurred; for the avoidance of doubt, the condition in this Section 7.01(h) shall not require Buyer to obtain any Governmental Approvals necessary to operate any portion of the Business after the Closing and Buyer acknowledges that absent any such required Governmental Approvals, Buyer may lack the ability to use any of the Acquired Assets in the operation of such portion of the Business after the Closing notwithstanding the consummation of Buyer's purchase of the Acquired Assets hereunder.

7.02 Conditions Precedent to Obligations of Seller. The obligations of Sellers to consummate the transactions contemplated by this Agreement are subject to satisfaction of the following conditions, unless waived by Seller in writing:

(a) Representations and Warranties. The representations and warranties of Buyer contained in this Agreement which are not qualified as to materiality shall be true and accurate in all material respects on and as of the date made and as of the Closing Date as if made at and as of such date and the representations and warranties of Buyer contained in this Agreement which are qualified as to materiality shall be true and accurate on and as of the date made and as of the Closing Date as if made at and as of such date (except those representations and warranties that address matters only as of a particular date or only with respect to a specific period of time, which need only be true and accurate (or true and accurate in all material respects, as applicable) as of such date or with respect to such period).

(b) Performance of Obligations. Buyer (directly or through its designated Affiliate(s)) shall have performed in all material respects all obligations and covenants required to be performed by it under this Agreement and any other agreement or document entered into in connection herewith prior to the Closing Date.

(c) Closing Deliveries. Buyer shall have delivered to Seller all of the closing deliveries set forth in Section 2.09 and Section 2.10.

(d) Bidding Procedures Order. The Bidding Procedures Order, substantially in the form set forth on Exhibit M or otherwise in form and substance satisfactory to Seller, shall have been entered by the Bankruptcy Court.

(e) Sale Order. The Sale Order, substantially in the form set forth on Exhibit A or otherwise in form and substance satisfactory to Seller, shall have been entered by the Bankruptcy Court and shall be a Final Order and such Order shall not have been stayed, modified, reversed or amended in any manner materially adverse to Sellers.

(f) Government Consents. All Governmental Approvals necessary to permit the parties to perform their obligations under this Agreement and to consummate the transactions contemplated by this Agreement shall have been duly obtained, made or given and shall be in full force and effect, and all terminations or expirations of waiting periods imposed by any Gaming Authority necessary for the consummation of the transactions contemplated by this Agreement, including, if required, under the Gaming Regulations shall have occurred; for the avoidance of doubt, the condition in this Section 7.02(f) shall not require Buyer to obtain any Governmental Approvals necessary to operate any portion of the Business after the Closing and Buyer acknowledges that absent any such required Governmental Approvals, Buyer may lack the ability to use any of the Acquired Assets in the operation of such portion of the Business after the Closing notwithstanding the consummation of Buyer's purchase of the Acquired Assets hereunder.

ARTICLE 8

TERMINATION; TERMINATION PAYMENT

8.01 Termination. This Agreement may be terminated at any time prior to the Closing as follows:

- (a) by mutual written agreement of Buyer and Sellers;
- (b) by either Buyer or Sellers if there shall be in effect a Final Order restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated by this Agreement;
- (c) by either Buyer or Sellers (provided that the terminating Party is not then in material breach of any representation, warranty, covenant or other agreement contained herein), if there shall have been a material breach or misrepresentation of any of the representations or warranties or a material breach of any of the covenants or obligations set forth in this Agreement on the part of Sellers, on the one hand, or Buyer, on the other hand, which breach would give rise to the failure of the conditions set forth in Section 7.01 or Section 7.02, as applicable, and such breach is not cured within ten (10) calendar days following written notice to the Party committing such breach or which breach, by its nature, cannot be cured prior to the Closing;
- (d) by Buyer or Sellers (provided that the terminating Party is not then in material breach of any representation, warranty, covenant or other agreement contained herein) if it shall have reasonably determined that a material condition set forth in Section 7.01 (other than

Section 7.01(e) or Section 7.02, as applicable, for the benefit of the terminating Party has not been or cannot be fulfilled or satisfied prior to the date that is forty-five (45) calendar days following the date of this Agreement and has not been waived by the terminating Party, provided, however that the terminating Party shall not be responsible for the failure of such condition to be satisfied;

(e) by Buyer or Sellers, if Sellers (i) determine in the exercise of their fiduciary duties that an Alternative Transaction constitutes the “highest and best” bid at the Auction, takes any overt action to seek or support Bankruptcy Court approval of an Alternative Transaction, or takes any overt action to seek or support a plan under Chapter 11 of the Bankruptcy Code that contemplates the sale or retention of the Acquired Assets in a manner substantially inconsistent with the terms of this Agreement or (ii) executes and delivers an agreement or understanding of any kind with respect to any of the items described in the foregoing clause (i); provided, however that, in the event Buyer is the Backup Bidder (as such term is defined in the Bid Procedures attached to the Bidding Procedures Order), Buyer may not terminate this Agreement pursuant to this Section 8.01(e) until the earlier of (A) two (2) Business Days after the closing of the transaction(s) pursuant to which all of the Acquired Assets that were subject to such Backup Bid (as such term is defined in the Bid Procedures attached to the Bidding Procedures Order) have been transferred to one or more Qualified Bidders (as such term is defined in the Bid Procedures attached to the Bidding Procedures Order) pursuant to the Bid Procedures attached to the Bidding Procedures Order, and (B) fifteen (15) calendar days after the date of the conclusion of the Auction;

(f) by Buyer if: (i) the Bidding Procedures Order, substantially in the form set forth on Exhibit M or otherwise in form and substance satisfactory to Buyer is not entered on or before the date that is twenty (20) calendar days following the date of this Agreement, or is stayed reversed, amended or vacated, (ii) the Sale Order, substantially in the form set forth on Exhibit A or otherwise in form and substance satisfactory to Buyer, has not been entered within forty-five (45) days after the entry of the Bidding Procedures Order, or if after such entry, such Sale Order has not, within fifteen (15) days after its entry, become a Final Order, or (ii) if, prior to the Closing Date, Seller’s case is converted to a case under Chapter 7 of the Bankruptcy Code, a trustee or examiner with expanded powers is appointed in the Bankruptcy Case or the Bankruptcy Case is dismissed or if a motion is filed by Seller seeking any of the foregoing; or

(g) by Buyer or Seller on any day on or after the second Business Day following the date on which the Sale Order becomes a Final Order if the Closing shall not have been consummated by such date (or by such later date as shall be mutually agreed to by Buyer and Seller in writing), unless the Closing has not occurred due to a material failure of the terminating Party to perform or observe its covenants or obligations as set forth in this Agreement required to be performed or observed by it on or before the Closing Date.

8.02 Breakup Fee and Expense Reimbursement.

(a) Seller shall immediately have the obligation to pay Buyer the Breakup Fee and the Expense Reimbursement, upon the first to occur of the following:

(i) Buyer terminates this Agreement pursuant to Section 8.01(c) or Section 8.01(d) (if the inability to satisfy the condition is a result of a material breach by Sellers); or

(ii) Buyer or Sellers terminates this Agreement pursuant to Section 8.01(e) (provided that, subject to Section 8.02(b), the Breakup Fee and Expense Reimbursement shall be payable upon consummation of an Alternative Transaction and satisfied out of the proceeds of such Alternative Transaction).

(b) The Breakup Fee and the Expense Reimbursement payable pursuant to this Section 8.02 shall be a super-priority administrative expense claim senior to all other administrative expense claims of Seller under Section 364(c)(1) of the Bankruptcy Code, other than the super-priority claims and the carve-out granted under the Cash Collateral Order or the DIP Facility.

8.03 Effect of Termination or Breach. If this Agreement is terminated in accordance with Section 8.01, all obligations of the Parties hereunder shall terminate, except (i) for this Section 8.03 and (ii) for the provisions of Sections 8.02 (Breakup Fee and Expense Reimbursement), 10.01 (Survival), 10.02 (Expenses), 10.05 (Notices), 10.08 (Submission to Jurisdiction), 10.09 (Governing Law), 10.10 (Binding Nature; Assignment), 10.11 (No Third Party Beneficiaries), 10.12 (No Strict Construction), 10.13 (Public Announcements), 10.14 (Entire Understanding) and 10.16 (Conflict Between Transaction Documents) and each of provisions set forth in (i) and (ii) above shall survive any termination of this Agreement; provided, however, that nothing herein shall relieve any Party from Liability for (i) any breach by such Party that occurs prior to such termination of any of its representations, warranties, covenants or agreements set forth in this Agreement or (ii) any breach by such Party of its covenants or agreements that survive the Closing in accordance with their respective terms.

ARTICLE 9

POST-CLOSING COVENANTS

9.01 Joint Post-Closing Covenants of Buyer and Seller. Subject to the occurrence of the Closing, Buyer and Sellers jointly covenant and agree that, from and after the Closing Date, Buyer and Sellers will each use reasonable efforts to cooperate with each other in connection with (a) any Proceeding involving the other Party relating to the preparation of an audit of any Tax Return of Sellers or Buyer (or its designated Affiliate(s)) for all periods prior to or including the Closing Date, (b) any audit of Buyer (or its designated Affiliate(s)) and/or any audit of Sellers with respect to the sales, transfer and similar Taxes imposed by the Laws of any state or political subdivision thereof, relating to the transactions contemplated by this Agreement and (c) the Bankruptcy Case and all Proceedings related thereto. In furtherance hereof, Buyer and Sellers further covenant and agree to promptly respond to all reasonable inquiries related to such matters and to provide, to the extent reasonably possible, substantiation of transactions and to make available and furnish appropriate documents and personnel in connection therewith. All costs and expenses incurred in connection with this Section 9.01 referred to herein shall be borne by the Party who is subject to such action or requesting such assistance.

9.02 Limited Power of Attorney; Collections. Subject to the occurrence of the Closing, each Seller hereby irrevocably appoints, effective as of the Closing, Buyer (or its designated Affiliate(s)) and its successors, agents and assigns as Seller's true and lawful attorney, in Seller's name, place and stead, with power of substitution, to take any action and to execute any instrument which Buyer may deem necessary or advisable to fulfill Seller's obligations or rights under, or to accomplish the purposes of, this Agreement, including, without limitation: (a) to demand and receive any and all Acquired Assets and to make endorsements and give receipts and releases for and in respect of the same; (b) to institute, prosecute, defend, compromise and/or settle any and all Proceedings with respect to the Acquired Assets and the Assumed Obligations; (c) to endorse and cash and/or deposit in an account of Buyer any and all checks or drafts received on account of any Receivables; (d) to make any filings required to transfer any Seller Intellectual Property Assets or any other Acquired Assets; (e) to receive and open all mail, packages and other communications addressed to Seller and relating to the Business; and (f) in the name of Seller or otherwise, to collect all Receivables for its own account. The foregoing power of attorney is a special power of attorney coupled with an interest and is irrevocable. Seller shall promptly deliver to Buyer any cash, checks or other property that Seller may receive after the Closing in respect of any accounts, notes and credit card receivables or other asset constituting part of the Acquired Assets.

9.03 Post-Closing Operation of Seller; Name Changes. Promptly after the Closing, each Seller shall take all necessary action to change its name to a name bearing no resemblance to the names set forth on the signature pages to this Agreement and will file such documents as are necessary to reflect such name change in the State of Delaware, the State of Arizona, the relevant government offices in Nova Scotia and Mexico and the other jurisdictions where such Seller is qualified to do business as a foreign entity. Each Seller agrees to promptly notify Buyer of such name change and the name chosen by it. Notwithstanding the foregoing, Sellers may refer to "GameTech" as a former name for legal and noticing purposes in the Bankruptcy Case and other legal documents.

9.04 Tax Matters. Within ninety (90) days after the Closing Date, Buyer shall prepare and deliver to Seller a schedule allocating the Purchase Price (and any other items that are required for federal income tax purposes to be treated as part of the purchase price) among the Acquired Assets in accordance with the requirements of Section 1060 of the IRC (such schedule, the "Purchase Price Allocation"). Buyer (or its designated Affiliate(s)) and Seller shall report and file all Tax Returns (including amended Tax Returns and claims for refund) consistent with the Purchase Price Allocation, and shall take no position contrary thereto or inconsistent therewith (including in any audits or examinations by any Governmental Authority or any other Proceeding). Buyer and Seller shall cooperate in the filing of any forms (including Form 8594 under Section 1060 of the IRC) with respect to such Purchase Price Allocation.

9.05 [Intentionally Omitted]

9.06 Personally Identifiable Information. Buyer shall honor and observe, in connection with the transactions contemplated by this Agreement, any and all applicable Laws prohibiting the transfer of personally identifiable information about individuals and otherwise comply with the requirements of Section 363(b)(1)(A) of the Bankruptcy Code.

9.07 Sellers' Access to Books and Records. From and after the Closing Date, Buyer shall provide on a confidential basis to the tax accountants of Sellers copies of such records acquired pursuant to this Agreement, in existence as of the Closing, that are required to enable such tax accountants to prepare Tax filings or reports regarding Sellers' ownership of the Acquired Assets prior to the Closing or the conduct of the Business prior to the Closing.

9.08 Bulk Sales. To the greatest extent permitted by applicable Law, Buyer and Sellers hereby agree to waive compliance with the terms of any bulk sales or similar Laws in any applicable jurisdiction in respect of the transactions contemplated by this Agreement. From and after the Closing, Buyer shall indemnify and hold Sellers harmless from and against any liabilities, damages, costs and expenses (including reasonable attorneys' fees) resulting from or arising out of (i) the parties' failure to comply with any such bulk sales Laws in connection with the consummation of the transactions contemplated by this Agreement or (ii) any action brought or levy made as a result of such failure to so comply with any such bulk sales Laws in connection with the consummation of the transactions contemplated by this Agreement.

ARTICLE 10

MISCELLANEOUS

10.01 Survival. Except only as provided in the second sentence of this Section 10.01, the representations and warranties contained in ARTICLE 3 and ARTICLE 4 of this Agreement and/or in any certificate or other document or instrument executed pursuant hereto (other than the FIRPTA Certificate) shall not survive the Closing and shall, upon the Closing, automatically lapse and cease to be of any further force or effect whatsoever, and neither Sellers nor Buyer nor any of their respective officers, directors, agents, representatives or affiliates shall have any liability to the other under this Agreement or any document or certificate delivered pursuant to this Agreement at any time after the Closing with respect to such representations and warranties, other than for intentional misrepresentation or fraud. Notwithstanding the foregoing, each of the covenants and obligations of Buyer and Sellers in this Agreement and in the other Transaction Documents shall survive the Closing in accordance with their respective terms.

10.02 Expenses. Except as otherwise expressly provided herein, each Party hereto shall bear its own costs and expenses, including attorneys' fees, with respect to the transactions contemplated by this Agreement.

10.03 Amendment. This Agreement may not be amended, modified or supplemented except by a written instrument duly executed by both Sellers and Buyer.

10.04 Further Assurances. Buyer and Sellers each agrees (a) to furnish upon request to each other Party such further information, (b) to execute and deliver to each other Party such other documents, and (c) to do such other acts and things, all as the other Party may reasonably request for the purpose of carrying out the intent of this Agreement and the transactions contemplated by this Agreement.

10.05 Notices. Any notice, request, instruction or other document to be given hereunder by a Party hereto shall be in writing and shall be deemed to have been given, (a) when received if given in person, (b) on the date of transmission if sent by telex, telecopy, email or other wire transmission (with answer back confirmation of such transmission, and, if sent by email, provided that a copy of such notice, request or instruction or other document be sent by overnight delivery), (c) upon delivery, if delivered by a nationally known commercial courier service providing next day delivery service (such as Federal Express), or (d) upon delivery, or refusal of delivery, if deposited in the U.S. mail, certified or registered mail, return receipt requested, postage prepaid:

TO SELLERS: GameTech International, Inc.
8850 Double Diamond Parkway
Reno, Nevada 89521
Attn: James Robertson
Fax: (775) 850-6115
E-mail:jrobertson@gtiemail.com

with copies
(which shall not
constitute notice) to: Greenberg Traurig, LLP
200 Park Avenue
New York, NY 10166
Attn: Matthew L. Hinker
Fax: (212) 801-6400
E-mail:hinkerm@gtlaw.com

TO BUYER: YI GT Acquisition, Inc.
9101 W. Sahara Avenue, Suite 105-B25
Las Vegas, Nevada 89117
Attention: Treasurer
Telephone: (702) 286-8682
Facsimile: (702) 798-4050

with copies
(which shall not
constitute notice) to: Morrison & Foerster LLP
755 Page Mill Road
Palo Alto, California 94304-1018
Attn: Timothy J. Harris
Fax: (650) 251-3781
E-mail:tharris@mof.com

or to such other individual or address as a Party hereto may designate for itself by notice given as herein provided.

10.06 Waivers. The failure of a Party hereto at any time or times to require performance of any provision hereof shall in no manner affect its right at a later time to enforce the same. No waiver by a Party of any condition or of any breach of any term, covenant, representation or warranty contained in this Agreement shall be effective unless in writing by Sellers in the case of a waiver by Sellers, or Buyer, in the case of any waiver by Buyer, and no waiver in any one or more instances shall be deemed to be a further or continuing waiver of any such condition or breach of other instances or a waiver of any other condition or breach of any other term, covenant, representation or warranty.

10.07 Counterparts and Execution. This Agreement may be executed simultaneously in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Any counterpart may be executed by facsimile signature and such facsimile signature shall be deemed an original.

10.08 SUBMISSION TO JURISDICTION. THE PARTIES HERETO HEREBY AGREE THAT ANY AND ALL CLAIMS, ACTIONS, CAUSES OF ACTION, SUITS, AND PROCEEDINGS RELATING TO THIS AGREEMENT OR THE OTHER TRANSACTION DOCUMENTS SHALL BE FILED AND MAINTAINED ONLY IN THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE, AND THE PARTIES HEREBY CONSENT TO THE JURISDICTION OF SUCH COURT.

10.09 Governing Law. This Agreement shall be governed by and construed in accordance with the Laws of the State of Nevada (without regard to its principles of conflicts of laws that would result in the application of the laws of any other jurisdiction to the rights and obligations of the Parties under this Agreement).

10.10 Binding Nature; Assignment. Subject to approval of the Bankruptcy Court, this Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and permitted assigns, but neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the Parties hereto without prior written consent of the other Party (which shall not be unreasonably withheld or delayed); except that (a) Buyer may assign any of its rights and obligations hereunder to any Affiliate or Subsidiary of Buyer (whether wholly owned or otherwise) and, following the Closing, in whole or in part to any successor-in-interest to any Person acquiring all or any portion of the Business or the Acquired Assets; (b) the rights and interests of Sellers hereunder may be assigned to a trustee appointed under Chapter 11 or Chapter 7 of the Bankruptcy Code; (c) this Agreement may be assigned to any entity appointed as a successor to Sellers pursuant to a confirmed plan under Chapter 11 of the Bankruptcy Code; and (d) as otherwise provided in this Agreement. Sellers hereby agree that the terms of this Agreement shall be binding upon any subsequent trustee appointed under Chapter 11 or Chapter 7 of the Bankruptcy Code.

10.11 No Third Party Beneficiaries. This Agreement is solely for the benefit of Buyer (or its designated Affiliate(s)) and Sellers and nothing contained herein, express or implied, is intended to confer on any Person other than the Parties hereto or their successors and permitted assigns, any rights, remedies, obligations, Claims, or causes of action under or by reason of this Agreement.

10.12 No Strict Construction. Buyer and Sellers participated jointly in the negotiation and drafting of this Agreement and, in the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as jointly drafted by Buyer and Sellers and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any provision of this Agreement.

10.13 Public Announcements. Except as required by this Agreement or Law or as required or appropriate in connection with the Bankruptcy Case, neither Sellers nor Buyer shall issue any press release or public announcement concerning this Agreement or the transactions contemplated by this Agreement without obtaining the prior written consent of the other Party hereto relating to the contents and manner of presentation and publication thereof, which approval will not be unreasonably withheld, delayed or conditioned. Prior to making any public disclosure required by applicable Law outside of Bankruptcy Court filings, Sellers shall give Buyer a copy of the proposed disclosure and reasonable opportunity to comment on the same and shall use its commercially reasonable efforts to include Buyer's comments in such public disclosure. For purposes of clarity, the reference to "applicable Law" in the preceding sentence does not include filings in the Bankruptcy Case.

10.14 Entire Understanding. This Agreement, the other Transaction Documents and the Exhibits, Appendices, and Schedules (a) set forth the entire agreement and understanding of the Parties hereto in respect to the transactions contemplated by this Agreement, (b) supersede all prior agreements, arrangements and understandings relating to the subject matter hereof, and (c) are not intended to confer upon any other Person any rights or remedies hereunder, except as expressly set forth in this Agreement.

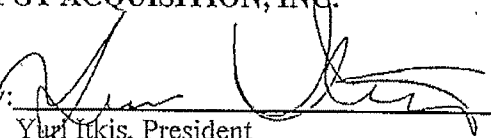
10.15 Closing Actions. All deliveries, payments and other transactions and documents relating to the Closing shall be interdependent, and none shall be effective unless and until all are effective (except to the extent that the Party hereto entitled to the benefit thereof has waived satisfaction or performance thereof as a condition precedent to the Closing).

10.16 Conflict Between Transaction Documents. The Parties hereto agree and acknowledge that to the extent any terms and provisions of this Agreement are in any way inconsistent with or in conflict with any term, condition or provision of any other Transaction Document, this Agreement shall govern and control. In the event of any conflict between this Agreement and the Sale Order, the Sale Order shall govern.

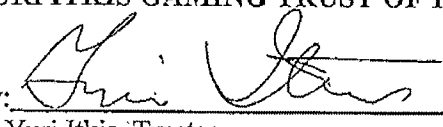
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IN WITNESS WHEREOF, the Parties hereto have caused this Asset Purchase Agreement to be duly executed and delivered as of the date first above written.

**BUYER:
YI GT ACQUISITION, INC.**

By: 
Yuri Itkis, President

**TRUST:
YURI ITKIS GAMING TRUST OF 1993**

By: 
Yuri Itkis, Trustee

**SELLERS:
GAMETECH INTERNATIONAL, INC.**

By:
Name:
Title:

GAMETECH ARIZONA CORP.

By:
Name:
Title:

GAMETECH CANADA CORP.

By:
Name:
Title:

GAMETECH MEXICO S. DE R.L. DE C.V.

[Signature page to Asset Purchase Agreement]

IN WITNESS WHEREOF, the Parties hereto have caused this Asset Purchase Agreement to be duly executed and delivered as of the date first above written.

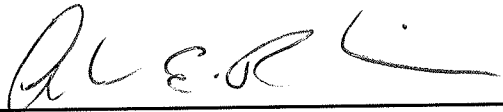
**BUYER:
YI GT ACQUISITION, INC.**

By: _____
Yuri Itkis, President

**TRUST:
YURI ITKIS GAMING TRUST OF 1993**

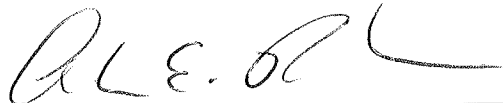
By: _____
Yuri Itkis, Trustee

**SELLERS:
GAMETECH INTERNATIONAL, INC.**




By: ANDREW E. ROBINSON
Name:
Title: CFO SR. VP.

GAMETECH ARIZONA CORP.



By: ANDREW E. ROBINSON
Name:
Title: PRESIDENT

GAMETECH CANADA CORP.



By:
Name: ANDREW E. ROBINSON
Title: PRESIDENT

GAMETECH MEXICO S. DE R.L. DE C.V.

ALEPL

By:
Name: *Andrew E. Robinson*
Title: *PRESIDENT*

APPENDIX A

“Acquired Assets” has the meaning set forth in Section 2.01(a).

“Affiliate” of any particular Person means any other Person controlling, controlled by or under common control with such particular Person, where “control” means the possession, directly or indirectly, of the power to direct the management and policies of a Person whether through the ownership of voting securities or otherwise.

“Affiliated Group” means an affiliated group as defined in Section 1504 of the IRC (or any analogous combined, consolidated or unitary group defined under state, local or foreign income Tax Law) of which any of the Sellers is or has been a member.

“Agreement” means this Asset Purchase Agreement, including all the Schedules, Exhibits and Appendices hereto, as the same may be amended, modified or waived from time to time in accordance with its terms.

“Alternative Transaction” means any transaction, sale, or plan of reorganization or liquidation accepted by Sellers as being the highest and best offer pursuant to the Bidding Procedures Order, or otherwise, whereby all or a material portion of the Business is purchased by, or otherwise conveyed to or controlled by, a Person other than Buyer and/or one or more of its Affiliates.

“Assignment and Assumption” has the meaning set forth in Section 2.08(b).

“Assignment Consent” has the meaning set forth in Section 2.05.

“Assumed Executory Contracts” has the meaning set forth in Section 2.01(a)(viii).

“Assumed Obligations” has the meaning set forth in Section 2.03(a).

“Auction” means the auction conducted by Sellers pursuant to the Bidding Procedures Order for substantially all of the Acquired Assets.

“Bankruptcy Cases” has the meaning set forth in the recitals.

“Bankruptcy Code” has the meaning set forth in the recitals.

“Bankruptcy Court” has the meaning set forth in the recitals.

“Bankruptcy Court Orders” means the Sale Order, the Bidding Procedures Order, and any other order of the Bankruptcy Court which is binding upon the Sellers..

“Bidding Procedures Order” has the meaning set forth in Section 5.04(a).

“Bingo Business” has the meaning set forth in the recitals.

“Books and Records” has the meaning set forth in Section 2.01(a)(ix).

“Breakup Fee” has the meaning set forth in Section 5.05(a).

“Budget” means that certain line item budget of cash expenditures by Seller set forth in, and subject to the limitations set forth in, the Cash Collateral Order or the Order approving the DIP Facility.

“Business” has the meaning set forth in the recitals.

“Business Day” means any day other than (i) a Saturday or a Sunday or (ii) a day on which banking and savings and loan institutions are authorized or required by law to be closed in the States of New York, Nevada or California.

“Business License Agreement” means (i) any Contract pursuant to which any Person other than Sellers are purportedly authorized to use (or is otherwise purportedly granted any license, covenant not to sue, immunity or other right with respect to) any Intellectual Property Right or Technology owned by Sellers and which Contract is used in, or is otherwise useful or necessary for the conduct of, the Business as currently conducted and/or as planned to be conducted by Sellers, and (ii) any Contract pursuant to which Sellers are purportedly authorized to use (or is otherwise purportedly granted any license, covenant not to sue, immunity or other right with respect to) any Intellectual Property Right or Technology owned by any third Person and which Contract is used in, or is otherwise useful or necessary for the conduct of, the Business as currently conducted and/or as planned to be conducted by Sellers.

“Buyer” has the meaning set forth in the preamble.

“Buyer Disclosure Schedule” has the meaning set forth in the first paragraph of ARTICLE 4.

“Cash Collateral Order” means that certain *Second Interim Order (A) Authorizing Debtors to (I) Use Cash Collateral Pursuant to 11 U.S.C. § 363 and (II) Provide Adequate Protection Pursuant to 11 U.S.C. §§ 361, 362, 363, and 507 and (B) Scheduling a Final Hearing Pursuant to Bankruptcy Rule 4001* entered by the Bankruptcy Court on July 18, 2012, as the same may be amended or supplemented, together with any subsequent or final order concerning the Buyer’s use of cash collateral.

“Cash Purchase Price” has the meaning set forth in Section 2.06(a).

“Chapter 5 Claims” has the meaning set forth in Section 2.06(a)(xi).

“Claim” has the meaning set forth in Section 101(5) of the Bankruptcy Code.

“Closing” has the meaning set forth in Section 2.07.

“Closing Date” has the meaning set forth in Section 2.07.

“COBRA” means Title X of the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.

“Consent” means any approval, consent, ratification, permission, waiver or authorization (including any Governmental Approval).

“Contract” means any agreement, contract, commitment or other binding arrangement or understanding, whether written or oral, to which any Seller is a party.

“Confidentiality and Non-Disclosure Agreement” means the Confidentiality and Nondisclosure Agreement, effective July 13, 2012, previously executed by Buyer and Sellers.

“Deposits and Advances” has the meaning set forth in Section 2.01(a)(vii).

“Dollars” or “\$” means dollars of the United States of America.

“DIP Facility” means that certain secured, super-priority debtor-in-possession credit agreement among Sellers (as Borrower) and Buyer (as Lender).

“DIP Obligations” means all obligations that remain outstanding as of immediately prior to the Closing under the DIP Facility (including, without limitation, all principal, interest, costs, fees and expenses under the DIP Facility).

“Effective Time” means, unless otherwise agreed to by Buyer and Sellers, 11:59 p.m. Las Vegas, Nevada time on the Closing Date.

“Encumbrances” means, to the extent not considered a Lien, a security interest, pledge, hypothecation, mortgage, or encumbrance, other than any licenses of Intellectual Property.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended, and the applicable regulations thereunder.

“ERISA Affiliate” means any other Person under common control with Sellers within the meaning of Section 414 (b), (c), (m) or (o) of the IRC.

“Estimated Cure Cost” has the meaning set forth in Section 2.01(c).

“Excluded Assets” has the meaning set forth in Section 2.02.

“Excluded Liabilities” has the meaning set forth in Section 2.04.

“Expense Reimbursement” has the meaning set forth in Section 5.04(a).

“Final Cure Costs” has the meaning set forth in Section 2.03(a)(ii).

“Final Order” means an Order as to which the time to file an appeal, a motion for rehearing or reconsideration or a petition for writ of certiorari has expired and no such appeal, motion or petition is pending.

“GAAP” means generally accepted accounting principles in the United States of America, as in effect from time to time and consistently applied and maintained throughout the periods indicated.

“Gaming Authorities” means any governmental authorities having regulatory authority over the gaming activities of the Business.

“Gaming Regulations” means any rule or regulation of the Gaming Authorities necessary for or relating to the activities relating to the Business.

“General Assignment and Bill of Sale” has the meaning set forth in Section 2.08(a).

“Governmental Approval” means any: (a) Permit, license, certificate, concession, approval, Consent, ratification, permission, clearance, confirmation, exemption, waiver, franchise, certification, designation, rating, registration, variance, qualification, accreditation or authorization issued, granted, given or otherwise made available by or under the authority of any Governmental Authority or pursuant to any Law including the Gaming Authorities; or (b) right under any Contract with any Governmental Authority including the Gaming Authorities.

“Governmental Authority” means any United States federal, state or local or any foreign government, governmental regulatory or administrative authority, agency or commission or any court, tribunal or judicial or arbitral body.

“Intellectual Property Rights” means any intellectual property rights, including, without limitation, rights in or arising out of patents, patent applications, copyrights, copyright registrations, applications for copyright registrations, mask works, mask work registrations, applications for mask work registrations, trade secrets, trademarks, service marks, collective marks, certification marks, registrations therefor and applications for registrations therefor, trade names, and trade dress.

“Interest” means an “interest” as that term is used in Bankruptcy Code Section 363(f).

“Inventory” has the meaning set forth in Section 2.01(a)(iii).

“IRC” means the United States Internal Revenue Code of 1986, as amended.

“Knowledge of Sellers” means the knowledge of a particular fact or other matter, which Seller shall be deemed to have if (a) any executive officer of Seller is actually aware of such fact or other matter; or (b) that knowledge should have been acquired by such Person after making such due inquiry and exercising such due diligence as a prudent businessperson would have made or exercised in the management of his or her business affairs, including due inquiry of those officers, directors, key employees and professional advisers (including attorneys, accountants and consultants) of such Person who would reasonably be expected to have actual knowledge of the matters in question.

“Law” means any law, statute, regulation, ruling, or Order of, administered or enforced by or on behalf of, any Governmental Authority, or common law.

“Liability” means any liability (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, and whether due or to become due and regardless of when asserted), including any liability for Taxes.

“Lien” or “Liens” means any lien (statutory or otherwise), hypothecation, encumbrance, Liability, security interest, interest, mortgage, pledge, restriction, charge, instrument, license, preference, priority, security agreement, easement, covenant, encroachment, option, right of recovery, Tax (including foreign, federal, state and local Tax), Order of any Governmental Authority, of any kind or nature, whether secured or unsecured, choate or inchoate, filed or unfiled, scheduled or unscheduled, noticed or unnoticed, recorded or unrecorded, contingent or non-contingent, material or non-material, known or unknown.

“Material Adverse Effect” means any event, condition, development or effect that individually or in the aggregate with all other events, changes, conditions, developments and effects, is or is reasonably likely to be materially adverse to (a) the Business, the Acquired Assets or the Assumed Obligations or (b) the ability of Sellers to perform its obligations under this Agreement; provided, however, that the commencement of the Bankruptcy Cases and the procedures and orders related thereto shall be deemed in and of itself to not constitute and shall not be taken into account in determining whether there has been or will be a Material Adverse Effect unless such procedures or orders in the Bankruptcy Case are directly and materially adverse to Buyer.

“Material Contracts” has the meaning set forth in Section 3.07.

“Non-Assignable Asset” has the meaning set forth in Section 2.05.

“Open Source” means software or similar subject matter which is distributed as “open source software” or under any license or arrangement that (whether by covenant, by condition or otherwise) (i) requires or purports to require the distribution of or access to source code or similar materials or (ii) restricts or purports to restrict the ability to charge for distribution or use of software (including software or similar subject matter distributed under the GNU General Public License, GNU Lesser General Public License, BSD License, MIT License, Common Public License and other licenses approved as open source licenses by the Open Source Initiative).

“Order” means any decree, order, injunction, rule, judgment, consent of or by any Governmental Authority.

“Ordinary Course of Business” means the operation of the Business by Sellers in the usual and ordinary course in a manner substantially similar to the manner in which Sellers operated, consistent with past practice prior to the date hereof, subject to any obligations as a debtor under the Bankruptcy Code or any order of the Bankruptcy Court.

“Owned Seller Intellectual Property Assets” means all Seller Intellectual Property Assets that any Seller owns or claims or purports to own. Owned Seller Intellectual Property Assets includes, without limitation, the Registered Seller Intellectual Property.

“Parties” means Buyer and Sellers and “Party” means Buyer or Sellers as the context requires.

“Permitted Liens” means Liens and Encumbrances that will be released and/or discharged pursuant to the Sale Order.

“Permits” means licenses, permits, approvals, certificates of occupancy, authorizations, operating permits, registrations, plans and the like.

“Person” means any corporation, partnership, joint venture, limited liability company, organization, entity, authority or natural person.

“Personal Property” has the meaning set forth in Section 2.01(a)(v).

“Petition Date” has the meaning set forth in the recitals.

“Potential Assumed Executory Contracts” has the meaning set forth in Section 2.01(b).

“Proceeding” means any claim, charge, complaint, dispute, demand, action, investigation, inquiry, audit, suit in equity or at Law, administrative, regulatory or quasi-judicial proceeding, arbitration, account, contribution, and/or other causes of action of whatever kind or character.

“Purchase Price” has the meaning set forth in Section 2.06.

“Purchase Price Allocation” has the meaning set forth in Section 9.04.

“Receivables” has the meaning set forth in Section 2.01(a)(ii).

“Registered Seller Intellectual Property” means all (a) patents and patent applications, (b) registered trademarks, service marks, collective marks, and certification marks, and applications for registration therefor, (c) copyright registrations and applications for copyright registrations, (d) mask work registrations and applications for mask work registrations and (e) domain names, in each case that are owned by or registered in the name of any Seller.

“Rule” or “Rules” means the Federal Rules of Bankruptcy Procedure.

“Sale Hearing” means the hearing of the Bankruptcy Court to approve this Agreement and the transactions contemplated by this Agreement.

“Sale Motion” has the meaning set forth in Section 5.05(a).

“Sale Order” has the meaning set forth in the recitals.

“Schedules” means the schedules attached hereto (including the Seller Disclosure Schedule and the Buyer Disclosure Schedule).

“Seller” or “Sellers” has the meaning set forth in the preamble.

“Seller Claims” has the meaning set forth in Section 2.01(a)(xi).

“Seller Disclosure Schedule” has the meaning set forth in the first paragraph of ARTICLE 3.

“Seller Employee Benefit Plan” means each written plan, program, policy, practice, agreement or other arrangement, that is maintained, contributed to, sponsored or provided by

Seller or an ERISA Affiliate for the benefit of any current or former employees or consultants or with respect to which Seller or an ERISA Affiliate may have any Liability with respect to any current or former employees or consultants providing for compensation, bonus payments, incentive compensation, severance, retention payments, change in control payments, termination pay, pension benefits, retirement benefits, deferred compensation, performance awards, stock or stock-related awards, fringe benefits (including health or other medical, dental, vision, life, disability, sabbatical, accidental death and dismemberment or other insurance benefits), or other employee benefits or remuneration of any kind, whether written, unwritten or otherwise, funded or unfunded, including each “employee benefit plan,” within the meaning of Section 3(3) of Title I of ERISA.

“Seller Intellectual Property Assets” means all Intellectual Property Rights and Technology that are used in, or held for use in, the Business, including any Intellectual Property Rights and Technology incorporated into or otherwise used in connection with any Seller Products.

“Seller Products” means all products and services manufactured, made, designed, maintained, supported, developed, sold, licensed, marketed, or otherwise distributed or provided (or planned to be manufactured, made, designed, maintained, supported, developed, sold, licensed, marketed, or otherwise distributed or provided) by or for Sellers (including all versions and releases thereof, whether already distributed or provided, under development, planned or otherwise), together with any related materials, information or data, including customer information, the names, numbers (e.g., part numbers) and packaging associated with such products and services.

“Subsidiary” means, with respect to any Person, any corporation a majority of the total voting power of shares of stock of which is entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof, or any partnership, limited liability company, association or other business entity a majority of the partnership or other similar ownership interest of which is at the time owned or controlled, directly or indirectly, by that Person or one or more Subsidiaries of that Person or a combination thereof. For purposes of this definition, a Person is deemed to have a majority ownership interest in a partnership, limited liability company, association or other business entity if such Person is allocated a majority of the gains or losses of such partnership, limited liability company, association or other business entity or is or controls the managing director or general partner of such partnership, limited liability company, association or other business entity.

“Tax” and, with correlative meaning, “Taxes” mean with respect to any Person (a) all federal, state, local, county, foreign and other taxes, assessments or other government charges, fees, imposts or levies, including any income, alternative or add-on minimum tax, estimated gross income, gross receipts, sales, use, *ad valorem*, value added, transfer, capital stock, franchise, profits, license, registration, recording, documentary, intangibles, conveyancing, gains, withholding, backup withholding, payroll, employment, social security (or similar), unemployment, disability, excise, severance, stamp, occupation, premium, real property, personal property, inventory, unclaimed property, environmental or windfall profit tax, custom

duty or other tax, or other like assessment, charge, or tax of any kind whatsoever, together with any interest, penalty, fine, addition to tax or additional amount imposed by any Governmental Authority responsible for the imposition of any such tax (domestic or foreign) whether such Tax is disputed or not, (b) Liability for the payment of any amounts of the type described in clause (a) above relating to any other Person as a result of being party to any tax sharing, tax indemnity or tax allocation agreement with such other Person, being a successor or transferee of such other Person, or being a member of the same affiliated, consolidated, combined, unitary or other group with such other Person, or (c) Liability for the payment of any amounts of the type described in clause (a) arising as a result of being (or ceasing to be) a member of any Affiliated Group (or being included (or required to be included) in any Tax Return relating thereto).

“Tax Return” means any written or electronic report, return, declaration, certificate, claim for refund or other information or statement filed or required to be filed relating to Taxes, including any schedules or attachments thereto and any amendments thereof.

“Technology” means any algorithms, confidential or proprietary information or data, designs, discoveries, domain names, formulae, ideas, inventions, know-how, logos, methods, models, names, processes, research, software, techniques, technology, works of authorship, and general intangibles of like nature, whether patentable or unpatentable and whether or not reduced to practice.

“Third Party” means any Person other than Sellers, Buyer or any of their respective Affiliates.

“Transaction Documents” means this Agreement, and all other agreements, instruments, certificates and other documents to be entered into or delivered by any party in connection with the transactions contemplated by this Agreement.

“Transferred Contractors” has the meaning set forth in Section 6.01.

“Transferred Employees” has the meaning set forth in Section 6.01.

“VLT Business” has the meaning set forth in the recitals.

EXHIBIT A
FORM OF SALE ORDER

EXHIBIT B
LIST OF ASSUMED EXECUTORY CONTRACTS

See attached

EXHIBIT C
LIST OF POTENTIAL ASSUMED EXECUTORY CONTRACTS

See attached

EXHIBIT D

OTHER EXCLUDED ASSETS

Such portion of the amounts refunded to the Sellers after the date of the Agreement, up to a maximum aggregate of \$300,000, by the City of Reno or its taxing authorities equal to the amount of the federal income tax liability incurred by Sellers as a result of accelerated depreciation recapture following the consummation of the transactions contemplated by the Agreement, it being understood that the remainder of such refunded amounts shall be Acquired Assets.

See attached

EXHIBIT E

FORM OF GENERAL ASSIGNMENT AND BILL OF SALE¹

This General Assignment and Bill of Sale (this “General Assignment and Bill of Sale”) is being delivered pursuant to that certain Asset Purchase Agreement, dated as of August 8, 2012 (the “Asset Purchase Agreement”) by and between GameTech International, Inc., a Delaware corporation; GameTech Arizona Corporation, an Arizona corporation; GameTech Canada Corp., a corporation organized under the laws of Nova Scotia; and GameTech Mexico S. de R.L. de C.V., a company organization under the laws of Mexico (collectively, “Assignor”), YI GT Acquisition, Inc., a Delaware corporation (“Assignee”) and solely with respect to Section 2.06(e), Yuri Itkis Gaming Trust of 1993.

A. Assignor and Assignee have entered into the Asset Purchase Agreement, assigning, among other things, all right, title and interest in and to the Acquired Assets from Assignor to Assignee.

B. Any capitalized term used but not otherwise defined in this General Assignment and Bill of Sale has the meaning ascribed to such term in the Asset Purchase Agreement.

NOW, THEREFORE, in consideration of the good and valuable consideration set forth in the Asset Purchase Agreement, the receipt and sufficiency of which are hereby acknowledged, Assignor hereby sells, conveys, assigns, transfers and delivers to Assignee and its successors and assigns, free and clear of all Liens and Claims, effective as of 11:59 p.m. Las Vegas, Nevada time on September __, 2012 (the “Effective Time”), all of Assignor’s right, title and interest in and to all of the Acquired Assets.

Assignor agrees (a) to furnish upon request to Assignee such further information, (b) to execute and deliver to Assignee such other documents, and (c) to do such other acts and things, all as Assignee may reasonably request for the purpose of carrying out the intent of this General Assignment and Bill of Sale and the transactions contemplated by this General Assignment and Bill of Sale.

The terms of the Asset Purchase Agreement, including but not limited to the representations, warranties, covenants and agreements relating to the Acquired Assets set forth in the Asset Purchase Agreement, are incorporated herein by this reference. Assignor acknowledges and agrees that the representations, warranties, covenants and agreements set forth in the Asset Purchase Agreement shall not be superseded hereby but shall remain in full force and effect to the full extent provided therein. To the extent any terms and provisions of this General Assignment and Bill of Sale are in any way inconsistent with or in conflict with any term, condition or provision of the Asset Purchase Agreement, the Asset Purchase Agreement shall govern and control.

¹ In the event that Buyer designates one or more of its Affiliates to acquire the Acquired Assets pursuant to the Asset Purchase Agreement, this Form shall be modified as appropriate by Sellers to the extent necessary to reflect such designated Affiliate(s) as the applicable Assignee.

EXHIBIT F

FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT²

This Assignment and Assumption Agreement (this “Assignment and Assumption”) is made and entered into as of September __, 2012, by and among GameTech International, Inc., a Delaware corporation; GameTech Arizona Corporation, an Arizona corporation; GameTech Canada Corp., a corporation organized under the laws of Nova Scotia; and GameTech Mexico S. de R.L. de C.V., a company organization under the laws of Mexico (collectively, “Assignor”) and YI GT Acquisition, Inc., a Delaware corporation (“Assignee”).

RECITALS

A. Assignor and Assignee are parties to that certain Asset Purchase Agreement, dated as of August 8, 2012 (the “Asset Purchase Agreement”), pursuant to which Assignee has agreed to purchase from Assignor the Acquired Assets.

B. Upon the terms and subject to the conditions of the Asset Purchase Agreement, Assignor has agreed to assign the Acquired Assets to Assignee, and Assignee has agreed to assume from Assignor the Assumed Obligations.

C. Any capitalized term used but not otherwise defined in this Assignment and Assumption has the meaning ascribed to such term in the Asset Purchase Agreement.

NOW, THEREFORE, in consideration of the good and valuable consideration set forth in the Asset Purchase Agreement and the premises and the mutual covenants contained herein, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee agree as follows:

1. Assignment and Assumption. Effective as of 11:59 p.m. Las Vegas, Nevada time on September __, 2012 (the “Effective Time”), Assignor hereby assigns to Assignee, and Assignee hereby assumes from Assignor and shall thereafter be responsible for the payment, performance or discharge of the Assumed Obligations. Notwithstanding anything to the contrary in this Assignment and Assumption, except for the Assumed Obligations, Assignee shall not assume and shall not be in any way liable or responsible for (whether directly, indirectly, contingently or otherwise) any Excluded Liabilities, and the parties hereto agree that all such Excluded Liabilities shall remain the sole responsibility of Assignor.

2. Terms of the Asset Purchase Agreement. The terms of the Asset Purchase Agreement, including but not limited to the representations, warranties, covenants and agreements relating to the Assumed Obligations set forth in the Asset Purchase Agreement, are incorporated herein by this reference. Assignor acknowledges and agrees that the representations, warranties, covenants and agreements set forth in the Asset Purchase Agreement

² In the event that Buyer designates one or more of its Affiliates to acquire the Acquired Assets and/or assume the Assumed Obligations pursuant to the Asset Purchase Agreement, this Form shall be modified as appropriate by Buyer and Seller to the extent necessary to reflect such designated Affiliate(s) as the applicable Assignee.

shall not be superseded hereby but shall remain in full force and effect to the full extent provided therein. To the extent any terms and provisions of this Assignment and Assumption are in any way inconsistent with or in conflict with any term, condition or provision of the Asset Purchase Agreement, the Asset Purchase Agreement shall govern and control.

3. Further Assurances. Assignor and Assignee each agrees (a) to furnish upon request to each other party hereto such further information, (b) to execute and deliver to each other party hereto such other documents, and (c) to do such other acts and things, all as the other party hereto may reasonably request for the purpose of carrying out the intent of this Assignment and Assumption and the transactions contemplated by this Assignment and Assumption.

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IN WITNESS WHEREOF, Assignor has caused this General Assignment and Bill of Sale to be executed by its duly authorized representative as of the Effective Time.

**ASSIGNOR:
GAMETECH INTERNATIONAL, INC.**



By: _____
Name: *ANDREW E. ROBINSON*
Title: *CFO SR. VP.*

GAMETECH ARIZONA CORP.



By: _____
Name: *ANDREW E. ROBINSON*
Title: *PRESIDENT*

GAMETECH CANADA CORP.



By: _____
Name: *ANDREW E. ROBINSON*
Title: *PRESIDENT*

GAMETECH MEXICO S. DE R.L. DE C.V.



By: _____
Name: *ANDREW E. ROBINSON*
Title: *PRESIDENT*

IN WITNESS WHEREOF, the parties hereto have caused this Assignment and Assumption to be executed by their duly authorized representatives as of the date first above written.

**ASSIGNOR:
GAMETECH INTERNATIONAL, INC.**



By:
Name: *Andrew E. Robinson*
Title: *CFO BR. U.P.*

GAMETECH ARIZONA CORP.



By:
Name: *Andrew E. Robinson*
Title: *PRESIDENT*

GAMETECH CANADA CORP.



By: *Andrew E. Robinson*
Name:
Title: *PRESIDENT*

GAMETECH MEXICO S. DE R.L. DE C.V.



By: *Andrew E. Robinson*
Name:
Title: *PRESIDENT*

**ASSIGNEE:
YI GT ACQUISITION, INC.**

By:
Name:
Title:

EXHIBIT G

FORM OF PATENT ASSIGNMENT³

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

PATENT ASSIGNMENT

This Patent Assignment (this "Patent Assignment") is being delivered pursuant to that certain Asset Purchase Agreement, dated as of September __, 2012 (the "Asset Purchase Agreement") by and between GameTech International, Inc., a Delaware corporation; GameTech Arizona Corporation, an Arizona corporation; GameTech Canada Corp., a corporation organized under the laws of Nova Scotia; and GameTech Mexico S. de R.L. de C.V., a company organization under the laws of Mexico (collectively, "Assignor"), YI GT Acquisition, Inc., a Delaware corporation ("Assignee") and solely with respect to Section 2.06(e), Yuri Itkis Gaming Trust of 1993.

A. Assignor owns certain patent applications and/or registrations, as listed in Attachment A attached hereto and incorporated herein by this reference (the "Patents").

B. Assignor and Assignee have entered into the Asset Purchase Agreement, assigning, among other things, all right, title and interest in and to the Patents from Assignor to Assignee.

C. Any capitalized term used but not otherwise defined in this Patent Assignment has the meaning ascribed to such term in the Asset Purchase Agreement.

NOW, THEREFORE, for good and valuable consideration as set forth in the Asset Purchase Agreement, the receipt and sufficiency of which hereby is acknowledged, Assignor hereby sells, conveys, assigns, transfers and delivers to Assignee and its successors and assigns, free and clear of all Liens and Claims, effective as of 11:59 p.m. Las Vegas, Nevada time on September __, 2012 (the "Effective Time"), Assignor's entire right, title and interest in and to the Patents, including all divisions, continuations, continuations-in-part, reexaminations, substitutions, reissues, extensions and renewals of the applications and registrations for the Patents (and the right to apply for any of the foregoing); all rights to causes of action and remedies related thereto (including, without limitation, the right to sue for past, present or future infringement, misappropriation or violation of rights related to the foregoing); and any and all other rights and interests arising out of, in connection with or in relation to the Patents.

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³ In the event that Buyer designates one or more of its Affiliates to acquire the Acquired Assets pursuant to the Asset Purchase Agreement, this Form shall be modified as appropriate by Seller to the extent necessary to reflect such designated Affiliate(s) as the applicable Assignee.

IN WITNESS WHEREOF, Assignor has caused this Patent Assignment to be executed by its duly authorized representative as of the Effective Time.

**ASSIGNOR:
GAMETECH INTERNATIONAL, INC.**



By: _____
Name: *ANDREW E. ROBINSON*
Title: *CFO SR. V.P.*

GAMETECH ARIZONA CORP.



By: _____
Name: *ANDREW E. ROBINSON*
Title: *PRESIDENT*

GAMETECH CANADA CORP.



By: _____
Name: *ANDREW E. ROBINSON*
Title: *PRESIDENT*

GAMETECH MEXICO S. DE R.L. DE C.V.



By: _____
Name: *ANDREW E. ROBINSON*
Title: *PRESIDENT*

ATTACHMENT A TO PATENT ASSIGNMENT

See attached

EXHIBIT H
FORM OF COPYRIGHT ASSIGNMENT⁴
IN THE UNITED STATES COPYRIGHT OFFICE
COPYRIGHT ASSIGNMENT

This Copyright Assignment (this “Copyright Assignment”) is being delivered pursuant to that certain Asset Purchase Agreement, dated as of July 30, 2012 (the “Asset Purchase Agreement”) by and between GameTech International, Inc., a Delaware corporation; GameTech Arizona Corporation, an Arizona corporation; GameTech Canada Corp., a corporation organized under the laws of Nova Scotia; and GameTech Mexico S. de R.L. de C.V., a company organization under the laws of Mexico (collectively, “Assignor”), YI GT Acquisition, Inc., a Delaware corporation (“Assignee”) and solely with respect to Section 2.06(e), Yuri Itkis Gaming Trust of 1993.

A. Assignor owns certain works of authorship and/or copyrights, and registrations for such works of authorship and copyrights, as set forth in Attachment A attached hereto and incorporated herein by this reference (“Copyrights”).

B. Assignor and Assignee have entered into the Asset Purchase Agreement, assigning, among other things, all right, title and interest in and to the Copyrights from Assignor to Assignee.

C. Any capitalized term used but not otherwise defined in this Copyright Assignment has the meaning ascribed to such term in the Asset Purchase Agreement.

NOW, THEREFORE, for good and valuable consideration as set forth in the Asset Purchase Agreement, the receipt and sufficiency of which hereby is acknowledged, Assignor hereby sells, conveys, assigns, transfers and delivers to Assignee and its successors and assigns, free and clear of all Liens and Claims, effective as of 11:59 p.m. Las Vegas, Nevada time on September __, 2012 (the “Effective Time”), Assignor’s entire right, title and interest in and to the Copyrights, including all registrations for the Copyrights (and the right to apply for any of the foregoing); all rights to causes of action and remedies related thereto (including, without limitation, the right to sue for past, present or future infringement, misappropriation or violation of rights related to the foregoing); and any and all other rights and interests arising out of, in connection with or in relation to the Copyrights.

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⁴ In the event that Buyer designates one or more of its Affiliates to acquire the Acquired Assets pursuant to the Asset Purchase Agreement, this Form shall be modified as appropriate by Seller to the extent necessary to reflect such designated Affiliate(s) as the applicable Assignee.

IN WITNESS WHEREOF, Assignor has caused this Copyright Assignment to be executed by its duly authorized representative as of the Effective Time.

**ASSIGNOR:
GAMETECH INTERNATIONAL, INC.**



By: Andrew E. Robinson
Name:
Title: CFO SR V.P.

GAMETECH ARIZONA CORPORATION



By: Andrew E. Robinson
Name:
Title: PRESIDENT

GAMETECH CANADA CORP.



By: Andrew E. Robinson
Name:
Title: PRESIDENT

GAMETECH MEXICO S. DE R.L. DE C.V.



By: Andrew E. Robinson
Name:
Title: PRESIDENT

ATTACHMENT A TO COPYRIGHT ASSIGNMENT

See attached

EXHIBIT I

FORM OF TRADEMARK ASSIGNMENT⁵

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

TRADEMARK ASSIGNMENT

This Trademark Assignment (this "Trademark Assignment") is being delivered pursuant to that certain Asset Purchase Agreement, dated as of August 8, 2012 (the "Asset Purchase Agreement") by and between GameTech International, Inc., a Delaware corporation; GameTech Arizona Corporation, an Arizona corporation; GameTech Canada Corp., a corporation organized under the laws of Nova Scotia; and GameTech Mexico S. de R.L. de C.V., a company organization under the laws of Mexico (collectively, "Assignor"), YI GT Acquisition, Inc., a Delaware corporation ("Assignee") and solely with respect to Section 2.06(e), Yuri Itkis Gaming Trust of 1993.

A. Assignor owns certain trademarks and/or service marks, and applications and/or registrations for such marks, as listed in Attachment A attached hereto and incorporated herein by this reference (the "Marks").

B. Assignor and Assignee have entered into the Asset Purchase Agreement, assigning, among other things, all right, title and interest in and to the Marks from Assignor to Assignee.

C. Any capitalized term used but not otherwise defined in this Trademark Assignment has the meaning ascribed to such term in the Asset Purchase Agreement.

NOW, THEREFORE, for good and valuable consideration as set forth in the Asset Purchase Agreement, the receipt and sufficiency of which hereby is acknowledged, Assignor hereby sells, conveys, assigns, transfers and delivers to Assignee and its successors and assigns, free and clear of all Liens and Claims, effective as of 11:59 p.m. Las Vegas, Nevada time on September __, 2012 (the "Effective Time"), Assignor's entire right, title and interest in and to the Marks, and to the applications and/or registrations for the Marks, together with the goodwill of the business symbolized by the Marks, including the right to sue and recover for any past infringement thereof.

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⁵ In the event that Buyer designates one or more of its Affiliates to acquire the Acquired Assets pursuant to the Asset Purchase Agreement, this Form shall be modified as appropriate by Seller to the extent necessary to reflect such designated Affiliate(s) as the applicable Assignee.

IN WITNESS WHEREOF, Assignor has caused this Trademark Assignment to be executed by its duly authorized representative as of the Effective Time.

ASSIGNOR:

GAMETECH INTERNATIONAL, INC.



By: Andrew E. Robinson
Name: Andrew E. Robinson
Title: CFO SR. U.P.

GAMETECH ARIZONA CORPORATION



By: President
Name: Andrew E. Robinson
Title: Andrew E. Robinson

GAMETECH CANADA CORP.



By: Andrew E. Robinson
Name: Andrew E. Robinson
Title: President

GAMETECH MEXICO S. DE R.L. DE C.V.



By: Andrew E. Robinson
Name: Andrew E. Robinson
Title: President

ATTACHMENT A TO TRADEMARK ASSIGNMENT

See attached

EXHIBIT J

FORM OF DOMAIN NAME ASSIGNMENT AGREEMENT⁶

DOMAIN NAMES ASSIGNMENT AGREEMENT

This Domain Names Assignment Agreement (this “Domain Names Assignment Agreement”) is made as of September __, 2012, by and between GameTech International, Inc., a Delaware corporation; GameTech Arizona Corporation, an Arizona corporation; GameTech Canada Corp., a corporation organized under the laws of Nova Scotia; and GameTech Mexico S. de R.L. de C.V., a company organization under the laws of Mexico (collectively, “Assignor”) and YI GT Acquisition, Inc., a Delaware corporation (“Assignee”).

RECITALS

- A. Assignor is the sole owner of all right, title and interest in and to the domain names set forth on Section 3.9(a) of the Seller Disclosure Schedule (collectively, the “Domain Names”) as part of the entire business or portion thereof to which the Domain Names pertain.
- B. Assignor has duly registered the Domain Names with [NAME OF REGISTRAR] (the “Registrar”).
- C. Assignor and Assignee have entered into that certain Asset Purchase Agreement, dated as of July 30, 2012 (the “Asset Purchase Agreement”), assigning, among other things, all right, title and interest in and to the Domain Names from Assignor to Assignee.
- D. Any capitalized term used but not otherwise defined in this Domain Names Assignment Agreement has the meaning ascribed to such term in the Asset Purchase Agreement.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained herein, the parties hereto agree as follows:

1. Assignment. Assignor hereby sells, conveys, assigns, transfers and delivers to Assignee and its successors and assigns, free and clear of all Liens and Claims, effective as of 11:59 p.m. Las Vegas, Nevada time on September __, 2012 (the “Effective Time”) and as contemplated by the Asset Purchase Agreement, all of Assignor’s right, title and interest throughout the world in and to the Domain Names.
2. Transfer of Domain Names and Rights. Assignor has prepared and submitted or will promptly prepare and submit to the appropriate individuals or entities all forms and other documents requested by Buyer to transfer the Domain Names and Rights to Buyer. Further, Assignor will take all other actions requested by Buyer to transfer the Domain Names and Rights to Buyer.

⁶ In the event that Buyer designates one or more of its Affiliates to acquire the Acquired Assets pursuant to the Asset Purchase Agreement, this Form shall be modified as appropriate by Buyer and Seller to the extent necessary to reflect such designated Affiliate(s) as the applicable Assignee.

3. Further Assurances. Assignor agrees (a) to furnish upon request to Assignee such further information, (b) to execute and deliver to Assignee such other documents, and (c) to do such other acts and things, all as Assignee may reasonably request for the purpose of carrying out the intent of this Domain Names Assignment Agreement and the transactions contemplated by this Domain Names Assignment Agreement.

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IN WITNESS WHEREOF, the parties hereto have caused this Domain Names Assignment Agreement to be executed by their duly authorized representatives as of the date first above written.

ASSIGNOR:
GAMETECH INTERNATIONAL, INC.



By: Andrew E. Robinson
Name:
Title: CFO Sr. V.P.

GAMETECH ARIZONA CORPORATION



By: Andrew E. Robinson
Name:
Title: PRESIDENT

GAMETECH CANADA CORP.



By: Andrew E. Robinson
Name:
Title: PRESIDENT

GAMETECH MEXICO S. DE R.L. DE C.V.



By: Andrew E. Robinson
Name:
Title: PRESIDENT

ASSIGNEE:
YI GT ACQUISITION, INC.

By:
Name:
Title:

EXHIBIT K

FORM OF FIRPTA CERTIFICATE

**FIRPTA NOTIFICATION LETTER
CERTIFICATE OF NON-FOREIGN STATUS**

1. Section 1445 of the U.S. Internal Revenue Code provides that a transferee of a U.S. real property interest must withhold tax if the transferor is a foreign person. To inform the transferee that withholding of tax is not required upon the disposition of a U.S. real property interest by GameTech International, Inc., a Delaware corporation and GameTech Arizona Corp., an Arizona corporation (collectively, the "Sellers"), the undersigned hereby certifies under penalties of perjury the following on behalf of the respective Seller:

(a) Seller is not a foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder) or a nonresident alien for U.S. income tax purposes;

(b) GameTech International, Inc.'s U.S. employer identification number is 33-0612983 and GameTech Arizona Corp.'s U.S. employer identification number is [_____]; and

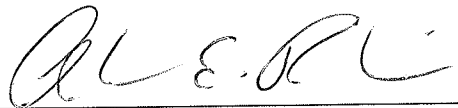
(c) GameTech International, Inc.'s office address is 8850 Double Diamond Parkway, Reno, Nevada 89521 and GameTech Arizona Corp.'s office address is [_____].

(d) As of the date hereof, Seller is not a "U.S. real property holding corporation" (a "USRPHC") as defined in § 897(c)(2) of the Code and Treas. Reg. § 1.897-2(b), and the Company has not been a USRPHC for the five-year period ending on the date hereof.

2. Each Seller understands that this Certification may be disclosed to the U.S. Internal Revenue Service by the transferee and hereby consents to such disclosure, and each Seller understands that any false statement contained herein could be punished by fine, imprisonment, or both.

3. Under penalties of perjury I declare that I have examined this Certification and to the best of my knowledge and belief it is true, correct, and complete, and I further declare that I have authority to sign this document on behalf of the respective Seller.

GAMETECH INTERNATIONAL, INC.

By: 
Name: Andrew R. Robinson
Title: CFO SR. V.P.
Dated: 8-8-2012

GAMETECH ARIZONA CORP.

By: AL E. ROBINSON
Name: ANDREW E. ROBINSON
Title: PRESIDENT
Dated: 8-8-2012

EXHIBIT L

ASSIGNMENT CONSENTS

Each Potential Assumed Executory Contract set forth on Exhibit C if and only if such Potential Assumed Executory Contract becomes an Assumed Executory Contract pursuant to Section 2.01(b).

See attached

EXHIBIT M
FORM OF BIDDING PROCEDURES ORDER

EXHIBIT C TO BID PROCEDURES/SALE MOTION
Bid Procedures

BID PROCEDURES

These bid procedures (the “**Bid Procedures**”) set forth the process by which GameTech International, Inc., GameTech Arizona Corp., GameTech Canada Corp. and GameTech Mexico S. R.L. de C.V. (collectively, the “**Debtors**”) shall market their assets to interested parties and conduct a sale by auction (the “**Auction**”).

On August 10 2012, the Debtors filed their *Motion for Entry of an Orders (A)(I) Approving Bid Procedures Relating to the Sale of the Debtors’ Assets; (II) Approving Bid Protections; (III) Scheduling a Hearing to Consider the Sale; (IV) Approving the Form and Manner of Notice of Sale by Auction; (V) Establishing Procedures for Noticing and Determining Cure Amounts; and (VI) Granting Related Relief; and (B)(I) Approving Asset Purchase Agreement and Authorizing the Sale of Certain Assets of Debtors Outside the Ordinary Course of Business; (II) Authorizing the Sale of Assets Free and Clear of All Liens, Claims, Encumbrances and Interests; (III) Authorizing the Assumption, Sale and Assignment of Certain Executory Contracts and Unexpired Leases; and (IV) Granting Related Relief* (the “**Sale Motion**”) [Docket No. ____], to be heard by the United States Bankruptcy Court for the District of Delaware (the “**Bankruptcy Court**”) (i) on August 21, 2012 with respect to the Bid Procedures and the Bid Protections, and (ii) on September 27, 2012 (or at such other time as the Bankruptcy Court may determine) with regard to all other matters related to the Sale Motion (the “**Sale Hearing**”). On August 21, 2012, the Bankruptcy Court entered an *Order (I) Approving Bid Procedures Relating to the Sale of the Debtors’ Assets; (II) Approving Bid Protections; (III) Scheduling a Hearing to Consider the Sale; (IV) Approving the Form and Manner of Notice of Sale by Auction; (V) Establishing Procedures for Noticing and Determining Cure Amounts; and (VI) Granting Related Relief* [Docket No. ____] thereby approving these Bid Procedures and the Bid Protections.

The Debtors and YI GT Acquisition, Inc. (the “**Stalking Horse**”) have entered into an asset purchase agreement (the “**Purchase Agreement**”), attached as Exhibit 1, for the sale of substantially all of the Debtors’ assets (the “**Assets**”). Capitalized terms used in these Bid Procedures and not otherwise defined shall have the meanings ascribed to such terms in the Purchase Agreement.

Any party desiring to obtain a copy of the Purchase Agreement or a form of Non-Disclosure Agreement (as defined below) may do so by contacting the Debtors’ counsel at:

Greenberg Traurig, LLP
200 Park Avenue
New York, NY 10166
Attn: Matthew L. Hinker
Fax: (212) 801-6400
E-mail: hinkerm@gtlaw.com

The Debtors provide these Bid Procedures for use by Potential Bidders (as defined below) and Qualified Bidders (as defined below) in submitting bids proposing a transaction to purchase or otherwise acquire substantially all, or a portion, of the Assets, and, as necessary, qualifying for and participating in the Auction.

1. Important Dates

The Debtors shall:

- Assist Qualified Bidders in conducting their reasonable due diligence investigations;
- Negotiate, solicit and entertain offers for the sale of the Assets pursuant to the terms of these Bid Procedures;
- Accept Written Offers (as defined below) from Qualified Bidders (as defined below) until 5:00 p.m. (Eastern Time) on September 17, 2012;
- Select the Successful Bidder and Backup Bidder(s) (each as defined below) at the conclusion of the Auction to be held on September 20, 2012 at 10:00 a.m. (Eastern Time); and
- Seek authority to sell assets to such Successful Bidder(s) at the Sale Hearing, to be held before the Bankruptcy Court on September 27, 2012 at 2:00 p.m. (Eastern Time).

2. Assets to be Sold

The Debtors seek to sell substantially all of their Assets in their entirety as a going concern; provided, that the Debtors will consider offers for portions of their Assets including bids solely for the VLT Business or the Bingo Business.

3. Qualified Bidders, Non-Disclosure Agreements and Access to Data Room

Any person or entity wishing to bid on some or all of the Assets (each a “**Potential Bidder**”) must deliver (unless previously delivered) to the Debtors a confidentiality and non-disclosure agreement (a “**Non-Disclosure Agreement**”) in form and substance no less protective of the Debtor than the confidentiality and nondisclosure agreement entered into by the Debtors and the Stalking Horse.

The Debtors will afford any Potential Bidder who executes and delivers a Non-Disclosure Agreement such reasonable due diligence access or additional information as may be reasonably requested by the Potential Bidder that the Debtors, in their business judgment, determine to be reasonable and appropriate. The Debtors will coordinate all reasonable requests for additional information and due diligence access from such Potential Bidders. The Debtors shall not be obligated to furnish any due diligence information after the conclusion of the Auction. Neither the Debtors nor their advisors are responsible for, or will bear liability with respect to, any information obtained by Potential Bidders in connection with due diligence. Notwithstanding anything contained herein to the contrary, the Debtors will decide what, if any, diligence information to make available to a particular Potential Bidder in their business judgment, and neither the Debtors nor their representatives will be obligated to furnish any information of any kind whatsoever to any party.

Potential Bidders seeking information about the qualification process should contact counsel to the Debtors:

Greenberg Traurig, LLP
200 Park Avenue
New York, NY 10166
Attn: Matthew L. Hinker
Fax: (212) 801-6400
E-mail: hinkerm@gtlaw.com

A “Qualified Bidder” is a Potential Bidder that (a) delivers a Non-Disclosure Agreement, (b) demonstrates to the Debtors a reasonable likelihood of the ability to close on the proposed transaction in a timely manner (including the financial capability of the Potential Bidder to consummate the proposed transaction for the desired Assets and the ability to receive the necessary governmental, gaming, licensing, regulatory, or other approvals necessary for such proposed transaction), and (c) submits a Qualified Bid as set forth below. As promptly as practicable after a Potential Bidder delivers a Non-Disclosure Agreement, and in all events by not later than 12:00 p.m. (Eastern Time) on the day preceding the Auction, the Debtors shall determine, and shall notify the Potential Bidder in writing, whether the Potential Bidder is a Qualified Bidder. By not later 12:00 p.m. (Eastern Time) on the day preceding the Auction, the Debtors shall provide copies of all Qualified Bids (as defined below) to the Stalking Horse and to each other Qualified Bidder that has submitted a Qualified Bid.

Qualified Bidders requesting information in connection with their due diligence should contact the Debtors. Notwithstanding the foregoing or anything else in these Bid Procedures, the Stalking Horse (or any designated Affiliate thereof) is hereby determined to be a Qualified Bidder for all purposes at the Auction, and shall be permitted to credit bid pursuant to section 363(k) of the Bankruptcy Code to the extent permitted by law. For the avoidance of doubt, the Stalking Horse shall be entitled to credit bid all of the amounts outstanding under (i) the promissory notes dated June 15, 2011 issued by GameTech International, Inc. and held by the Stalking Horse, and (ii) any post-petition financing provided to the Debtors by the Stalking Horse.

4. Bid Protections for the Stalking Horse

Recognizing the Stalking Horse’s expenditure of time, energy and resources, the Debtors have agreed to provide certain bidding protections to the Stalking Horse. As a result, the Debtors have agreed subject to the terms of the Purchase Agreement to provide the Stalking Horse with the following bid protections: (i) a breakup fee in an amount of \$400,000 (the “**Breakup Fee**”) and (ii) reimbursement of Stalking Horse’s reasonable, documented out of pocket expenses in conducting due diligence and negotiating and documenting the transactions contemplated by the Purchase Agreement not to exceed \$140,000 (the “**Reimbursement Amount**,” and together with the Breakup Fee, the “**Bid Protections**”). In the event that (A) the Assets are sold to a Successful Bidder that is not the Stalking Horse, (B) the Debtors take any overt action to seek or support Bankruptcy Court approval of any transaction, sale, or plan of reorganization or liquidation accepted by Debtors as being the highest and best offer pursuant to these Bid Procedures, or otherwise, whereby all or a material portion of the Debtors’ business is purchased

by, or otherwise conveyed to, a person other than the Stalking Horse and/or one or more of its affiliates, or (C) the Debtors take any overt action to seek or support a plan under Chapter 11 of the Bankruptcy Code that contemplates the sale or retention of the Assets in a manner substantially inconsistent with the terms of the Purchase Agreement, the Debtors will be obligated to pay the Stalking Horse the amount of the Bid Protections in accordance with the terms of the Purchase Agreement. The Breakup Fee and the Expense Reimbursement payable pursuant to these Bid Procedures shall be a super-priority administrative expense claim senior to all other administrative expense claims in the Debtors' bankruptcy cases under Section 364(c)(1) of the Bankruptcy Code, subject to any carve-out or other super-priority administrative claims provided in applicable cash collateral or financing orders entered by the Bankruptcy Court.

5. Requirements for a Qualified Bid

In order to participate in the Auction, if any, a Qualified Bidder must deliver to the Debtors a written offer (each, a "**Written Offer**"), which in order to be deemed a "Qualified Bid," must meet each of the requirements listed below:

- (a) State that the Qualified Bidder is prepared to enter into a legally binding purchase and sale agreement for the acquisition of the Assets on terms and conditions no less favorable to the Debtors than the terms and conditions contained in the Purchase Agreement (as determined by the Debtors in their business judgment, and taking into account the Bid Protections);
- (b) Be accompanied by a clean and duly executed and binding Purchase Agreement or alternate purchase and sale agreement (together with the exhibits and schedules thereto, a "**Modified Agreement**");
- (c) Be accompanied by a marked Modified Agreement reflecting any variations from the Purchase Agreement;
- (d) Be accompanied by a list of any executory contracts or unexpired leases that are to be assumed and/or assigned under such Written Offer;
- (e) Contain evidence of financing, access to funds or such other financial and other information that will reasonably allow the Debtors to make a determination as to such Qualified Bidder's financial and other capabilities to consummate the transactions contemplated by the Purchase Agreement or Modified Agreement, which evidence is satisfactory to the Debtors in their discretion including, without limitation, such financial and other information setting forth adequate assurance of future performance under section 365 of title 11 of the Bankruptcy Code in a form requested by the Debtors;
- (f) To the Debtors' satisfaction, (i) fully disclose the identity of each entity that will be bidding for the Assets or otherwise participating in connection with such bid, (ii) the terms of any such participation, and if an entity has been formed for the purpose of acquiring some, or all, of the Assets, the parties that will bear liability for any breach by such entity, and (iii) the

ability of such parties to obtain government, gaming, licensing or regulatory approval in connection with the consummation of any proposed transaction;

- (g) State that the Written Offer is irrevocable until the closing of the transaction, if such Qualified Bidder is designated as a Successful Bidder or a Backup Bidder (each as defined below);
- (h) Not request or entitle the Qualified Bidder to any transaction or break-up fee, expense reimbursement, or similar type of payment;
- (i) Not contain any material due diligence or financing contingencies as determined by the Debtors in their reasonable discretion;
- (j) Provide evidence of authorization and approval from the Qualified Bidder's board of directors (or comparable governing body) with respect to the submission, execution, delivery and closing of the Purchase Agreement or Modified Agreement to the Debtors' satisfaction;
- (k) Include a good faith deposit (the "**Good Faith Deposit**") in the form of a certified check, wire transfer or such other form as is acceptable to the Debtors payable to the order of GameTech International, Inc. (or such other party as the Debtors may determine) in an amount equal to at least 10% of the purchase price set forth in the Written Offer;
- (l) Set forth the anticipated timeframe for (i) obtaining any required approvals, and (ii) consummating the proposed transactions;
- (m) Include a written acknowledgement by such Qualified Bidder that it agrees to the terms of the Bidding Procedures;
- (n) Include such other information as may be reasonably requested in writing by the Debtors at least two (2) calendar days prior to the Auction; and
- (o) Provide for a closing date (the "**Closing Date**") which shall be no later than 15 days after the date of the Sale Hearing or such later date as is acceptable to the Debtors.

The Purchase Agreement with the Stalking Horse constitutes a Qualified Bid.

Any Good Faith Deposit accompanying a Written Offer that the Debtors determine not to be a Qualified Bid shall be returned promptly following such determination. Between the Bid Deadline (as defined below) and the Auction, the Debtors may negotiate or seek clarification of any Qualified Bid from a Qualified Bidder. Without the consent of the Debtors, a Qualified Bidder may not amend, modify or withdraw its Qualified Bid, except for proposed amendments to increase the amount or otherwise improve the terms of the Qualified Bid, during the period that such Qualified Bid is required to remain irrevocable and binding.

6. Bid Deadline

All Qualified Bids must be received prior to 5:00 p.m. (Eastern Time) on September 7, 2012 (the “Bid Deadline”), by each of the parties listed below.

Debtors: GameTech International, Inc.
8850 Double Diamond Parkway
Reno, Nevada 89521
Attn: James Robertson
Fax: (775) 850-6115
E-mail: jrobertson@gtiemail.com

Debtors’ Counsel: Greenberg Traurig, LLP
200 Park Avenue
New York, NY 10166
Attn: Matthew L. Hinker
Fax: (212) 801-6400
E-mail: hinkerm@gtlaw.com

7. Determination of Qualified Bids

Debtors shall, by no later than noon Eastern Time one (1) day prior to the Auction, (i) determine in their business judgment, whether a Written Offer is a Qualified Bid and (ii) notify each Qualified Bidder submitting a Written Offer whether that Written Offer is a Qualified Bid.

8. “As Is, Where Is”

Except as otherwise provided in the applicable agreement, the sale of any or all of the Assets shall be on an “as is, where is” basis and without representations or warranties of any kind, nature or description by the Debtors, its agents or its estate except to the extent set forth in the applicable agreement of the Successful Bidder(s) as approved by the Bankruptcy Court. Except as otherwise provided in the applicable agreement, all of the Debtors’ right, title and interest in and to the Assets subject thereto shall be sold free and clear of all Liens, Claims, Interests and Encumbrances (collectively, the “**Interests**”) in accordance with sections 363 and 365 of the Bankruptcy Code, with such Interests to attach to the net proceeds of the sale of the Assets. Each Qualified Bidder shall be deemed to acknowledge and represent that it has had an opportunity to conduct any and all desired due diligence regarding the Assets prior to making its Qualified Bid, that it has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Assets in making its Qualified Bid, and that it did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express, implied, by operation of law or otherwise, regarding the Assets, or the completeness of any information provided in connection therewith or the Auction, except as expressly stated in these Bid Procedures or, as to the Successful Bidder(s), the terms of the transaction(s) as set forth in the applicable agreement.

9. Auction

In the event that, as the case may be, two or more Qualified Bids are received, the Debtors shall conduct an Auction of the Assets. The Auction shall be held on September 20, 2012 at 10:00 a.m. (Eastern Time) at the offices of Greenberg Traurig, LLP, Suite 1200, The Nemours Building, 1007 North Orange Street, Wilmington, Delaware, and continue thereafter until completed. Subject to Section 10 hereof, the Debtors reserve the right to cancel or postpone the Auction or to not proceed with any sale transaction in their sole discretion.

Except as otherwise permitted in the Debtors' discretion, only the Debtors, the Debtors' pre- and post-petition secured lenders, any statutory committee appointed in these cases, and Qualified Bidders and their respective professionals shall be entitled to attend the Auction. Only a Qualified Bidder that submitted a Qualified Bid is eligible to participate in the Auction.

The Auction shall be governed by the following procedures:

- (a) Qualified Bidders shall appear in person at the Auction, or through a duly authorized representative.
- (b) Except with respect to subsections (e) and (f) below, the Debtors, in their discretion, may conduct the Auction, in the manner that they determine, in their business judgment and may adopt rules for the Auction at the Auction that, in the Debtors' business judgment, will better promote the goals of the Auction and that are not inconsistent with any of the provisions of the Bid Procedures Order or the Purchase Agreement. No such rules shall limit the right of the Stalking Horse to credit bid indebtedness owing to it. All such rules will provide that: (i) the Auction procedures must be fair and open, and not intended to cause any participating Qualified Bidder to be disadvantaged in any material way as compared to any other participating Qualified Bidder, and (ii) all participating Qualified Bidders shall be entitled to be present for all bidding with the understanding that the true identity of each bidder (i.e., the principals submitting each bid) shall be fully disclosed to all other participating Qualified Bidders and that all material terms of each Qualified Bid will be fully disclosed to all other bidders throughout the entire Auction. Each bid by a Qualified Bidder at the Auction, if not inconsistent with the provisions of these Bid Procedures, shall be deemed to constitute a Qualified Bid. Notwithstanding the foregoing, any overbid by the Stalking Horse will be credited with the amount of the Bid Protections, for purposes of comparison with other bids (it being understood that, as provided in Section 9(e) of these Bid Procedures, if the Stalking Horse is the Successful Bidder at the Auction, it shall not be entitled to payment of the Bid Protections).
- (c) The Debtors will arrange for the actual bidding at the Auction to be transcribed.

- (d) Each Qualified Bidder participating in the Auction will be expected to confirm at the Auction that it has not engaged in any collusion regarding these Bid Procedures with any other Qualified Bidder, the Auction or any proposed transaction relating to the Assets or a portion thereof.
- (e) At the Auction, the first bid for the Assets other than the offer of Stalking Horse set forth in the Purchase Agreement shall be considered only if it exceeds the purchase price set forth in the Purchase Agreement by a minimum of (i) the amount that would be owed if the Debtors would be required to pay the Bid Protections to the Stalking Horse *plus* (ii) cash consideration in an amount not less than \$100,000. Subsequently, bidding will continue in minimum increments of at least \$100,000, with the specific increments for each round of bidding to be announced on the record at the Auction.
- (f) All Qualified Bidders shall have the right to, at any time, request that the Debtors announce, subject to any potential new bids, the then current highest or best bid and, to the extent requested by any Qualified Bidder, use reasonable efforts to clarify any and all questions such Qualified Bidder may have regarding the Debtors' announcement of the then current highest or best bid.
- (g) In the Debtors' discretion, all Qualified Bidders shall have the right to submit additional bids and make additional modifications to the Purchase Agreement or Modified Agreement, as applicable, at the Auction, provided, however, that any such modifications to the Purchase Agreement or Modified Agreement, on an aggregate basis and viewed in whole, shall not be less favorable to the Debtors as determined by the Debtors.
- (h) Upon conclusion of the bidding, the Auction shall be closed, and the Debtors shall, as soon as practicable identify and determine in its business judgment the highest and/or best Qualified Bid for the Assets (the "Successful Bid" and the entity or entities submitting such Successful Bid, the "Successful Bidder"), taking into account the Stalking Horse's entitlement to the Bid Protection, if applicable, and advise the Qualified Bidders of such determination, and require the Successful Bidder (other than Stalking Horse) to deliver an executed Purchase Agreement or Modified Agreement prior to commencement of the Sale Hearing.
- (i) In addition, the Debtors will determine which Qualified Bid, if any, is the next highest and/or best Qualified Bid and designate such Qualified Bid as a "Backup Bid" in the event the Successful Bidder fails to consummate the contemplated transaction. A Qualified Bidder that submitted a Qualified Bid that is designated a Backup Bid is a "Backup Bidder". Each Backup Bid shall remain open and binding until the earlier of (i) two business days after the closing of the transaction(s) by which all of the Assets that were

subject to such Backup Bid have been transferred to one or more Qualified Bidders pursuant to these Bid Procedures and (ii) fourteen (14) days after the date of the Auction.

- (j) Following the conclusion of the Auction, the Debtors may resume bidding on such procedures determined by the Debtors in their discretion for the sale of discrete assets not sold to the Successful Bidder.

10. Sole Qualified Bid

If the Purchase Agreement with the Stalking Horse is the only Qualified Bid submitted by the Bid Deadline, the Debtors may determine not to hold an Auction and instead shall request at the Sale Hearing that the Bankruptcy Court approve the Purchase Agreement with the Stalking Horse.

11. Sale Hearing

The Sale Hearing will be held before the Honorable Peter J. Walsh on September 27, 2012, at 2:00 p.m. (Eastern Time) at the United States Bankruptcy Court for the District of Delaware, located in Courtroom 2, Sixth Floor, 824 Market Street, Wilmington, DE 19801. At the Sale Hearing, the Debtors shall present the results of the Auction to the Bankruptcy Court and seek approval for the Successful Bid and any Backup Bid(s). Upon (i) entry of an order approving a Successful Bid other than that of Stalking Horse, and (ii) consummation of an Alternate Transaction, the Debtors shall pay to the Stalking Horse a sum equal to the Bid Protections without further order of the Bankruptcy Court.

Following the Sale Hearing approving the transaction with respect to the Assets to the Successful Bidder, if such Successful Bidder fails to consummate an approved transaction for any reason, the appropriate Backup Bidder(s) shall be designated the Successful Bidder and the Debtors shall be authorized to effect such transaction without further order of the Bankruptcy Court. The Successful Bidder and Backup Bidder (if any) should be represented by counsel at the Sale Hearing.

12. Consummation of the Purchase

- (a) Closing Date; Good Faith Deposit

The Successful Bidder shall consummate the sale transaction contemplated by the Successful Bid (the “**Purchase**”) on or before the Closing Date. If a Successful Bidder successfully consummates an approved transaction by the Closing Date, such Successful Bidder’s Good Faith Deposit shall be applied to the purchase price in such transaction.

If the Successful Bidder either fails to consummate the Purchase on or before the Closing Date, breaches the Purchase Agreement or Modified Agreement or otherwise fails to perform, the Debtors shall, without further order of the Bankruptcy Court, deem the Successful Bidder to be a “Defaulting Buyer,” at which time the Successful Bid shall be deemed rejected.

Subject to Stalking Horse’s rights to the Bid Protections, the Debtors shall be entitled to (i) retain the Good Faith Deposit as part of its damages resulting from the breach or failure to

perform by the Defaulting Buyer, and (ii) seek all available damages from such Defaulting Buyer occurring as a result of such Defaulting Buyer's failure to perform.

(b) Back-Up Purchase

Upon a determination by the Debtors that the Successful Bidder is a Defaulting Buyer, the Debtors shall consummate a sale transaction with the Backup Bidder on the terms and conditions of the Backup Bid (the "**Backup Purchase**") without further order of the Bankruptcy Court.

If a Backup Bidder consummates a Backup Purchase, the Good Faith Deposit of such Backup Bidder will be applied to the purchase price in such transaction. In the event that the Debtors seek to consummate a Backup Purchase with a Backup Bidder and such Backup Bidder fails to consummate the Backup Purchase on or before the alternative Closing Deadline, breaches the Purchase Agreement or Modified Agreement or otherwise fails to perform, the Debtors may, in their discretion and without further order of the Bankruptcy Court, deem such Backup Bidder to be a Defaulting Buyer.

13. Return of Good Faith Deposits

Good Faith Deposits of all Qualified Bidders shall be held in an interest-bearing escrow account. Except for the Successful Bidder and the Backup Bidder(s), the Debtors shall hold the Good Faith Deposits of all Qualified Bidders that submit Written Offers until three (3) business days after the closing of the sale with the Successful Bidder or such other bidder who acquires some or all of the Assets.

EXHIBIT 1 TO BID PROCEDURES
Asset Purchase Agreement

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT, dated as of August 8, 2012, is by and between GameTech International, Inc., a Delaware corporation; GameTech Arizona Corp., an Arizona corporation; GameTech Canada Corp., a corporation organized under the laws of Nova Scotia; and GameTech Mexico S. de R.L. de C.V., a company organization under the laws of Mexico (each a “Seller” and, collectively, “Sellers”), YI GT Acquisition, Inc., a Delaware corporation (“Buyer”), and solely with respect to Section 2.06(f), Yuri Itkis Gaming Trust of 1993 (the “Trust”).

RECITALS

A. The Sellers are engaged in the business of developing, manufacturing, marketing, distributing and supporting a variety of gaming entertainment products and systems including, but not limited to, products and systems for the bingo market (as currently conducted by Sellers, the “Bingo Business”) and products and services for the video lottery terminal market (as currently conducted by the Sellers, the “VLT Business” and, together with the Bingo Business, the “Business”).

B. On July 2, 2012 (the “Petition Date”), each of the Sellers filed voluntary petitions for reorganization relief (the “Bankruptcy Cases”) pursuant to chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”).

C. Sellers desire to sell to Buyer (or one or more Affiliates of Buyer designated by Buyer), and Buyer (directly or through one or more Affiliates of Buyer designated by Buyer) desires to acquire from Sellers, the Acquired Assets, and Buyer (directly or through its designated Affiliate(s)) is willing to assume the Assumed Obligations, all upon the terms and subject to the conditions of this Agreement.

D. The Trust is the sole stockholder of Buyer.

E. Buyer and Sellers desire that the Acquired Assets be sold pursuant to the terms of this Agreement and an order entered by the Bankruptcy Court approving such sale under Section 363 of the Bankruptcy Code, as provided in a sale order substantially in the form set forth in Exhibit A or as is otherwise acceptable to Sellers and Buyer (the “Sale Order”), and the assumption and assignment of the Assumed Executory Contracts under Section 365 of the Bankruptcy Code.

F. The transactions contemplated by this Agreement are subject to the approval of the Bankruptcy Court and will be consummated only pursuant to the Sale Order to be entered in the Bankruptcy Cases.

NOW, THEREFORE, in consideration of the foregoing premises, the mutual representations, warranties, covenants and agreements hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Buyer and Sellers agree as follows:

ARTICLE 1

DEFINITIONS

1.01 Definitions. Any capitalized term used but not otherwise defined in this Agreement has the meaning ascribed to such term in Appendix A to this Agreement.

1.02 Interpretation. The definitions set forth or referred to in Appendix A shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The headings to the Articles and Sections are for convenience of reference and shall not affect the meaning or interpretation of this Agreement. The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”. The words “hereof,” “herein” and “herewith” and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole and not to any particular provision of this Agreement. All references herein to Articles, Sections, Exhibits, Appendices, and Schedules shall be deemed to be references to Articles and Sections of, and Exhibits, Appendices, and Schedules to, this Agreement unless the context shall otherwise require. Unless the context shall otherwise require, any reference to any contract, instrument, statute, rule or regulation is a reference to it as amended and supplemented from time to time (and, in the case of a statute, rule or regulation, to any successor provision). Any reference in this Agreement to a “day” or a number of “days” (without the explicit qualification of “Business”) shall be interpreted as a reference to a calendar day or number of calendar days. Any reference in this Agreement to \$ or dollars shall mean U.S. dollars. Any reference to any party to this Agreement or any other agreement or document shall include such party’s permitted successors and assigns. The Exhibits, Appendices, and Schedules hereto are hereby incorporated by reference into, and shall be deemed a part of, this Agreement; provided, however, that no Exhibit consisting of a form of agreement or instrument shall be deemed to become effective until executed and delivered by the appropriate parties.

ARTICLE 2

PURCHASE AND SALE OF ASSETS

2.01 Acquired Assets.

(a) Pursuant to Sections 105, 363, and 365 of the Bankruptcy Code, upon the terms and subject to the conditions of this Agreement and the Sale Order, at the Closing, each Seller shall sell, convey, assign, transfer and deliver to Buyer (or one or more Affiliates of Buyer designated by Buyer), free and clear of all Liens, Claims, Interests, and Encumbrances, and Buyer (directly or through one or more Affiliates of Buyer designated by Buyer) shall purchase, acquire, accept, and take assignment and delivery of, all properties, assets, rights, titles and interests of every kind and nature, owned, licensed or leased by such Seller, as the same shall exist at the Effective Time, whether tangible or intangible, real or personal and wherever located and by whomever possessed and whether held by such Seller, its Affiliates, or any Third Party other than the Excluded Assets (collectively the “Acquired Assets” but exclusive, in all cases, of the Excluded Assets). Except as provided in the representations and warranties of Sellers in this Agreement (none of which representations and warranties will survive the Closing), the

Acquired Assets are being purchased hereunder on an “as is” basis and with all faults. Notwithstanding anything to the contrary in any other provision of this Agreement or any document or instrument executed pursuant hereto but without limiting the covenants of the Parties hereunder, to the extent that any of the Acquired Assets are leased, licensed or otherwise held by Seller pursuant to an agreement with a Third Party, Buyer (directly or through its designated Affiliate(s)) shall only acquire the right to use and possession, as applicable, of such Acquired Assets if the corresponding lease, license or other agreement is assigned to and assumed by Buyer (or its designated Affiliate(s)) pursuant to the Sale Order at the Closing. The Acquired Assets shall include, without limitation, all of the following assets:

(i) Cash and Cash Equivalents. All cash and cash equivalents (including marketable securities and short-term investments) other than the Cash Purchase Price;

(ii) Receivables. All accounts, payment intangibles, general intangibles, chattel paper, letters of credit, notes receivable, checks, and instruments (the “Receivables”);

(iii) Inventory. All inventory of Seller Products and its components, wherever located and whether held by any Seller or any Third Party (it being understood that any such inventory may be in the possession of a Third Party at the Closing in the Ordinary Course of Business, and that the purchase and sale of such inventory shall not be conditioned upon Sellers obtaining possession of such inventory at the Closing), including all raw materials, work in process, samples, packaging, supplies, service parts, purchased parts and goods (collectively, the “Inventory”), any and all rights to market and sell all such Inventory and all warehouse receipts, bills of lading and similar documents;

(iv) Machinery and Equipment. All machinery and equipment (including manufacturing assembly and test equipment), fixed assets, tools (including lab tools), spare and replacement parts, maintenance equipment, materials, networks, computers, printers, servers, or other equipment, wherever located and whether held by any Seller or any Third Party (it being understood that any such machinery or equipment may be in the possession of a Third Party at the Closing in the Ordinary Course of Business, and that the purchase and sale of such machinery and equipment shall not be conditioned upon Sellers obtaining possession of such machinery and equipment at the Closing);

(v) Personal Property. All office furnishings and furniture, display racks, shelves, decorations, fixtures, supplies and other tangible personal property (the “Personal Property”);

(vi) Seller Intellectual Property Assets. All Seller Intellectual Property Assets;

(vii) Deposits and Advances. All performance and other bonds, letters of credit, security and other deposits, advances, advance payments, prepaid credits and deferred charges (the “Deposits and Advances”);

(viii) Assumed Executory Contracts. All rights and claims in, to and under the Contracts to which a Seller is a party or may be bound or receive benefits or by which

the Acquired Assets or the Assumed Obligations may be affected as set forth on Exhibit B, including any offsetting claims and rights of recoupment in favor of Seller (collectively, as may be revised pursuant to the terms of this Agreement, the “Assumed Executory Contracts”); provided, however, that such Exhibit may be revised in accordance with Section 2.01(b);

(ix) Books and Records. All books, files, papers, agreements, correspondence, databases, information systems, programs, software, documents, records and documentation thereof related to any of the Acquired Assets or the Assumed Obligations, or used in the conduct of the Business, in whatever medium, including paper, electronic and otherwise, whether held by Seller or by any Third Party unless transfer of such records is prohibited by Law or such items constitute Excluded Assets pursuant to Section 2.02 (the “Books and Records”);

(x) Governmental Approvals. All Governmental Approvals (and pending applications therefor);

(xi) Claims. All commercial torts and other claims, choses-in-action, rights in action, rights to tender claims or demands to Sellers’ insurance companies (except to the extent the related insurance policy is an Excluded Asset), rights to any insurance proceeds (except to the extent the related insurance policy is an Excluded Asset), rights under any policy of insurance or tail under which Sellers are insured (except to the extent the related insurance policy is an Excluded Asset), rights to any Damages, and other similar claims including any attorney-client privileges related thereto (collectively, the “Seller Claims”) other than any and all claims and causes of action under Chapter 5 of the Bankruptcy Code including any attorney-client privileges related thereto (collectively, the “Chapter 5 Claims”);

(xii) Goodwill. All goodwill generated by or associated with the Business; and

(xiii) Other Assets. All other assets, properties, rights and claims related to the operations or conduct of the Business or which arise in or from the conduct thereof, including any attorney-client privileges related thereto other than the Excluded Assets.

(b) Notwithstanding anything to the contrary in this Agreement, (i) Sellers shall not reject (or make any motion to reject) any Assumed Executory Contract, (ii) Sellers shall not reject (or make any motion to reject) any Contract set forth on Exhibit C prior to the Closing (collectively, the “Potential Assumed Executory Contracts”) unless expressly agreed to by Buyer in writing, and (iii) Buyer shall have the right, in its sole discretion, to exclude any asset of Sellers from, or include any asset of Sellers in, the Acquired Assets (including the right, in Buyer’s sole discretion, to exclude any Contract from, or include any Contract in, the definition of Assumed Executory Contract) by providing written notice to Sellers at least three (3) Business Days prior to the Closing. Notwithstanding the foregoing sentence, Buyer may only revise Exhibit B to (A) add any Contract to such Exhibit after the filing of such Exhibit pursuant to Section 5.05(a) with the consent of the counterparty to such Contract and (B) remove any Assumed Executory Contract if (x) the Final Cure Cost associated with such Assumed Executory Contract exceeds an amount equal to 200% of the Estimated Cure Cost (provided it the Estimated Cure Costs is greater than \$0) associated with such Assumed Executory Contract or (y) a breach of such Contract by Sellers has triggered non-monetary obligations of Sellers or any

rights or defenses of the counterparty to such Contract that Buyer deems materially disadvantageous to Buyer.

(c) For purposes of this Agreement, with respect to any Assumed Executory Contract or Potential Assumed Executory Contract, “Estimated Cure Cost” means Seller’s best estimate, as of the date of this Agreement, of the respective costs of cure required to be satisfied in order for Seller to assume and assign such Assumed Executory Contract and Potential Assumed Executory Contract as set forth on Exhibit B or Exhibit C.

2.02 Excluded Assets. Notwithstanding anything to the contrary in Section 2.01, the following assets of Seller shall be retained by Seller and are not being sold or assigned to Buyer (or its designated Affiliate(s)) hereunder (collectively, the “Excluded Assets”).

- (a) Certain Cash. The Cash Purchase Price;
- (b) Certain Claims. Any Chapter 5 Claims and any Seller Claims that relate exclusively to an Excluded Asset and the attorney-client privileges related thereto;
- (c) Corporate Documents. Corporate seals, certificates of incorporation, minute books, stock transfer records, or other records related to the corporate organization of Sellers;
- (d) Employee Benefit Contracts. Seller Employee Benefit Plans and contracts of insurance for employee group medical, dental and life insurance plans;
- (e) Records. All personnel records and other records that Sellers are required by applicable Law to retain in its possession;
- (f) Deposits. Any Deposits and Advances solely related to any of the Excluded Assets or Excluded Liabilities;
- (g) Rights under Transaction Documents. All rights of Sellers under the Transaction Documents;
- (h) Director and Officer Claims. Any claims against Sellers’ directors and officers, other than claims for conversion of assets from any Seller, intentional misrepresentation to any Seller or fraud against Seller; and
- (i) Other Excluded Assets. The Contracts not assumed by Buyer (directly or through its designated Affiliate(s)) hereby, and other assets of Sellers not transferred to Buyer (or its designated Affiliate(s)) as set forth on Exhibit D.

2.03 Assumed Obligations.

(a) Upon the terms and subject to the conditions of this Agreement, effective at the Effective Time, Buyer (directly or through its designated Affiliate(s)) shall only assume from Sellers and thereafter only be responsible for the payment, performance or discharge of the following Liabilities (collectively, the “Assumed Obligations”):

(i) the Liabilities and obligations of Sellers arising after the Effective Time under the Assumed Executory Contracts;

(ii) the costs of cure required to be satisfied in order for Sellers to assume and assign each Assumed Executory Contract under Section 365 of the Bankruptcy Code as determined by the Bankruptcy Court (collectively, the “Final Cure Costs”); provided that the aggregate amount of such Final Cure Costs shall not exceed \$203,000;

(iii) all Liabilities arising out of the operation of the Acquired Assets and the Business for periods following the Closing Date;

(iv) all Tax Liabilities relating to the Acquired Assets or the Business for a Tax period (or portion thereof) beginning on and after the Closing Date, but excluding all income Tax liabilities of Sellers for any Tax period;

(v) all Liabilities incurred in the Ordinary Course of Business after the Petition Date which have been accrued but not yet paid; provided, that the aggregate amount of such Liabilities shall not exceed \$250,000 and such Liabilities shall not include any professional fees or other costs of administering the Bankruptcy Code; and

(vi) all Liabilities for distributor commissions, sale and use taxes, paid time off, and 503(b)(9) claims accrued during the post-petition period and in the Ordinary Course of Business; provided that the aggregate amount of such amounts shall not exceed \$330,000.

2.04 No Other Liabilities Assumed. Notwithstanding anything to the contrary in this Agreement, except for the Assumed Obligations, Buyer (directly or through its designated Affiliate(s)) shall not assume and shall not be in any way liable or responsible for (whether directly, indirectly, contingently or otherwise), any Liability of Sellers or any other Person, whether relating to or arising out of the Business, the Excluded Assets or the Acquired Assets or otherwise (collectively, the “Excluded Liabilities”).

2.05 Non-Assignable Assets.

(a) Notwithstanding anything to the contrary in this Agreement, if pursuant to Section 365 or any other provision of the Bankruptcy Code any of the Assumed Executory Contracts or other Acquired Assets are held by the Bankruptcy Court, despite application of Section 365(f) of the Bankruptcy Code for Buyer’s benefit, to be non-assignable or transferable (each, a “Non-Assignable Asset”) without the consent of, or waiver by, a third party (each, an “Assignment Consent”), either as a result of the provisions thereof or applicable Law, and any of such Assignment Consents are not obtained by Sellers on or prior to the Closing Date, Buyer may elect in its sole discretion to have Sellers retain the Non-Assignable Asset and all Liabilities relating thereto to the extent provided for in the Sale Order (provided, that Sellers shall not be required to retain or perform under any Non-Assignable Asset unless Buyer funds any direct and indirect costs associated with such retention or performance), and, in such case, this Agreement and the other Transaction Documents shall not constitute an assignment or transfer of such Non-Assignable Assets, and Buyer (directly or through its designated Affiliate(s)) shall not assume Sellers’ rights or obligations under such Non-Assignable Asset (and such Non-Assignable Asset

shall not be included in the Acquired Assets). Sellers shall provide reasonable cooperation to Buyer in Buyer's efforts to obtain all such Assignment Consents after the Closing Date and thereafter assign to Buyer (or its designated Affiliate(s)) such Non-Assignable Assets. Following any such assignment, such assets shall be deemed Acquired Assets for purposes of this Agreement.

(b) After the Closing, Seller shall cooperate with Buyer to provide Buyer (or its designated Affiliate(s)) with all of the benefits of the Non-Assignable Assets as if the appropriate Assignment Consents had been obtained, including by granting subleases, sublicenses or other rights as appropriate and establishing arrangements whereby Buyer (or one or more Affiliates of Buyer designated by Buyer) shall undertake the work necessary to perform under the Assumed Executory Contracts, provided, that Sellers shall not be required to undertake or perform any such work unless Buyer funds any direct and indirect costs associated with such undertaking or performance.

2.06 Purchase Price. The purchase price payable at the Closing by Buyer to Sellers for the Acquired Assets shall consist of the following (the "Purchase Price"):

(a) the credit pursuant to Section 363(k) of the Bankruptcy Code of all indebtedness owing as of the Effective Time by GameTech International, Inc. to Buyer pursuant to the Amended and Restated Promissory Notes, dated June 15, 2011, issued by GameTech International, Inc. and held by Buyer (the "Seller Promissory Notes");

(b) the credit pursuant to Section 363(k) of the Bankruptcy Code of all DIP Obligations owing as of the Effective Time;

(c) cash in an amount (the "Cash Purchase Price") equal to \$2,500,000 minus the amount of all DIP Obligations owing as of the Effective Time;

(d) the assumption of the Assumed Obligations by Buyer (directly or through its designated Affiliate(s)); and

(e) the payment of all Sales Taxes.

For the avoidance of doubt, Buyer reserves the right to increase the amount of the Purchase Price pursuant to the terms of the Bidding Procedures Order.

(f) The Trust hereby guarantees the due and punctual payment of the Cash Purchase Price pursuant to Section 2.06(c) above and the payment of any monetary damages imposed upon Buyer by a court of competent jurisdiction as a result of Buyer's breach of this Agreement.

2.07 Closing. Upon the terms and subject to the conditions of this Agreement, the closing of the transactions contemplated by this Agreement (the "Closing") shall occur at the offices of Morrison & Foerster LLP, 755 Page Mill Road, Palo Alto, California 94304-1018, or such other place as Buyer and Sellers may mutually agree, as soon as practicable but in no event later than the third (3rd) Business Day following the date upon which all of the conditions set forth in ARTICLE 7 have been satisfied or waived in accordance with this Agreement, or upon

such other date as Buyer and Seller may mutually agree; provided, however, that, absent an order from the Bankruptcy Court that rescinds the automatic fourteen (14) day stay following the entry of the Sale Order, Buyer may elect, in its sole discretion, to delay the Closing until a date not later than the fifteenth (15th) calendar day following the date upon which all of the conditions set forth in ARTICLE 7 have been satisfied or waived in accordance with this Agreement (the “Closing Date”).

2.08 Closing Deliveries by Seller. At the Closing, Sellers shall (a) take all commercially reasonable steps necessary to place Buyer (or its designated Affiliate(s)) in actual possession and operating control of the Business and the Acquired Assets and (b) deliver to Buyer the following items, duly executed by Sellers, as applicable, all of which shall be in form and substance reasonably acceptable to Buyer and its counsel:

(a) General Assignment and Bill of Sale. General Assignment and Bill of Sale, substantially in the form set forth on Exhibit E, covering all of the applicable Acquired Assets (the “General Assignment and Bill of Sale”);

(b) Assignment and Assumption Agreement. Assignment and Assumption Agreement, substantially in the form set forth on Exhibit F, covering all of the Assumed Obligations (the “Assignment and Assumption”);

(c) Intellectual Property Confirmatory Assignments. Any and all documents necessary to properly record the assignment to Buyer (or its designated Affiliate(s)) of all of Seller’s right, title and interest in and to the Seller Intellectual Property Assets, including (i) a patent assignment substantially in the form set forth on Exhibit G, (ii) a copyright assignment substantially in the form set forth on Exhibit H, (iii) a trademark assignment substantially in the form set forth on Exhibit I, and (iv) a domain name assignment agreement substantially in the form set forth on Exhibit J;

(d) Other Conveyance Instruments. Such other specific instruments of sale, transfer, conveyance and assignment as Buyer may reasonably request;

(e) FIRPTA Certificate. A FIRPTA certificate, dated as of the Closing Date, substantially in the form set forth on Exhibit K;

(f) Assumed Executory Contracts. Originals (or, to the extent originals are not available, true and complete executed copies) of all Assumed Executory Contracts (together with all amendments, supplements or modifications thereto);

(g) Books and Records. The Books and Records; and

(h) Officer’s Certificate. A certificate duly executed by an officer of Seller, dated as of the Closing Date (in form and substance reasonably satisfactory to Buyer) certifying on behalf of Seller the matters in Section 7.01(a) and Section 7.01(b).

2.09 Closing Deliveries by Buyer. At the Closing, Buyer shall (a) deliver to Sellers (i) the Assignment and Assumption duly executed by Buyer (or its designated Affiliate(s)) and (ii) deliver to Sellers a certificate, duly executed by a senior officer of Buyer, certifying the matters

set forth in Section 7.02(a) and 7.02(b), in form reasonably satisfactory to Sellers and (b) pay the Cash Purchase Price by wire transfer of immediately available funds to the account or accounts designated in writing by Sellers.

2.10 Closing Deliveries by Buyer and Seller. At the Closing, Buyer and Sellers shall deliver such other certificates, instruments or documents required pursuant to the provisions of this Agreement or otherwise reasonably necessary or appropriate to transfer the Acquired Assets and Assumed Obligations in accordance with the terms of this Agreement and consummate the transactions contemplated by this Agreement, and to vest in Buyer (or its designated Affiliate(s)) and its successors and assigns good and marketable title to the Acquired Assets, free and clear of all Liens, Claims, Interests and Encumbrances other than Permitted Liens. For the avoidance of doubt, notwithstanding anything in the certificates, instruments or documents to be delivered in accordance with this Agreement, none of the representations and warranties in ARTICLE 3 and ARTICLE 4 shall survive the Closing.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES OF SELLER

Except as set forth in the corresponding sections of the disclosure schedules prepared by Sellers and delivered to Buyer in connection with the execution and delivery of this Agreement (the "Seller Disclosure Schedule"), the Sellers hereby represent and warrant to Buyer as of the date of this Agreement as follows:

3.01 Organization, Good Standing, Qualification. GameTech International, Inc. is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, GameTech Arizona Corp. is a corporation duly organized, validly existing and in good standing under the laws of the State of Arizona, GameTech Canada Corp. is a corporation duly organized, validly existing and in good standing under the laws of Nova Scotia, and GameTech Mexico S. de R.L. de C.V. is a company duly organized, validly existing and in good standing under the laws of Mexico, and each such entity has all necessary power and authority to own, lease and operate its properties and to carry on its business as now being conducted. Except as a result of the commencement of the Bankruptcy Cases, each Seller is duly qualified or licensed as a foreign corporation to conduct business and is in good standing in each jurisdiction where the character of the properties owned, leased or operated by it or the nature of its business makes such qualification or licensing necessary, except where the failure to be so duly qualified or licensed and in good standing, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

3.02 Authority; Enforceability. Subject to the entry of the Sale Order, each Seller has all necessary corporate power and authority to execute and deliver this Agreement and the other Transaction Documents, to perform its obligations hereunder and thereunder, and to consummate the transactions contemplated by this Agreement and the other Transaction Documents. The execution, delivery and performance of this Agreement and the other Transaction Documents and the consummation by each Seller of the transactions contemplated by this Agreement and the other Transaction Document have been duly and validly authorized by all requisite corporate action and no other corporate proceedings on the part of Seller are necessary to authorize this

Agreement or the other Transaction Documents or to consummate the transactions contemplated hereby or thereby. This Agreement has been, and at the Closing the other Transaction Documents will be, duly and validly executed and delivered by Sellers. Subject to the entry of the Sale Order, this Agreement constitutes, and at the Closing the other Transaction Documents will constitute, the legal, valid and binding obligation of Sellers, enforceable against Sellers in accordance with their respective terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws and equitable principles related to or limiting creditors' rights generally and by the availability of equitable remedies and defenses, but giving effect to the Sale Order.

3.03 No Conflicts; Required Consents. Subject to the entry of the Sale Order, the execution, delivery and performance of this Agreement and the other Transaction Documents by each Seller do not and will not, with or without notice or lapse of time:

(a) conflict with, violate or result in any breach of (i) any of the provisions of such Seller's certificate of incorporation, articles of incorporation, bylaws or other organizational or constitutional charter documents; (ii) any of the terms or requirements of any Governmental Approval held by such Seller or that otherwise relates to the Business or any of the Acquired Assets or Assumed Obligations; or (iii) any provision of any Assumed Executory Contract;

(b) give any Governmental Authority or other Person the right to (i) declare a default of, exercise any remedy under, accelerate the performance of, cancel, terminate, modify or receive any payment under any Assumed Executory Contract or any Potential Assumed Executory Contract; or (ii) revoke, suspend or modify any Governmental Approval; or

(c) require such Seller to obtain any Consent with respect to any Assumed Executory Contract, Potential Assumed Executory Contract or Governmental Approval or make or deliver any filing or notice to a Governmental Authority, other than filings with the Bankruptcy Court.

3.04 No Subsidiaries. Other than GameTech Arizona Corp., GameTech Canada Corp. and GameTech Mexico S. de R.L. de C.V., each of which is a directly or indirectly wholly-owned subsidiary of GameTech International, Inc., none of the Sellers directly or indirectly owns any equity or similar interest in, or any interest convertible into or exchangeable or exercisable for any equity or similar interest in, any corporation, partnership, joint venture or other business association or Person.

3.05 Legal Proceedings. Except for Claims that will be resolved, eliminated from the Acquired Assets, or discharged pursuant to the Sale Order of the Bankruptcy Court other than the Bankruptcy Case, there are no material Proceedings pending or, to the Knowledge of Sellers, threatened against, relating to or affecting Sellers with respect to the Business or any of the Acquired Assets which could reasonably be expected to have a Material Adverse Effect. Except for Orders of the Bankruptcy Court, there are no Orders outstanding to which the Business or any of the Acquired Assets are subject.

3.06 Financial Statements.

(a) Seller has delivered to Buyer (i) an audited balance sheet, and the related statement of operations, change in stockholders' equity and cash flows, of Seller as of and for the fiscal year ended October 30, 2011, together with the notes thereto (the "Audited Financial Statements"), and (ii) the unaudited balance sheet, and the related unaudited income statement and statement of cash flows, of Seller as of and for the 13-week period ended May 1, 2012 (the "Unaudited Financial Statements" and together with the Audited Financial Statements, the "Financial Statements").

(b) All of the Financial Statements (i) are accurate and complete in all material respects, (ii) are consistent with the Books and Records, (iii) present fairly and accurately in all material respects the financial condition of Seller as of the respective dates thereof and the results of operations, changes in stockholders' equity and cash flows of Seller for the periods covered thereby, and (iv) have been prepared in accordance with GAAP, applied on a consistent basis throughout the periods covered; provided, however, that the Unaudited Financial Statements are subject to year-end adjustments consistent with past practice and do not contain footnotes required by GAAP.

3.07 Material Contracts. Each material Contract to which a Seller is party that is necessary for such Seller to conduct the Business in the Ordinary Course of Business, including Business License Agreements (collectively, the "Material Contracts"), is indicated by an asterisk (*) on Exhibit B or Exhibit C. There are no Material Contracts that are not listed on Exhibit B or Exhibit C. Sellers have made available to Buyer true and complete executed copies of all Material Contracts (or written summaries of the material terms thereof, if not in writing), including all amendments, supplements, modifications and waivers thereof.

3.08 Title. Sellers own, lease or, to the Knowledge of Sellers, have the legal right to use all the Acquired Assets, and Buyer will (subject to entry of the Sale Order and Section 2.05) be vested, to the maximum extent permitted by Sections 363 and 365 of the Bankruptcy Code, with good and valid title to the Acquired Assets free and clear of all Liens, Claims, Interests and Encumbrances, as set forth in the Sale Order, other than Assumed Liabilities and Permitted Liens.

3.09 Seller Intellectual Property Assets.

(a) Except as set forth in Section 3.09 of the Seller Disclosure Schedule (i) with respect to any Seller Intellectual Property Assets owned by any Seller (as opposed to Seller Intellectual Property Assets of which any Seller is a licensee) and included in the Acquired Assets, Sellers have all right, title and interest to all such Seller Intellectual Property Assets, without any conflict known to any Seller with the rights of others, except as would not have a Material Adverse Effect, (ii) to the Knowledge of Sellers, no Person other than Sellers has the right to use the Seller Intellectual Property Assets owned by Sellers and included in the Acquired Assets, and (iii) to the Knowledge of Sellers, Sellers have the valid right to use, pursuant to a license, sublicense or other agreement, any Seller Intellectual Property Assets used in the Business that is owned by a party other than Sellers and included in the Acquired Assets. Section 3.09 of the Seller Disclosure Schedule contains a true and complete list of all (i) Registered Seller Intellectual Property, specifying as to each item the applicable jurisdiction and

registration or application number, and (ii) Seller-owned unregistered trademarks, trade names and service marks that are material to the conduct of the Business.

(b) Except as a result of the filing of the Bankruptcy Cases, all Business License Agreements are in full force and effect, and enforceable in accordance with their terms. Sellers are in material compliance with, and have not breached any material term of, any such Business License Agreements. No Business License Agreement grants to any Person any exclusive right with respect to any Owned Seller Intellectual Property Asset.

3.10 Compliance with Laws. Except as set forth in Section 3.10 of the Seller Disclosure Schedule and as would not (a) materially adversely affect the ability of Sellers to carry out their obligations under, and to consummate the transactions contemplated by, this Agreement and the Transaction Documents or (b) otherwise have a Material Adverse Effect, each Seller (i) has complied with, is in compliance with and has operated the Business in compliance with all applicable Laws and Permits, and (ii) holds all material Permits. Except as set forth in Section 3.10 of the Seller Disclosure Statement, no Seller has received any written notice or other written communication from any Governmental Authority or other Person (x) asserting any violation of, or failure to comply with, any requirement of any Law or Permit or (y) notifying a Seller of the non-renewal, revocation or withdrawal of any Permit.

3.11 Employee Matters. None of the Sellers or their ERISA Affiliates do not sponsor, participate in or contribute to and have not in the past sponsored, participated in or contributed to and have no current or contingent obligation with respect to (a) any Seller Employee Benefit Plan that is subject to Title IV of ERISA, (b) any “multiemployer plan” as defined in Section 3(37) of ERISA or any Seller Employee Benefit Plan maintained pursuant to a collective bargaining agreement, (c) any plan or arrangement that provides medical benefits, death benefits or other welfare benefits following cessation of employment, except to the extent required by Part 6 of Title I of ERISA or any similar state or foreign law, or (d) any “welfare benefit fund” within the meaning of Section 419 of the IRC. There is no organized labor strike, dispute, slowdown, lockout, work stoppage or labor strike or unfair labor practice claim pending against Sellers or reasonably anticipated, or, to the Knowledge of Sellers, threatened with respect to Sellers’ employees. To the Knowledge of Sellers, there are no activities or proceedings of any labor union or organization to organize any of Sellers’ employees. There are no actions, suits, claims, labor disputes or grievances pending, or, to the Knowledge of Sellers, threatened or reasonably anticipated relating to any labor, safety, wage and hour, contract, tort, retaliation, discrimination or other labor and employment matters involving any of Sellers’ employees, including charges of unfair labor practices, discrimination complaints, or matters arising under the Worker Adjustment and Retraining Notification Act, as amended, or any similar state or foreign plant closing or mass layoff laws. Sellers are not a party to, or bound by, any collective bargaining agreement or union contract, formal or informal with respect to Sellers’ employees and no collective bargaining agreement is being negotiated by Sellers with respect to any of Sellers’ employees.

3.12 Brokers. No broker, finder or investment banker is entitled to any brokerage, finder’s or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Sellers.

3.13 Estimated Cure Costs. Exhibit B or Exhibit C sets forth a true and complete list of the Estimated Cure Cost for each Assumed Executory Contract and Potential Assumed Executory Contract, respectively, that has an Estimated Cure Cost greater than \$0.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF BUYER

Except as set forth in the corresponding sections of the disclosure schedules prepared by Buyer and delivered to Seller in connection with the execution and delivery of this Agreement (the "Buyer Disclosure Schedule"), Buyer hereby represents and warrants to Sellers as of the date of this Agreement as follows:

4.01 Organization and Good Standing. Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, and has all requisite power and authority to own, lease and operate its properties and to carry on its business as now being conducted.

4.02 Authority. Buyer has all necessary corporate power and authority to execute and deliver this Agreement and the other Transaction Documents, to perform its obligations hereunder and thereunder, and to consummate the transactions contemplated by this Agreement and the other Transaction Documents. The execution, delivery and performance of this Agreement and the other Transaction Documents and the consummation by Buyer of the transactions contemplated by this Agreement and the other Transaction Documents have been duly and validly authorized by all requisite corporate action and no other corporate proceedings on the part of Buyer are necessary to authorize this Agreement or the other Transaction Documents or to consummate the transactions contemplated hereby or thereby. This Agreement has been, and at the Closing the other Transaction Documents will be, duly and validly executed and delivered by Buyer (or its designated Affiliate(s)). This Agreement constitutes, and at the Closing the other Transaction Documents will constitute, the legal, valid and binding obligation of Buyer (or its designated Affiliate(s)), enforceable against Buyer (or its designated Affiliate(s)) in accordance with their respective terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws and equitable principles related to or limiting creditors' rights generally and by the availability of equitable remedies and defenses.

4.03 Brokers. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Buyer.

4.04 Financing. Buyer currently has, and on the Closing Date will have, sufficient immediately available funds in such amount as is required to pay the full Purchase Price and to make all other payments required by the terms hereof to consummate the transactions contemplated hereunder on the terms set forth herein and otherwise to perform all of Buyer's obligations under this Agreement

4.05 Litigation. Buyer is not a party to any action that is pending or, to Buyer's knowledge, threatened in any court, whether at law or in equity, whether civil or criminal in

nature or by or before any arbitrator or Governmental Authority, that would adversely affect Buyer's ability to perform its obligations under this Agreement on a timely basis.

4.06 No Conflicts; Required Consents. The execution, delivery and performance of this Agreement and the other Transaction Documents by Buyer do not and will not, with or without notice or lapse of time conflict with, violate or result in any breach of any of the provisions of Buyer's certificate of incorporation, articles of incorporation, bylaws or other organizational or constitutional charter documents. The execution, delivery and performance of this Agreement and the other Transaction Documents by Buyer do not and will not, with or without notice or lapse of time, conflict with, violate or result in any breach of any of the terms or requirements of any Governmental Approval held by Buyer that would result in any material delay in the consummation of the transactions contemplated by this Agreement.

ARTICLE 5

PRE-CLOSING COVENANTS

5.01 Seller's Conduct of the Business Prior to the Closing. From the date of this Agreement until the earlier of the termination of this Agreement in accordance with its terms and the Closing Date, Sellers covenant and agree to use its commercially reasonable efforts to ensure that the Business shall be conducted only in, and Sellers shall not take any action except in the Ordinary Course of Business (other than actions required by the Bankruptcy Code or any applicable Law or any ruling or order of the Bankruptcy Court including the Bankruptcy Court Orders), and Sellers shall use their commercially reasonable best efforts consistent with the applicable Budget to preserve substantially intact the business organization of Sellers, to keep available the services of the current officers, employees, independent contractors and consultants of Sellers and to preserve the current relationships of Sellers with customers, suppliers and other Persons with which Sellers have business relations. Without limiting the generality of the foregoing, from the date of this Agreement until the earlier of the termination of this Agreement in accordance with its terms and the Closing Date, except as specifically contemplated by this Agreement, Sellers shall not, directly or indirectly, do or propose to do any of the following without the prior written consent of Buyer except as required by ruling or order of the Bankruptcy Court including the Bankruptcy Court Orders:

(a) Enter into any commitment or transaction not in the Ordinary Course of Business or pay any disbursements that exceed amounts in the Budget by more than 10%;

(b) Terminate any employees, independent contractors or other service providers of Sellers or grant severance or termination pay to any director, officer, employee, independent contractor or consultant;

(c) Enter into any transaction with its officers, directors or stockholders or their Affiliates except reimbursement of reasonable travel expenses and other benefits related to work performed for Sellers incurred in the Ordinary Course of Business by officers and directors consistent with past practices and to the extent such expenses are permitted, and the amounts thereof do not exceed the amounts contemplated, by the Budget;

(d) Amend or otherwise modify the material terms of any Assumed Executory Contract, Potential Assumed Executory Contract or Governmental Approval;

(e) Transfer to any Person any rights with respect to any Seller Intellectual Property Assets other than nonexclusive licenses entered into in the Ordinary Course of Business;

(f) Sell, lease, license or otherwise dispose of any of the Acquired Assets outside of the Ordinary Course of Business except for any such sale, lease, license or other disposition required by the Bankruptcy Court Orders;

(g) Commence a Proceeding other than (i) Proceedings required by the Bankruptcy Court Orders or (ii) Proceedings (including the filing of motions) before the Bankruptcy Court that are customary in a Chapter 11 bankruptcy case and that would not be reasonably expected to delay the Closing or otherwise have a material adverse effect on Buyer's rights hereunder;

(h) Other than the DIP Facility, incur any indebtedness for borrowed money or guarantee any such indebtedness or issue or sell any debt securities or guarantee any debt securities of others;

(i) Pay, discharge or satisfy any Liability, other than the payment, discharge or satisfaction of obligations in the Ordinary Course of Business or in connection with the Bankruptcy Cases except for any such payment, discharge or satisfaction required by the Bankruptcy Court Orders or otherwise approved by the Bankruptcy Court;

(j) Make any material Tax election other than in the Ordinary Course of Business, change any material Tax election, adopt any material Tax accounting method other than in the Ordinary Course of Business, change any material Tax accounting method, file any material Tax Return (other than any estimated Tax Returns, payroll Tax Return or sales Tax Return) or any amendment to a material Tax Return, enter into any closing agreement, settle any Tax claim or assessment, or consent to any extension or waiver of the limitation period, applicable to any Tax claim or assessment;

(k) Cancel, materially amend or renew any insurance policy that is an Acquired Asset other than in the Ordinary Course of Business consistent with past practices;

(l) Take any action or fail to take any action that would reasonably be expected to have a Material Adverse Effect; or

(m) Enter into any contract or agree, in writing or otherwise, to take any of the actions described above in this Section 5.01, or any action that would make any of its representations or warranties contained in this Agreement untrue or incorrect in any material respect or prevent it from performing or cause it not to perform its covenants hereunder except as required by the Bankruptcy Court Orders or as limited by the Budget.

5.02 Access to Information and Facilities. From the date of this Agreement until the Closing, each Seller shall: (a) permit Buyer and its representatives to have free and complete

access at all reasonable times, and in a manner so as not to unreasonably interfere with the normal business operations of such Seller, to all premises, properties, employees, independent contractors, personnel, Persons having business relationships with such Seller (including suppliers, licensees, customers and distributors), books, records (including Tax records), contracts, and documents of or pertaining to such Seller; (b) furnish Buyer with all financial, operating and other data and information related to the Business (including copies thereof), as Buyer may reasonably request; and (c) otherwise cooperate and assist, to the extent reasonably requested by Buyer, with Buyer's investigation of such Seller, the Business, the Acquired Assets and the Assumed Obligations; provided, that Sellers shall be entitled to present information in encoded, redacted, anonymized or aggregated form to information to protect the Sellers' competitively sensitive information or legal privileges. No information or knowledge obtained in any investigation pursuant to this Section 5.02 shall affect or be deemed to modify any representation or warranty contained herein or the conditions to the obligations of the Parties to consummate the transactions contemplated by this Agreement. Subject to Section 5.09(a), all information obtained by Buyer pursuant to this Section 5.02 shall remain subject to the Confidentiality and Non-Disclosure Agreement.

5.03 Certain Notifications. From the date of this Agreement until the Closing, upon Knowledge of Sellers of such an event occurring, Sellers shall promptly notify Buyer in writing regarding any:

- (a) action taken by Sellers not in the Ordinary Course of Business and any circumstance or event that would reasonably be expected to have a Material Adverse Effect;
- (b) fact, circumstance, event, or action by Sellers (A) which, if known on the date of this Agreement, would have been required to be disclosed in or pursuant to this Agreement; or (B) the existence, occurrence, or taking of which would result in any of the representations and warranties of Sellers contained in this Agreement or in any Transaction Document not being true and correct in any material respect when made or at the Closing;
- (c) breach of any covenant or obligation of Sellers hereunder; and
- (d) circumstance or event which will result in, or would reasonably be expected to result in, the failure of Sellers to timely satisfy any of the closing conditions specified in ARTICLE 7.

5.04 Pre-Closing Covenants of Buyer. Buyer covenants to Sellers that, during the period from the date hereof through and including the Closing or the earlier termination of this Agreement in accordance with the provisions hereof:

- (a) Buyer agrees that it will cooperate as reasonably requested by Sellers to assist in establishing adequate assurance of future performance within the meaning of Section 365 of the Bankruptcy Code with regard to the Assumed Executory Contracts. Buyer shall take such actions as may be reasonably requested by Sellers to assist Sellers in obtaining the Bankruptcy Court's entry of the Sale Order and any other order of the Bankruptcy Court reasonably necessary to consummate the transactions contemplated by this Agreement.

(b) Buyer shall ensure that, on the Closing Date, Buyer will have sufficient funds to pay in full all of the Cure Amounts with respect to the Assumed Executory Contracts that are assumed and assigned to Buyer and pay the Cash Purchase Price.

(c) Buyer shall use commercially reasonable efforts to obtain or consummate the transfer to Buyer of any Permit required to own or operate the Acquired Assets under applicable Laws.

(d) Buyer shall promptly notify Sellers of, and furnish Sellers any information they may reasonably request with respect to, any event that would reasonably be expected to cause any of the conditions set forth in Section 7.02 not to be fulfilled by the Termination Date.

5.05 Bankruptcy Actions.

(a) Promptly after the execution of this Agreement (and in no event later than the next Business Day following execution of this Agreement), Seller shall file and serve a motion (together with supporting papers and with proper notice thereof on interested parties as required by the Bankruptcy Code and the Rules) seeking entry of the bidding procedures order of the Bankruptcy Court, substantially in the form set forth on Exhibit M (the “Bidding Procedures Order”) or otherwise in form and substance reasonably satisfactory to Buyer and Seller, on the Bankruptcy Court’s docket, which order will set a date for the Auction on such notice so as to allow Third Parties a meaningful opportunity to present an overbid. Seller shall use reasonable best efforts to obtain, through the entry of the Bidding Procedures Order, prompt Bankruptcy Court approval of a fee in an amount equal to Four Hundred Thousand Dollars (\$400,000) payable to Buyer in cash (the “Breakup Fee”), plus a reimbursement of Buyer in cash in an amount equal to all reasonable and actual out-of-pocket and third-party costs and expenses (including expenses of counsel and other outside consultants) incurred and documented by Buyer (or its designated Affiliate(s)) in connection with Buyer’s due diligence investigation of Seller and the Business and the negotiation, execution and delivery of this Agreement and the other Transaction Documents and the transactions contemplated by this Agreement (the “Expense Reimbursement”), upon the first to occur of any of the events set forth in Section 8.02(a)(i) or Section 8.02(a)(ii); provided, however, that the Expense Reimbursement shall in no event be greater than One Hundred Forty Thousand Dollars (\$140,000). Sellers shall request the Bankruptcy Court to hold a hearing on shortened notice to approve entry of the Bidding Procedures Order as soon as possible.

(b) Concurrently with the filing of the motion to approve the Bidding Procedures Order, Seller shall file with the Bankruptcy Court one or more motions seeking to approve the transactions contemplated by this Agreement (collectively, the “Sale Motion”), which motion shall seek the entry of the Sale Order, substantially in the form set forth on Exhibit A or otherwise in form and substance reasonably satisfactory to Buyer and Sellers. Sellers shall promptly provide Buyer with copies of any objections to the Sale Order. Buyer shall take such actions as are reasonably requested by Sellers to assist Sellers in obtaining a finding by the Bankruptcy Court that upon execution of this Agreement Buyer is deemed to have purchased the Acquired Assets in good faith pursuant to Section 363(m) of the Bankruptcy Code and shall be responsible for providing evidence necessary to establish to the Bankruptcy Court that it has the necessary qualifications to provide adequate assurance of future performance with respect to the

Assumed Executory Contracts as required by Section 365 of the Bankruptcy Code. A list of the Assumed Executory Contracts and the proposed Final Cure Costs associated with such Contracts shall be filed with the Bankruptcy Court and served in accordance with the Bidding Procedures Order on or before ten (10) Business Days prior to the Sale Hearing. In cases in which Seller is unable to establish that a default exists, the relevant cure amount shall be set at \$0.00.

(c) In the event an appeal is taken, or a stay pending appeal is requested or reconsideration is sought, from the Sale Order, and Buyer has not also been served with papers related to such appeal, stay or reconsideration and such papers are not available to Buyer through the Bankruptcy Court's electronic filing system, Sellers shall promptly notify Buyer of such appeal or stay request and shall promptly provide to Buyer a copy of the related notice of appeal or order of stay or application for reconsideration. To the extent not available to Buyer through the Bankruptcy Court's electronic filing system, Sellers shall also promptly provide Buyer with written notice (and copies) of any other or further notice of appeal, motion or application filed in connection with any appeal from or application for reconsideration of, either of such orders and any related briefs if Buyer is not also included on such additional documents and communications.

(d) To the extent not available to Buyer through the Bankruptcy Court's electronic filing system, Sellers shall promptly notify Buyer in writing and, as is required by the Bankruptcy Code, all parties entitled to notice pursuant to the Bankruptcy Code, the Rules and orders of the Bankruptcy Court, of all motions, notices and orders required to consummate the transactions contemplated by this Agreement, including the Sale Order, as modified by orders in respect of notice which may be issued at any time and from time to time by the Bankruptcy Court. From the date of this Agreement, prior to filing any papers or pleadings in the Bankruptcy Case that relate primarily to this Agreement or Buyer, Sellers shall provide Buyer with a copy of such papers or pleadings.

5.06 Reasonable Efforts. From the date of this Agreement until the Closing, except as specifically contemplated by this Agreement and subject to the order of the Bankruptcy Court and any other Governmental Authority, each of Sellers and Buyer shall use their respective reasonable efforts to cause to be fulfilled and satisfied all of the other Party's conditions to closing set forth in ARTICLE 7.

5.07 Consents, Governmental Approvals and Permits. To the extent that the need for the same will not be obviated by entry of the Sale Order, Sellers shall use commercially reasonable efforts (without Sellers incurring any monetary cost not funded by Buyer): (a) to obtain all Consents with respect to the Assumed Executory Contracts and the Potential Assumed Executory Contracts and Governmental Approvals required or necessary to consummate the transactions contemplated by this Agreement (including any Consent with respect to any Assumed Executory Contract or any Potential Assumed Executory Contract or Governmental Approval as may be required to be obtained under any applicable antitrust or competition Laws), (b) to make all filings, applications, statements and reports to all Governmental Authorities that are required to be made prior to the Closing Date by or on behalf of Sellers or any of their Affiliates pursuant to any applicable Law (including any filing, application, statement or report as may be required pursuant to applicable antitrust or competition Laws) in connection with this Agreement and the transactions contemplated by this Agreement, and (c) to obtain all Consents

with respect to the Assumed Executory Contracts and the Potential Assumed Executory Contracts and Governmental Approvals required or necessary to assign and transfer the Sellers Permits included in the Acquired Assets to Buyer (or one or more Affiliates of Buyer designated by Buyer) at the Closing. To the extent that Buyer's participation in obtaining any Consent or Governmental Approval described above is required, Buyer shall cooperate with Sellers in their efforts to obtain such Consents or Governmental Approvals.

5.08 Solicitation. As consideration for substantial expenditures of time, effort and expense undertaken and continuing by Buyer in connection with the completion of its due diligence review of the Business and the preparation, negotiation, and execution of this Agreement, Seller acknowledges and agrees that subject to Bankruptcy Court approval, Buyer shall be the stalking horse bidder in connection with the sale process and except as may otherwise be required by Bankruptcy Court Order or compliance with its fiduciary duties as confirmed by debtor-in-possession counsel, Seller shall not participate in any negotiations for the purpose of naming any Person other than Buyer as the stalking horse bidder in the Auction; provided that Seller may solicit, encourage and negotiate higher or better offers for the Acquired Assets pursuant to the terms of the Bidding Procedures Order, and provided further that Seller may, pursuant to the terms of the Bidding Procedures Order (i) in response to an acquisition proposal for some or all of the Acquired Assets, participate in negotiations or discussions with, request clarifications from, or furnish information to, any Person which makes such acquisition proposal, and (ii) continue discussions and negotiations and continue to provide information to any Person with which Seller has been conducting such discussions or negotiations. Nothing herein shall limit the ability of the Sellers to comply with their fiduciary duties under applicable Law.

5.09 Confidentiality; Non-Disclosure.

(a) Seller and Buyer acknowledge that Seller and Buyer entered into the Confidentiality and Non-Disclosure Agreement. If this Agreement is terminated, the Confidentiality and Non-Disclosure Agreement shall continue to remain in full force and effect. Upon the Closing, (i) Buyer shall not be bound by any of the terms of the Confidentiality and Non-Disclosure Agreement in respect of the Acquired Assets, the Assumed Obligations and the Business (exclusive of the Excluded Assets and the Excluded Liabilities), and (ii) Seller shall remain bound by all the terms of the Confidentiality and Non-Disclosure Agreement.

(b) Effective as of the Effective Time, Sellers assign and transfer unto Buyer all of Sellers' rights to enforce against any Third Party the terms of, any proprietary information, nondisclosure or confidentiality agreements by and between Sellers and any Third Party, including but not limited to employees of Sellers.

(c) After the Closing, each Seller agrees that it shall not make, participate in the making of, or knowingly encourage any other Person to make, any statement, whether written or oral, that disparages or defames the Business.

5.10 Taxes.

(a) Except as set forth on Section 5.10 of the Seller Disclosure Schedule, on or prior to the Closing (or after the Closing when due and payable, to the extent such Tax Returns are required to be filed and Taxes are due and payable after the Closing), Sellers shall use commercially reasonable efforts to timely file all Tax Returns required to be filed by them and shall pay all Taxes which are or will be owed by Sellers and attributable to periods prior to the Closing.

(b) Buyer shall be responsible for any sales, use, purchase, transfer, franchise, deed, fixed asset, stamp, documentary stamp, use or other Taxes and recording charges due and which may be payable by reason of the sale of the Acquired Assets or the assumption of the Assumed Obligations under this Agreement or the transactions contemplated herein (collectively, "Sales Taxes") and Sellers shall prepare and timely file all Tax Returns required to be filed in connection with such payments.

ARTICLE 6

EMPLOYEES AND INDEPENDENT CONTRACTORS

6.01 Transferred Employees and Transferred Contractors. From the date of this Agreement, Buyer (directly or through its designated Affiliate(s)) shall have the right, in its sole discretion, to negotiate employment or other arrangements with such employees or independent contractors of Seller as determined by Buyer. Buyer (or its designated Affiliate(s)) may offer employment prior to the Closing (but contingent upon the occurrence of the Closing) to such employees or independent contractors of Seller as of the Closing Date as determined by Buyer in its sole discretion (such employees who accept such offer of employment, the "Transferred Employees" and such independent contractors who accept such offer of employment, the "Transferred Contractors") upon the terms and subject to the conditions as determined by Buyer in its sole discretion.

6.02 Records of Transferred Employees and Transferred Contractors. Seller shall provide promptly to Buyer, at Buyer's request, any information or copies of records (including, to the extent applicable, personnel records such as addresses, dates of birth, dates of hire and dependent information) relating to the Transferred Employees and the Transferred Contractors or relating to the service of the Transferred Employees and the Transferred Contractors with Seller (and predecessors of Seller, as applicable) prior to the Closing Date to the extent that providing such records is not prohibited by Law. Seller and Buyer shall each cooperate with the other and shall provide to the other such documentation, information and assistance as is reasonably necessary to effect the provisions of this ARTICLE 6.

6.03 No Benefit to Employees or Independent Contractors of Seller Intended. Nothing contained in this Agreement shall confer upon any employee or independent contractor of Seller prior to the Closing or any Transferred Employee or Transferred Contractor any right with respect to continuance of employment or other arrangement by Buyer or any of its Affiliates, nor shall anything herein interfere with the right of Buyer or any of its Affiliates to terminate the employment of any employee or independent contractor, including any Transferred Employee or

Transferred Contractor, at any time, with or without notice and for any or no reason, or restrict Buyer or any of its Affiliates in modifying any of the terms or conditions of employment of any employee, including any Transferred Employee or Transferred Contractor, after the Closing.

6.04 COBRA. Upon the Closing, to the extent required by applicable Law, Buyer (directly or through its designated Affiliate(s)) shall provide COBRA coverage to the employees of Seller who are “M&A Qualified Beneficiaries” (as defined in the regulations issued pursuant to COBRA) at such employee’s expense. Such coverage provided by Buyer shall be provided solely under Buyer’s employee benefit plans, and only to those to whom Buyer is required to provide COBRA coverage under applicable Law. Buyer hereby agrees that all of the employees of Seller at the Closing to whom Buyer (or its designated Affiliate(s)) does not make an offer of employment and who lose their group health coverage with Seller are M&A Qualified Beneficiaries to whom Buyer (or its designated Affiliate(s)) is required to offer COBRA coverage in accordance with the COBRA rules.

ARTICLE 7

CONDITIONS TO CLOSING

7.01 Conditions Precedent to Obligations of Buyer. The obligations of Buyer to consummate the transactions contemplated by this Agreement are subject to satisfaction of the following conditions, unless waived by Buyer in writing:

(a) Representations and Warranties. The representations and warranties of Sellers contained in this Agreement which are not qualified as to materiality shall be true and accurate in all material respects on and as of the date made and as of the Closing Date as if made at and as of such date and the representations and warranties of Sellers contained in this Agreement which are qualified as to materiality shall be true and accurate on and as of the date made and as of the Closing Date as if made at and as of such date (except those representations and warranties that address matters only as of a particular date or only with respect to a specific period of time, which need only be true and accurate (or true and accurate in all material respects, as applicable) as of such date or with respect to such period).

(b) Performance of Obligations. Sellers shall have performed in all material respects all obligations and covenants required to be performed by them under this Agreement and any other agreement or document entered into in connection herewith prior to the Closing Date.

(c) Bidding Procedures Order. The Bidding Procedures Order, substantially in the form set forth on Exhibit M or otherwise in form and substance satisfactory to Buyer, shall have been entered by the Bankruptcy Court.

(d) Sale Order. The Sale Order, substantially in the form set forth on Exhibit A or otherwise in form and substance satisfactory to Buyer, shall have been entered by the Bankruptcy Court and shall be a Final Order and such Order shall not have been stayed, modified, reversed or amended in any manner materially adverse to Buyer; and Sellers shall have received from the Bankruptcy Court all other orders, approvals and consents required to transfer

the Acquired Assets free and clear of all Liens and Claims and to consummate the transactions contemplated by this Agreement, and Buyer shall have received evidence thereof satisfactory to Buyer and its counsel.

(e) Litigation. No stay shall exist, and no Order shall have been entered that restrains or prohibits the consummation of the transactions contemplated by this Agreement.

(f) Assignment Consents. Buyer shall have received the consents with respect to the Assumed Executory Contracts set forth on Exhibit L in form and substance reasonably satisfactory to Buyer.

(g) Closing Deliveries. Sellers shall have delivered to Buyer all of the closing deliveries set forth in Section 2.08 and Section 2.10.

(h) Government Consents. All Governmental Approvals necessary to permit the parties to perform their obligations under this Agreement and to consummate the transactions contemplated by this Agreement shall have been duly obtained, made or given and shall be in full force and effect, and all terminations or expirations of waiting periods imposed by any Gaming Authority necessary for the consummation of the transactions contemplated by this Agreement, including, if required, under the Gaming Regulations shall have occurred; for the avoidance of doubt, the condition in this Section 7.01(h) shall not require Buyer to obtain any Governmental Approvals necessary to operate any portion of the Business after the Closing and Buyer acknowledges that absent any such required Governmental Approvals, Buyer may lack the ability to use any of the Acquired Assets in the operation of such portion of the Business after the Closing notwithstanding the consummation of Buyer's purchase of the Acquired Assets hereunder.

7.02 Conditions Precedent to Obligations of Seller. The obligations of Sellers to consummate the transactions contemplated by this Agreement are subject to satisfaction of the following conditions, unless waived by Seller in writing:

(a) Representations and Warranties. The representations and warranties of Buyer contained in this Agreement which are not qualified as to materiality shall be true and accurate in all material respects on and as of the date made and as of the Closing Date as if made at and as of such date and the representations and warranties of Buyer contained in this Agreement which are qualified as to materiality shall be true and accurate on and as of the date made and as of the Closing Date as if made at and as of such date (except those representations and warranties that address matters only as of a particular date or only with respect to a specific period of time, which need only be true and accurate (or true and accurate in all material respects, as applicable) as of such date or with respect to such period).

(b) Performance of Obligations. Buyer (directly or through its designated Affiliate(s)) shall have performed in all material respects all obligations and covenants required to be performed by it under this Agreement and any other agreement or document entered into in connection herewith prior to the Closing Date.

(c) Closing Deliveries. Buyer shall have delivered to Seller all of the closing deliveries set forth in Section 2.09 and Section 2.10.

(d) Bidding Procedures Order. The Bidding Procedures Order, substantially in the form set forth on Exhibit M or otherwise in form and substance satisfactory to Seller, shall have been entered by the Bankruptcy Court.

(e) Sale Order. The Sale Order, substantially in the form set forth on Exhibit A or otherwise in form and substance satisfactory to Seller, shall have been entered by the Bankruptcy Court and shall be a Final Order and such Order shall not have been stayed, modified, reversed or amended in any manner materially adverse to Sellers.

(f) Government Consents. All Governmental Approvals necessary to permit the parties to perform their obligations under this Agreement and to consummate the transactions contemplated by this Agreement shall have been duly obtained, made or given and shall be in full force and effect, and all terminations or expirations of waiting periods imposed by any Gaming Authority necessary for the consummation of the transactions contemplated by this Agreement, including, if required, under the Gaming Regulations shall have occurred; for the avoidance of doubt, the condition in this Section 7.02(f) shall not require Buyer to obtain any Governmental Approvals necessary to operate any portion of the Business after the Closing and Buyer acknowledges that absent any such required Governmental Approvals, Buyer may lack the ability to use any of the Acquired Assets in the operation of such portion of the Business after the Closing notwithstanding the consummation of Buyer's purchase of the Acquired Assets hereunder.

ARTICLE 8

TERMINATION; TERMINATION PAYMENT

8.01 Termination. This Agreement may be terminated at any time prior to the Closing as follows:

- (a) by mutual written agreement of Buyer and Sellers;
- (b) by either Buyer or Sellers if there shall be in effect a Final Order restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated by this Agreement;
- (c) by either Buyer or Sellers (provided that the terminating Party is not then in material breach of any representation, warranty, covenant or other agreement contained herein), if there shall have been a material breach or misrepresentation of any of the representations or warranties or a material breach of any of the covenants or obligations set forth in this Agreement on the part of Sellers, on the one hand, or Buyer, on the other hand, which breach would give rise to the failure of the conditions set forth in Section 7.01 or Section 7.02, as applicable, and such breach is not cured within ten (10) calendar days following written notice to the Party committing such breach or which breach, by its nature, cannot be cured prior to the Closing;
- (d) by Buyer or Sellers (provided that the terminating Party is not then in material breach of any representation, warranty, covenant or other agreement contained herein) if it shall have reasonably determined that a material condition set forth in Section 7.01 (other than

Section 7.01(e) or Section 7.02, as applicable, for the benefit of the terminating Party has not been or cannot be fulfilled or satisfied prior to the date that is forty-five (45) calendar days following the date of this Agreement and has not been waived by the terminating Party, provided, however that the terminating Party shall not be responsible for the failure of such condition to be satisfied;

(e) by Buyer or Sellers, if Sellers (i) determine in the exercise of their fiduciary duties that an Alternative Transaction constitutes the “highest and best” bid at the Auction, takes any overt action to seek or support Bankruptcy Court approval of an Alternative Transaction, or takes any overt action to seek or support a plan under Chapter 11 of the Bankruptcy Code that contemplates the sale or retention of the Acquired Assets in a manner substantially inconsistent with the terms of this Agreement or (ii) executes and delivers an agreement or understanding of any kind with respect to any of the items described in the foregoing clause (i); provided, however that, in the event Buyer is the Backup Bidder (as such term is defined in the Bid Procedures attached to the Bidding Procedures Order), Buyer may not terminate this Agreement pursuant to this Section 8.01(e) until the earlier of (A) two (2) Business Days after the closing of the transaction(s) pursuant to which all of the Acquired Assets that were subject to such Backup Bid (as such term is defined in the Bid Procedures attached to the Bidding Procedures Order) have been transferred to one or more Qualified Bidders (as such term is defined in the Bid Procedures attached to the Bidding Procedures Order) pursuant to the Bid Procedures attached to the Bidding Procedures Order, and (B) fifteen (15) calendar days after the date of the conclusion of the Auction;

(f) by Buyer if: (i) the Bidding Procedures Order, substantially in the form set forth on Exhibit M or otherwise in form and substance satisfactory to Buyer is not entered on or before the date that is twenty (20) calendar days following the date of this Agreement, or is stayed reversed, amended or vacated, (ii) the Sale Order, substantially in the form set forth on Exhibit A or otherwise in form and substance satisfactory to Buyer, has not been entered within forty-five (45) days after the entry of the Bidding Procedures Order, or if after such entry, such Sale Order has not, within fifteen (15) days after its entry, become a Final Order, or (ii) if, prior to the Closing Date, Seller’s case is converted to a case under Chapter 7 of the Bankruptcy Code, a trustee or examiner with expanded powers is appointed in the Bankruptcy Case or the Bankruptcy Case is dismissed or if a motion is filed by Seller seeking any of the foregoing; or

(g) by Buyer or Seller on any day on or after the second Business Day following the date on which the Sale Order becomes a Final Order if the Closing shall not have been consummated by such date (or by such later date as shall be mutually agreed to by Buyer and Seller in writing), unless the Closing has not occurred due to a material failure of the terminating Party to perform or observe its covenants or obligations as set forth in this Agreement required to be performed or observed by it on or before the Closing Date.

8.02 Breakup Fee and Expense Reimbursement.

(a) Seller shall immediately have the obligation to pay Buyer the Breakup Fee and the Expense Reimbursement, upon the first to occur of the following:

(i) Buyer terminates this Agreement pursuant to Section 8.01(c) or Section 8.01(d) (if the inability to satisfy the condition is a result of a material breach by Sellers); or

(ii) Buyer or Sellers terminates this Agreement pursuant to Section 8.01(e) (provided that, subject to Section 8.02(b), the Breakup Fee and Expense Reimbursement shall be payable upon consummation of an Alternative Transaction and satisfied out of the proceeds of such Alternative Transaction).

(b) The Breakup Fee and the Expense Reimbursement payable pursuant to this Section 8.02 shall be a super-priority administrative expense claim senior to all other administrative expense claims of Seller under Section 364(c)(1) of the Bankruptcy Code, other than the super-priority claims and the carve-out granted under the Cash Collateral Order or the DIP Facility.

8.03 Effect of Termination or Breach. If this Agreement is terminated in accordance with Section 8.01, all obligations of the Parties hereunder shall terminate, except (i) for this Section 8.03 and (ii) for the provisions of Sections 8.02 (Breakup Fee and Expense Reimbursement), 10.01 (Survival), 10.02 (Expenses), 10.05 (Notices), 10.08 (Submission to Jurisdiction), 10.09 (Governing Law), 10.10 (Binding Nature; Assignment), 10.11 (No Third Party Beneficiaries), 10.12 (No Strict Construction), 10.13 (Public Announcements), 10.14 (Entire Understanding) and 10.16 (Conflict Between Transaction Documents) and each of provisions set forth in (i) and (ii) above shall survive any termination of this Agreement; provided, however, that nothing herein shall relieve any Party from Liability for (i) any breach by such Party that occurs prior to such termination of any of its representations, warranties, covenants or agreements set forth in this Agreement or (ii) any breach by such Party of its covenants or agreements that survive the Closing in accordance with their respective terms.

ARTICLE 9

POST-CLOSING COVENANTS

9.01 Joint Post-Closing Covenants of Buyer and Seller. Subject to the occurrence of the Closing, Buyer and Sellers jointly covenant and agree that, from and after the Closing Date, Buyer and Sellers will each use reasonable efforts to cooperate with each other in connection with (a) any Proceeding involving the other Party relating to the preparation of an audit of any Tax Return of Sellers or Buyer (or its designated Affiliate(s)) for all periods prior to or including the Closing Date, (b) any audit of Buyer (or its designated Affiliate(s)) and/or any audit of Sellers with respect to the sales, transfer and similar Taxes imposed by the Laws of any state or political subdivision thereof, relating to the transactions contemplated by this Agreement and (c) the Bankruptcy Case and all Proceedings related thereto. In furtherance hereof, Buyer and Sellers further covenant and agree to promptly respond to all reasonable inquiries related to such matters and to provide, to the extent reasonably possible, substantiation of transactions and to make available and furnish appropriate documents and personnel in connection therewith. All costs and expenses incurred in connection with this Section 9.01 referred to herein shall be borne by the Party who is subject to such action or requesting such assistance.

9.02 Limited Power of Attorney; Collections. Subject to the occurrence of the Closing, each Seller hereby irrevocably appoints, effective as of the Closing, Buyer (or its designated Affiliate(s)) and its successors, agents and assigns as Seller's true and lawful attorney, in Seller's name, place and stead, with power of substitution, to take any action and to execute any instrument which Buyer may deem necessary or advisable to fulfill Seller's obligations or rights under, or to accomplish the purposes of, this Agreement, including, without limitation: (a) to demand and receive any and all Acquired Assets and to make endorsements and give receipts and releases for and in respect of the same; (b) to institute, prosecute, defend, compromise and/or settle any and all Proceedings with respect to the Acquired Assets and the Assumed Obligations; (c) to endorse and cash and/or deposit in an account of Buyer any and all checks or drafts received on account of any Receivables; (d) to make any filings required to transfer any Seller Intellectual Property Assets or any other Acquired Assets; (e) to receive and open all mail, packages and other communications addressed to Seller and relating to the Business; and (f) in the name of Seller or otherwise, to collect all Receivables for its own account. The foregoing power of attorney is a special power of attorney coupled with an interest and is irrevocable. Seller shall promptly deliver to Buyer any cash, checks or other property that Seller may receive after the Closing in respect of any accounts, notes and credit card receivables or other asset constituting part of the Acquired Assets.

9.03 Post-Closing Operation of Seller; Name Changes. Promptly after the Closing, each Seller shall take all necessary action to change its name to a name bearing no resemblance to the names set forth on the signature pages to this Agreement and will file such documents as are necessary to reflect such name change in the State of Delaware, the State of Arizona, the relevant government offices in Nova Scotia and Mexico and the other jurisdictions where such Seller is qualified to do business as a foreign entity. Each Seller agrees to promptly notify Buyer of such name change and the name chosen by it. Notwithstanding the foregoing, Sellers may refer to "GameTech" as a former name for legal and noticing purposes in the Bankruptcy Case and other legal documents.

9.04 Tax Matters. Within ninety (90) days after the Closing Date, Buyer shall prepare and deliver to Seller a schedule allocating the Purchase Price (and any other items that are required for federal income tax purposes to be treated as part of the purchase price) among the Acquired Assets in accordance with the requirements of Section 1060 of the IRC (such schedule, the "Purchase Price Allocation"). Buyer (or its designated Affiliate(s)) and Seller shall report and file all Tax Returns (including amended Tax Returns and claims for refund) consistent with the Purchase Price Allocation, and shall take no position contrary thereto or inconsistent therewith (including in any audits or examinations by any Governmental Authority or any other Proceeding). Buyer and Seller shall cooperate in the filing of any forms (including Form 8594 under Section 1060 of the IRC) with respect to such Purchase Price Allocation.

9.05 [Intentionally Omitted]

9.06 Personally Identifiable Information. Buyer shall honor and observe, in connection with the transactions contemplated by this Agreement, any and all applicable Laws prohibiting the transfer of personally identifiable information about individuals and otherwise comply with the requirements of Section 363(b)(1)(A) of the Bankruptcy Code.

9.07 Sellers' Access to Books and Records. From and after the Closing Date, Buyer shall provide on a confidential basis to the tax accountants of Sellers copies of such records acquired pursuant to this Agreement, in existence as of the Closing, that are required to enable such tax accountants to prepare Tax filings or reports regarding Sellers' ownership of the Acquired Assets prior to the Closing or the conduct of the Business prior to the Closing.

9.08 Bulk Sales. To the greatest extent permitted by applicable Law, Buyer and Sellers hereby agree to waive compliance with the terms of any bulk sales or similar Laws in any applicable jurisdiction in respect of the transactions contemplated by this Agreement. From and after the Closing, Buyer shall indemnify and hold Sellers harmless from and against any liabilities, damages, costs and expenses (including reasonable attorneys' fees) resulting from or arising out of (i) the parties' failure to comply with any such bulk sales Laws in connection with the consummation of the transactions contemplated by this Agreement or (ii) any action brought or levy made as a result of such failure to so comply with any such bulk sales Laws in connection with the consummation of the transactions contemplated by this Agreement.

ARTICLE 10

MISCELLANEOUS

10.01 Survival. Except only as provided in the second sentence of this Section 10.01, the representations and warranties contained in ARTICLE 3 and ARTICLE 4 of this Agreement and/or in any certificate or other document or instrument executed pursuant hereto (other than the FIRPTA Certificate) shall not survive the Closing and shall, upon the Closing, automatically lapse and cease to be of any further force or effect whatsoever, and neither Sellers nor Buyer nor any of their respective officers, directors, agents, representatives or affiliates shall have any liability to the other under this Agreement or any document or certificate delivered pursuant to this Agreement at any time after the Closing with respect to such representations and warranties, other than for intentional misrepresentation or fraud. Notwithstanding the foregoing, each of the covenants and obligations of Buyer and Sellers in this Agreement and in the other Transaction Documents shall survive the Closing in accordance with their respective terms.

10.02 Expenses. Except as otherwise expressly provided herein, each Party hereto shall bear its own costs and expenses, including attorneys' fees, with respect to the transactions contemplated by this Agreement.

10.03 Amendment. This Agreement may not be amended, modified or supplemented except by a written instrument duly executed by both Sellers and Buyer.

10.04 Further Assurances. Buyer and Sellers each agrees (a) to furnish upon request to each other Party such further information, (b) to execute and deliver to each other Party such other documents, and (c) to do such other acts and things, all as the other Party may reasonably request for the purpose of carrying out the intent of this Agreement and the transactions contemplated by this Agreement.

10.05 Notices. Any notice, request, instruction or other document to be given hereunder by a Party hereto shall be in writing and shall be deemed to have been given, (a) when received if given in person, (b) on the date of transmission if sent by telex, telecopy, email or other wire transmission (with answer back confirmation of such transmission, and, if sent by email, provided that a copy of such notice, request or instruction or other document be sent by overnight delivery), (c) upon delivery, if delivered by a nationally known commercial courier service providing next day delivery service (such as Federal Express), or (d) upon delivery, or refusal of delivery, if deposited in the U.S. mail, certified or registered mail, return receipt requested, postage prepaid:

TO SELLERS: GameTech International, Inc.
8850 Double Diamond Parkway
Reno, Nevada 89521
Attn: James Robertson
Fax: (775) 850-6115
E-mail:jrobertson@gtiemail.com

with copies
(which shall not
constitute notice) to: Greenberg Traurig, LLP
200 Park Avenue
New York, NY 10166
Attn: Matthew L. Hinker
Fax: (212) 801-6400
E-mail:hinkerm@gtlaw.com

TO BUYER: YI GT Acquisition, Inc.
9101 W. Sahara Avenue, Suite 105-B25
Las Vegas, Nevada 89117
Attention: Treasurer
Telephone: (702) 286-8682
Facsimile: (702) 798-4050

with copies
(which shall not
constitute notice) to: Morrison & Foerster LLP
755 Page Mill Road
Palo Alto, California 94304-1018
Attn: Timothy J. Harris
Fax: (650) 251-3781
E-mail:tharris@mof.com

or to such other individual or address as a Party hereto may designate for itself by notice given as herein provided.

10.06 Waivers. The failure of a Party hereto at any time or times to require performance of any provision hereof shall in no manner affect its right at a later time to enforce the same. No waiver by a Party of any condition or of any breach of any term, covenant, representation or warranty contained in this Agreement shall be effective unless in writing by Sellers in the case of a waiver by Sellers, or Buyer, in the case of any waiver by Buyer, and no waiver in any one or more instances shall be deemed to be a further or continuing waiver of any such condition or breach of other instances or a waiver of any other condition or breach of any other term, covenant, representation or warranty.

10.07 Counterparts and Execution. This Agreement may be executed simultaneously in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Any counterpart may be executed by facsimile signature and such facsimile signature shall be deemed an original.

10.08 SUBMISSION TO JURISDICTION. THE PARTIES HERETO HEREBY AGREE THAT ANY AND ALL CLAIMS, ACTIONS, CAUSES OF ACTION, SUITS, AND PROCEEDINGS RELATING TO THIS AGREEMENT OR THE OTHER TRANSACTION DOCUMENTS SHALL BE FILED AND MAINTAINED ONLY IN THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE, AND THE PARTIES HEREBY CONSENT TO THE JURISDICTION OF SUCH COURT.

10.09 Governing Law. This Agreement shall be governed by and construed in accordance with the Laws of the State of Nevada (without regard to its principles of conflicts of laws that would result in the application of the laws of any other jurisdiction to the rights and obligations of the Parties under this Agreement).

10.10 Binding Nature; Assignment. Subject to approval of the Bankruptcy Court, this Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and permitted assigns, but neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the Parties hereto without prior written consent of the other Party (which shall not be unreasonably withheld or delayed); except that (a) Buyer may assign any of its rights and obligations hereunder to any Affiliate or Subsidiary of Buyer (whether wholly owned or otherwise) and, following the Closing, in whole or in part to any successor-in-interest to any Person acquiring all or any portion of the Business or the Acquired Assets; (b) the rights and interests of Sellers hereunder may be assigned to a trustee appointed under Chapter 11 or Chapter 7 of the Bankruptcy Code; (c) this Agreement may be assigned to any entity appointed as a successor to Sellers pursuant to a confirmed plan under Chapter 11 of the Bankruptcy Code; and (d) as otherwise provided in this Agreement. Sellers hereby agree that the terms of this Agreement shall be binding upon any subsequent trustee appointed under Chapter 11 or Chapter 7 of the Bankruptcy Code.

10.11 No Third Party Beneficiaries. This Agreement is solely for the benefit of Buyer (or its designated Affiliate(s)) and Sellers and nothing contained herein, express or implied, is intended to confer on any Person other than the Parties hereto or their successors and permitted assigns, any rights, remedies, obligations, Claims, or causes of action under or by reason of this Agreement.

10.12 No Strict Construction. Buyer and Sellers participated jointly in the negotiation and drafting of this Agreement and, in the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as jointly drafted by Buyer and Sellers and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any provision of this Agreement.

10.13 Public Announcements. Except as required by this Agreement or Law or as required or appropriate in connection with the Bankruptcy Case, neither Sellers nor Buyer shall issue any press release or public announcement concerning this Agreement or the transactions contemplated by this Agreement without obtaining the prior written consent of the other Party hereto relating to the contents and manner of presentation and publication thereof, which approval will not be unreasonably withheld, delayed or conditioned. Prior to making any public disclosure required by applicable Law outside of Bankruptcy Court filings, Sellers shall give Buyer a copy of the proposed disclosure and reasonable opportunity to comment on the same and shall use its commercially reasonable efforts to include Buyer's comments in such public disclosure. For purposes of clarity, the reference to "applicable Law" in the preceding sentence does not include filings in the Bankruptcy Case.

10.14 Entire Understanding. This Agreement, the other Transaction Documents and the Exhibits, Appendices, and Schedules (a) set forth the entire agreement and understanding of the Parties hereto in respect to the transactions contemplated by this Agreement, (b) supersede all prior agreements, arrangements and understandings relating to the subject matter hereof, and (c) are not intended to confer upon any other Person any rights or remedies hereunder, except as expressly set forth in this Agreement.

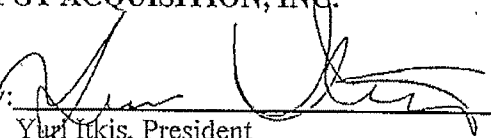
10.15 Closing Actions. All deliveries, payments and other transactions and documents relating to the Closing shall be interdependent, and none shall be effective unless and until all are effective (except to the extent that the Party hereto entitled to the benefit thereof has waived satisfaction or performance thereof as a condition precedent to the Closing).

10.16 Conflict Between Transaction Documents. The Parties hereto agree and acknowledge that to the extent any terms and provisions of this Agreement are in any way inconsistent with or in conflict with any term, condition or provision of any other Transaction Document, this Agreement shall govern and control. In the event of any conflict between this Agreement and the Sale Order, the Sale Order shall govern.

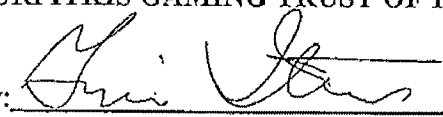
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IN WITNESS WHEREOF, the Parties hereto have caused this Asset Purchase Agreement to be duly executed and delivered as of the date first above written.

BUYER:
YI GT ACQUISITION, INC.

By: 
Yuri Itkis, President

TRUST:
YURI ITKIS GAMING TRUST OF 1993

By: 
Yuri Itkis, Trustee

SELLERS:
GAMETECH INTERNATIONAL, INC.

By:
Name:
Title:

GAMETECH ARIZONA CORP.

By:
Name:
Title:

GAMETECH CANADA CORP.

By:
Name:
Title:

GAMETECH MEXICO S. DE R.L. DE C.V.

[Signature page to Asset Purchase Agreement]

IN WITNESS WHEREOF, the Parties hereto have caused this Asset Purchase Agreement to be duly executed and delivered as of the date first above written.

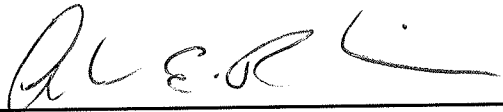
**BUYER:
YI GT ACQUISITION, INC.**

By: _____
Yuri Itkis, President

**TRUST:
YURI ITKIS GAMING TRUST OF 1993**

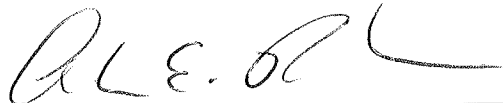
By: _____
Yuri Itkis, Trustee

**SELLERS:
GAMETECH INTERNATIONAL, INC.**




By: ANDREW E. ROBINSON
Name:
Title: CFO SR. VP.

GAMETECH ARIZONA CORP.



By: ANDREW E. ROBINSON
Name:
Title: PRESIDENT

GAMETECH CANADA CORP.



By:
Name: ANDREW E. ROBINSON
Title: PRESIDENT

GAMETECH MEXICO S. DE R.L. DE C.V.

ALEPL

By:
Name: *Andrew E. Robinson*
Title: *PRESIDENT*

APPENDIX A

“Acquired Assets” has the meaning set forth in Section 2.01(a).

“Affiliate” of any particular Person means any other Person controlling, controlled by or under common control with such particular Person, where “control” means the possession, directly or indirectly, of the power to direct the management and policies of a Person whether through the ownership of voting securities or otherwise.

“Affiliated Group” means an affiliated group as defined in Section 1504 of the IRC (or any analogous combined, consolidated or unitary group defined under state, local or foreign income Tax Law) of which any of the Sellers is or has been a member.

“Agreement” means this Asset Purchase Agreement, including all the Schedules, Exhibits and Appendices hereto, as the same may be amended, modified or waived from time to time in accordance with its terms.

“Alternative Transaction” means any transaction, sale, or plan of reorganization or liquidation accepted by Sellers as being the highest and best offer pursuant to the Bidding Procedures Order, or otherwise, whereby all or a material portion of the Business is purchased by, or otherwise conveyed to or controlled by, a Person other than Buyer and/or one or more of its Affiliates.

“Assignment and Assumption” has the meaning set forth in Section 2.08(b).

“Assignment Consent” has the meaning set forth in Section 2.05.

“Assumed Executory Contracts” has the meaning set forth in Section 2.01(a)(viii).

“Assumed Obligations” has the meaning set forth in Section 2.03(a).

“Auction” means the auction conducted by Sellers pursuant to the Bidding Procedures Order for substantially all of the Acquired Assets.

“Bankruptcy Cases” has the meaning set forth in the recitals.

“Bankruptcy Code” has the meaning set forth in the recitals.

“Bankruptcy Court” has the meaning set forth in the recitals.

“Bankruptcy Court Orders” means the Sale Order, the Bidding Procedures Order, and any other order of the Bankruptcy Court which is binding upon the Sellers..

“Bidding Procedures Order” has the meaning set forth in Section 5.04(a).

“Bingo Business” has the meaning set forth in the recitals.

“Books and Records” has the meaning set forth in Section 2.01(a)(ix).

“Breakup Fee” has the meaning set forth in Section 5.05(a).

“Budget” means that certain line item budget of cash expenditures by Seller set forth in, and subject to the limitations set forth in, the Cash Collateral Order or the Order approving the DIP Facility.

“Business” has the meaning set forth in the recitals.

“Business Day” means any day other than (i) a Saturday or a Sunday or (ii) a day on which banking and savings and loan institutions are authorized or required by law to be closed in the States of New York, Nevada or California.

“Business License Agreement” means (i) any Contract pursuant to which any Person other than Sellers are purportedly authorized to use (or is otherwise purportedly granted any license, covenant not to sue, immunity or other right with respect to) any Intellectual Property Right or Technology owned by Sellers and which Contract is used in, or is otherwise useful or necessary for the conduct of, the Business as currently conducted and/or as planned to be conducted by Sellers, and (ii) any Contract pursuant to which Sellers are purportedly authorized to use (or is otherwise purportedly granted any license, covenant not to sue, immunity or other right with respect to) any Intellectual Property Right or Technology owned by any third Person and which Contract is used in, or is otherwise useful or necessary for the conduct of, the Business as currently conducted and/or as planned to be conducted by Sellers.

“Buyer” has the meaning set forth in the preamble.

“Buyer Disclosure Schedule” has the meaning set forth in the first paragraph of ARTICLE 4.

“Cash Collateral Order” means that certain *Second Interim Order (A) Authorizing Debtors to (I) Use Cash Collateral Pursuant to 11 U.S.C. § 363 and (II) Provide Adequate Protection Pursuant to 11 U.S.C. §§ 361, 362, 363, and 507 and (B) Scheduling a Final Hearing Pursuant to Bankruptcy Rule 4001* entered by the Bankruptcy Court on July 18, 2012, as the same may be amended or supplemented, together with any subsequent or final order concerning the Buyer’s use of cash collateral.

“Cash Purchase Price” has the meaning set forth in Section 2.06(a).

“Chapter 5 Claims” has the meaning set forth in Section 2.06(a)(xi).

“Claim” has the meaning set forth in Section 101(5) of the Bankruptcy Code.

“Closing” has the meaning set forth in Section 2.07.

“Closing Date” has the meaning set forth in Section 2.07.

“COBRA” means Title X of the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.

“Consent” means any approval, consent, ratification, permission, waiver or authorization (including any Governmental Approval).

“Contract” means any agreement, contract, commitment or other binding arrangement or understanding, whether written or oral, to which any Seller is a party.

“Confidentiality and Non-Disclosure Agreement” means the Confidentiality and Nondisclosure Agreement, effective July 13, 2012, previously executed by Buyer and Sellers.

“Deposits and Advances” has the meaning set forth in Section 2.01(a)(vii).

“Dollars” or “\$” means dollars of the United States of America.

“DIP Facility” means that certain secured, super-priority debtor-in-possession credit agreement among Sellers (as Borrower) and Buyer (as Lender).

“DIP Obligations” means all obligations that remain outstanding as of immediately prior to the Closing under the DIP Facility (including, without limitation, all principal, interest, costs, fees and expenses under the DIP Facility).

“Effective Time” means, unless otherwise agreed to by Buyer and Sellers, 11:59 p.m. Las Vegas, Nevada time on the Closing Date.

“Encumbrances” means, to the extent not considered a Lien, a security interest, pledge, hypothecation, mortgage, or encumbrance, other than any licenses of Intellectual Property.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended, and the applicable regulations thereunder.

“ERISA Affiliate” means any other Person under common control with Sellers within the meaning of Section 414 (b), (c), (m) or (o) of the IRC.

“Estimated Cure Cost” has the meaning set forth in Section 2.01(c).

“Excluded Assets” has the meaning set forth in Section 2.02.

“Excluded Liabilities” has the meaning set forth in Section 2.04.

“Expense Reimbursement” has the meaning set forth in Section 5.04(a).

“Final Cure Costs” has the meaning set forth in Section 2.03(a)(ii).

“Final Order” means an Order as to which the time to file an appeal, a motion for rehearing or reconsideration or a petition for writ of certiorari has expired and no such appeal, motion or petition is pending.

“GAAP” means generally accepted accounting principles in the United States of America, as in effect from time to time and consistently applied and maintained throughout the periods indicated.

“Gaming Authorities” means any governmental authorities having regulatory authority over the gaming activities of the Business.

“Gaming Regulations” means any rule or regulation of the Gaming Authorities necessary for or relating to the activities relating to the Business.

“General Assignment and Bill of Sale” has the meaning set forth in Section 2.08(a).

“Governmental Approval” means any: (a) Permit, license, certificate, concession, approval, Consent, ratification, permission, clearance, confirmation, exemption, waiver, franchise, certification, designation, rating, registration, variance, qualification, accreditation or authorization issued, granted, given or otherwise made available by or under the authority of any Governmental Authority or pursuant to any Law including the Gaming Authorities; or (b) right under any Contract with any Governmental Authority including the Gaming Authorities.

“Governmental Authority” means any United States federal, state or local or any foreign government, governmental regulatory or administrative authority, agency or commission or any court, tribunal or judicial or arbitral body.

“Intellectual Property Rights” means any intellectual property rights, including, without limitation, rights in or arising out of patents, patent applications, copyrights, copyright registrations, applications for copyright registrations, mask works, mask work registrations, applications for mask work registrations, trade secrets, trademarks, service marks, collective marks, certification marks, registrations therefor and applications for registrations therefor, trade names, and trade dress.

“Interest” means an “interest” as that term is used in Bankruptcy Code Section 363(f).

“Inventory” has the meaning set forth in Section 2.01(a)(iii).

“IRC” means the United States Internal Revenue Code of 1986, as amended.

“Knowledge of Sellers” means the knowledge of a particular fact or other matter, which Seller shall be deemed to have if (a) any executive officer of Seller is actually aware of such fact or other matter; or (b) that knowledge should have been acquired by such Person after making such due inquiry and exercising such due diligence as a prudent businessperson would have made or exercised in the management of his or her business affairs, including due inquiry of those officers, directors, key employees and professional advisers (including attorneys, accountants and consultants) of such Person who would reasonably be expected to have actual knowledge of the matters in question.

“Law” means any law, statute, regulation, ruling, or Order of, administered or enforced by or on behalf of, any Governmental Authority, or common law.

“Liability” means any liability (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, and whether due or to become due and regardless of when asserted), including any liability for Taxes.

“Lien” or “Liens” means any lien (statutory or otherwise), hypothecation, encumbrance, Liability, security interest, interest, mortgage, pledge, restriction, charge, instrument, license, preference, priority, security agreement, easement, covenant, encroachment, option, right of recovery, Tax (including foreign, federal, state and local Tax), Order of any Governmental Authority, of any kind or nature, whether secured or unsecured, choate or inchoate, filed or unfiled, scheduled or unscheduled, noticed or unnoticed, recorded or unrecorded, contingent or non-contingent, material or non-material, known or unknown.

“Material Adverse Effect” means any event, condition, development or effect that individually or in the aggregate with all other events, changes, conditions, developments and effects, is or is reasonably likely to be materially adverse to (a) the Business, the Acquired Assets or the Assumed Obligations or (b) the ability of Sellers to perform its obligations under this Agreement; provided, however, that the commencement of the Bankruptcy Cases and the procedures and orders related thereto shall be deemed in and of itself to not constitute and shall not be taken into account in determining whether there has been or will be a Material Adverse Effect unless such procedures or orders in the Bankruptcy Case are directly and materially adverse to Buyer.

“Material Contracts” has the meaning set forth in Section 3.07.

“Non-Assignable Asset” has the meaning set forth in Section 2.05.

“Open Source” means software or similar subject matter which is distributed as “open source software” or under any license or arrangement that (whether by covenant, by condition or otherwise) (i) requires or purports to require the distribution of or access to source code or similar materials or (ii) restricts or purports to restrict the ability to charge for distribution or use of software (including software or similar subject matter distributed under the GNU General Public License, GNU Lesser General Public License, BSD License, MIT License, Common Public License and other licenses approved as open source licenses by the Open Source Initiative).

“Order” means any decree, order, injunction, rule, judgment, consent of or by any Governmental Authority.

“Ordinary Course of Business” means the operation of the Business by Sellers in the usual and ordinary course in a manner substantially similar to the manner in which Sellers operated, consistent with past practice prior to the date hereof, subject to any obligations as a debtor under the Bankruptcy Code or any order of the Bankruptcy Court.

“Owned Seller Intellectual Property Assets” means all Seller Intellectual Property Assets that any Seller owns or claims or purports to own. Owned Seller Intellectual Property Assets includes, without limitation, the Registered Seller Intellectual Property.

“Parties” means Buyer and Sellers and “Party” means Buyer or Sellers as the context requires.

“Permitted Liens” means Liens and Encumbrances that will be released and/or discharged pursuant to the Sale Order.

“Permits” means licenses, permits, approvals, certificates of occupancy, authorizations, operating permits, registrations, plans and the like.

“Person” means any corporation, partnership, joint venture, limited liability company, organization, entity, authority or natural person.

“Personal Property” has the meaning set forth in Section 2.01(a)(v).

“Petition Date” has the meaning set forth in the recitals.

“Potential Assumed Executory Contracts” has the meaning set forth in Section 2.01(b).

“Proceeding” means any claim, charge, complaint, dispute, demand, action, investigation, inquiry, audit, suit in equity or at Law, administrative, regulatory or quasi-judicial proceeding, arbitration, account, contribution, and/or other causes of action of whatever kind or character.

“Purchase Price” has the meaning set forth in Section 2.06.

“Purchase Price Allocation” has the meaning set forth in Section 9.04.

“Receivables” has the meaning set forth in Section 2.01(a)(ii).

“Registered Seller Intellectual Property” means all (a) patents and patent applications, (b) registered trademarks, service marks, collective marks, and certification marks, and applications for registration therefor, (c) copyright registrations and applications for copyright registrations, (d) mask work registrations and applications for mask work registrations and (e) domain names, in each case that are owned by or registered in the name of any Seller.

“Rule” or “Rules” means the Federal Rules of Bankruptcy Procedure.

“Sale Hearing” means the hearing of the Bankruptcy Court to approve this Agreement and the transactions contemplated by this Agreement.

“Sale Motion” has the meaning set forth in Section 5.05(a).

“Sale Order” has the meaning set forth in the recitals.

“Schedules” means the schedules attached hereto (including the Seller Disclosure Schedule and the Buyer Disclosure Schedule).

“Seller” or “Sellers” has the meaning set forth in the preamble.

“Seller Claims” has the meaning set forth in Section 2.01(a)(xi).

“Seller Disclosure Schedule” has the meaning set forth in the first paragraph of ARTICLE 3.

“Seller Employee Benefit Plan” means each written plan, program, policy, practice, agreement or other arrangement, that is maintained, contributed to, sponsored or provided by

Seller or an ERISA Affiliate for the benefit of any current or former employees or consultants or with respect to which Seller or an ERISA Affiliate may have any Liability with respect to any current or former employees or consultants providing for compensation, bonus payments, incentive compensation, severance, retention payments, change in control payments, termination pay, pension benefits, retirement benefits, deferred compensation, performance awards, stock or stock-related awards, fringe benefits (including health or other medical, dental, vision, life, disability, sabbatical, accidental death and dismemberment or other insurance benefits), or other employee benefits or remuneration of any kind, whether written, unwritten or otherwise, funded or unfunded, including each “employee benefit plan,” within the meaning of Section 3(3) of Title I of ERISA.

“Seller Intellectual Property Assets” means all Intellectual Property Rights and Technology that are used in, or held for use in, the Business, including any Intellectual Property Rights and Technology incorporated into or otherwise used in connection with any Seller Products.

“Seller Products” means all products and services manufactured, made, designed, maintained, supported, developed, sold, licensed, marketed, or otherwise distributed or provided (or planned to be manufactured, made, designed, maintained, supported, developed, sold, licensed, marketed, or otherwise distributed or provided) by or for Sellers (including all versions and releases thereof, whether already distributed or provided, under development, planned or otherwise), together with any related materials, information or data, including customer information, the names, numbers (e.g., part numbers) and packaging associated with such products and services.

“Subsidiary” means, with respect to any Person, any corporation a majority of the total voting power of shares of stock of which is entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof, or any partnership, limited liability company, association or other business entity a majority of the partnership or other similar ownership interest of which is at the time owned or controlled, directly or indirectly, by that Person or one or more Subsidiaries of that Person or a combination thereof. For purposes of this definition, a Person is deemed to have a majority ownership interest in a partnership, limited liability company, association or other business entity if such Person is allocated a majority of the gains or losses of such partnership, limited liability company, association or other business entity or is or controls the managing director or general partner of such partnership, limited liability company, association or other business entity.

“Tax” and, with correlative meaning, “Taxes” mean with respect to any Person (a) all federal, state, local, county, foreign and other taxes, assessments or other government charges, fees, imposts or levies, including any income, alternative or add-on minimum tax, estimated gross income, gross receipts, sales, use, *ad valorem*, value added, transfer, capital stock, franchise, profits, license, registration, recording, documentary, intangibles, conveyancing, gains, withholding, backup withholding, payroll, employment, social security (or similar), unemployment, disability, excise, severance, stamp, occupation, premium, real property, personal property, inventory, unclaimed property, environmental or windfall profit tax, custom

duty or other tax, or other like assessment, charge, or tax of any kind whatsoever, together with any interest, penalty, fine, addition to tax or additional amount imposed by any Governmental Authority responsible for the imposition of any such tax (domestic or foreign) whether such Tax is disputed or not, (b) Liability for the payment of any amounts of the type described in clause (a) above relating to any other Person as a result of being party to any tax sharing, tax indemnity or tax allocation agreement with such other Person, being a successor or transferee of such other Person, or being a member of the same affiliated, consolidated, combined, unitary or other group with such other Person, or (c) Liability for the payment of any amounts of the type described in clause (a) arising as a result of being (or ceasing to be) a member of any Affiliated Group (or being included (or required to be included) in any Tax Return relating thereto).

“Tax Return” means any written or electronic report, return, declaration, certificate, claim for refund or other information or statement filed or required to be filed relating to Taxes, including any schedules or attachments thereto and any amendments thereof.

“Technology” means any algorithms, confidential or proprietary information or data, designs, discoveries, domain names, formulae, ideas, inventions, know-how, logos, methods, models, names, processes, research, software, techniques, technology, works of authorship, and general intangibles of like nature, whether patentable or unpatentable and whether or not reduced to practice.

“Third Party” means any Person other than Sellers, Buyer or any of their respective Affiliates.

“Transaction Documents” means this Agreement, and all other agreements, instruments, certificates and other documents to be entered into or delivered by any party in connection with the transactions contemplated by this Agreement.

“Transferred Contractors” has the meaning set forth in Section 6.01.

“Transferred Employees” has the meaning set forth in Section 6.01.

“VLT Business” has the meaning set forth in the recitals.

EXHIBIT A
FORM OF SALE ORDER

EXHIBIT B
LIST OF ASSUMED EXECUTORY CONTRACTS

See attached

EXHIBIT C
LIST OF POTENTIAL ASSUMED EXECUTORY CONTRACTS

See attached

EXHIBIT D

OTHER EXCLUDED ASSETS

Such portion of the amounts refunded to the Sellers after the date of the Agreement, up to a maximum aggregate of \$300,000, by the City of Reno or its taxing authorities equal to the amount of the federal income tax liability incurred by Sellers as a result of accelerated depreciation recapture following the consummation of the transactions contemplated by the Agreement, it being understood that the remainder of such refunded amounts shall be Acquired Assets.

See attached

EXHIBIT E

FORM OF GENERAL ASSIGNMENT AND BILL OF SALE¹

This General Assignment and Bill of Sale (this “General Assignment and Bill of Sale”) is being delivered pursuant to that certain Asset Purchase Agreement, dated as of August 8, 2012 (the “Asset Purchase Agreement”) by and between GameTech International, Inc., a Delaware corporation; GameTech Arizona Corporation, an Arizona corporation; GameTech Canada Corp., a corporation organized under the laws of Nova Scotia; and GameTech Mexico S. de R.L. de C.V., a company organization under the laws of Mexico (collectively, “Assignor”), YI GT Acquisition, Inc., a Delaware corporation (“Assignee”) and solely with respect to Section 2.06(e), Yuri Itkis Gaming Trust of 1993.

A. Assignor and Assignee have entered into the Asset Purchase Agreement, assigning, among other things, all right, title and interest in and to the Acquired Assets from Assignor to Assignee.

B. Any capitalized term used but not otherwise defined in this General Assignment and Bill of Sale has the meaning ascribed to such term in the Asset Purchase Agreement.

NOW, THEREFORE, in consideration of the good and valuable consideration set forth in the Asset Purchase Agreement, the receipt and sufficiency of which are hereby acknowledged, Assignor hereby sells, conveys, assigns, transfers and delivers to Assignee and its successors and assigns, free and clear of all Liens and Claims, effective as of 11:59 p.m. Las Vegas, Nevada time on September __, 2012 (the “Effective Time”), all of Assignor’s right, title and interest in and to all of the Acquired Assets.

Assignor agrees (a) to furnish upon request to Assignee such further information, (b) to execute and deliver to Assignee such other documents, and (c) to do such other acts and things, all as Assignee may reasonably request for the purpose of carrying out the intent of this General Assignment and Bill of Sale and the transactions contemplated by this General Assignment and Bill of Sale.

The terms of the Asset Purchase Agreement, including but not limited to the representations, warranties, covenants and agreements relating to the Acquired Assets set forth in the Asset Purchase Agreement, are incorporated herein by this reference. Assignor acknowledges and agrees that the representations, warranties, covenants and agreements set forth in the Asset Purchase Agreement shall not be superseded hereby but shall remain in full force and effect to the full extent provided therein. To the extent any terms and provisions of this General Assignment and Bill of Sale are in any way inconsistent with or in conflict with any term, condition or provision of the Asset Purchase Agreement, the Asset Purchase Agreement shall govern and control.

¹ In the event that Buyer designates one or more of its Affiliates to acquire the Acquired Assets pursuant to the Asset Purchase Agreement, this Form shall be modified as appropriate by Sellers to the extent necessary to reflect such designated Affiliate(s) as the applicable Assignee.

EXHIBIT F

FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT²

This Assignment and Assumption Agreement (this “Assignment and Assumption”) is made and entered into as of September __, 2012, by and among GameTech International, Inc., a Delaware corporation; GameTech Arizona Corporation, an Arizona corporation; GameTech Canada Corp., a corporation organized under the laws of Nova Scotia; and GameTech Mexico S. de R.L. de C.V., a company organization under the laws of Mexico (collectively, “Assignor”) and YI GT Acquisition, Inc., a Delaware corporation (“Assignee”).

RECITALS

A. Assignor and Assignee are parties to that certain Asset Purchase Agreement, dated as of August 8, 2012 (the “Asset Purchase Agreement”), pursuant to which Assignee has agreed to purchase from Assignor the Acquired Assets.

B. Upon the terms and subject to the conditions of the Asset Purchase Agreement, Assignor has agreed to assign the Acquired Assets to Assignee, and Assignee has agreed to assume from Assignor the Assumed Obligations.

C. Any capitalized term used but not otherwise defined in this Assignment and Assumption has the meaning ascribed to such term in the Asset Purchase Agreement.

NOW, THEREFORE, in consideration of the good and valuable consideration set forth in the Asset Purchase Agreement and the premises and the mutual covenants contained herein, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee agree as follows:

1. Assignment and Assumption. Effective as of 11:59 p.m. Las Vegas, Nevada time on September __, 2012 (the “Effective Time”), Assignor hereby assigns to Assignee, and Assignee hereby assumes from Assignor and shall thereafter be responsible for the payment, performance or discharge of the Assumed Obligations. Notwithstanding anything to the contrary in this Assignment and Assumption, except for the Assumed Obligations, Assignee shall not assume and shall not be in any way liable or responsible for (whether directly, indirectly, contingently or otherwise) any Excluded Liabilities, and the parties hereto agree that all such Excluded Liabilities shall remain the sole responsibility of Assignor.

2. Terms of the Asset Purchase Agreement. The terms of the Asset Purchase Agreement, including but not limited to the representations, warranties, covenants and agreements relating to the Assumed Obligations set forth in the Asset Purchase Agreement, are incorporated herein by this reference. Assignor acknowledges and agrees that the representations, warranties, covenants and agreements set forth in the Asset Purchase Agreement

² In the event that Buyer designates one or more of its Affiliates to acquire the Acquired Assets and/or assume the Assumed Obligations pursuant to the Asset Purchase Agreement, this Form shall be modified as appropriate by Buyer and Seller to the extent necessary to reflect such designated Affiliate(s) as the applicable Assignee.

shall not be superseded hereby but shall remain in full force and effect to the full extent provided therein. To the extent any terms and provisions of this Assignment and Assumption are in any way inconsistent with or in conflict with any term, condition or provision of the Asset Purchase Agreement, the Asset Purchase Agreement shall govern and control.

3. Further Assurances. Assignor and Assignee each agrees (a) to furnish upon request to each other party hereto such further information, (b) to execute and deliver to each other party hereto such other documents, and (c) to do such other acts and things, all as the other party hereto may reasonably request for the purpose of carrying out the intent of this Assignment and Assumption and the transactions contemplated by this Assignment and Assumption.

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IN WITNESS WHEREOF, Assignor has caused this General Assignment and Bill of Sale to be executed by its duly authorized representative as of the Effective Time.

**ASSIGNOR:
GAMETECH INTERNATIONAL, INC.**



By: _____
Name: *ANDREW E. ROBINSON*
Title: *CFO SR. VP.*

GAMETECH ARIZONA CORP.



By: _____
Name: *ANDREW E. ROBINSON*
Title: *PRESIDENT*

GAMETECH CANADA CORP.



By: _____
Name: *ANDREW E. ROBINSON*
Title: *PRESIDENT*

GAMETECH MEXICO S. DE R.L. DE C.V.



By: _____
Name: *ANDREW E. ROBINSON*
Title: *PRESIDENT*

IN WITNESS WHEREOF, the parties hereto have caused this Assignment and Assumption to be executed by their duly authorized representatives as of the date first above written.

**ASSIGNOR:
GAMETECH INTERNATIONAL, INC.**



By:
Name: *Andrew E. Robinson*
Title: *CFO BR. U.P.*

GAMETECH ARIZONA CORP.



By:
Name: *Andrew E. Robinson*
Title: *PRESIDENT*

GAMETECH CANADA CORP.



By: *Andrew E. Robinson*
Name:
Title: *PRESIDENT*

GAMETECH MEXICO S. DE R.L. DE C.V.



By: *Andrew E. Robinson*
Name:
Title: *PRESIDENT*

**ASSIGNEE:
YI GT ACQUISITION, INC.**

By:
Name:
Title:

EXHIBIT G
FORM OF PATENT ASSIGNMENT³
IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
PATENT ASSIGNMENT

This Patent Assignment (this "Patent Assignment") is being delivered pursuant to that certain Asset Purchase Agreement, dated as of September __, 2012 (the "Asset Purchase Agreement") by and between GameTech International, Inc., a Delaware corporation; GameTech Arizona Corporation, an Arizona corporation; GameTech Canada Corp., a corporation organized under the laws of Nova Scotia; and GameTech Mexico S. de R.L. de C.V., a company organization under the laws of Mexico (collectively, "Assignor"), YI GT Acquisition, Inc., a Delaware corporation ("Assignee") and solely with respect to Section 2.06(e), Yuri Itkis Gaming Trust of 1993.

A. Assignor owns certain patent applications and/or registrations, as listed in Attachment A attached hereto and incorporated herein by this reference (the "Patents").

B. Assignor and Assignee have entered into the Asset Purchase Agreement, assigning, among other things, all right, title and interest in and to the Patents from Assignor to Assignee.

C. Any capitalized term used but not otherwise defined in this Patent Assignment has the meaning ascribed to such term in the Asset Purchase Agreement.

NOW, THEREFORE, for good and valuable consideration as set forth in the Asset Purchase Agreement, the receipt and sufficiency of which hereby is acknowledged, Assignor hereby sells, conveys, assigns, transfers and delivers to Assignee and its successors and assigns, free and clear of all Liens and Claims, effective as of 11:59 p.m. Las Vegas, Nevada time on September __, 2012 (the "Effective Time"), Assignor's entire right, title and interest in and to the Patents, including all divisions, continuations, continuations-in-part, reexaminations, substitutions, reissues, extensions and renewals of the applications and registrations for the Patents (and the right to apply for any of the foregoing); all rights to causes of action and remedies related thereto (including, without limitation, the right to sue for past, present or future infringement, misappropriation or violation of rights related to the foregoing); and any and all other rights and interests arising out of, in connection with or in relation to the Patents.

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³ In the event that Buyer designates one or more of its Affiliates to acquire the Acquired Assets pursuant to the Asset Purchase Agreement, this Form shall be modified as appropriate by Seller to the extent necessary to reflect such designated Affiliate(s) as the applicable Assignee.

IN WITNESS WHEREOF, Assignor has caused this Patent Assignment to be executed by its duly authorized representative as of the Effective Time.

**ASSIGNOR:
GAMETECH INTERNATIONAL, INC.**



By: _____
Name: *ANDREW E. ROBINSON*
Title: *CFO SR. V.P.*

GAMETECH ARIZONA CORP.



By: _____
Name: *ANDREW E. ROBINSON*
Title: *PRESIDENT*

GAMETECH CANADA CORP.



By: _____
Name: *ANDREW E. ROBINSON*
Title: *PRESIDENT*

GAMETECH MEXICO S. DE R.L. DE C.V.



By: _____
Name: *ANDREW E. ROBINSON*
Title: *PRESIDENT*

ATTACHMENT A TO PATENT ASSIGNMENT

See attached

EXHIBIT H
FORM OF COPYRIGHT ASSIGNMENT⁴
IN THE UNITED STATES COPYRIGHT OFFICE
COPYRIGHT ASSIGNMENT

This Copyright Assignment (this “Copyright Assignment”) is being delivered pursuant to that certain Asset Purchase Agreement, dated as of July 30, 2012 (the “Asset Purchase Agreement”) by and between GameTech International, Inc., a Delaware corporation; GameTech Arizona Corporation, an Arizona corporation; GameTech Canada Corp., a corporation organized under the laws of Nova Scotia; and GameTech Mexico S. de R.L. de C.V., a company organization under the laws of Mexico (collectively, “Assignor”), YI GT Acquisition, Inc., a Delaware corporation (“Assignee”) and solely with respect to Section 2.06(e), Yuri Itkis Gaming Trust of 1993.

A. Assignor owns certain works of authorship and/or copyrights, and registrations for such works of authorship and copyrights, as set forth in Attachment A attached hereto and incorporated herein by this reference (“Copyrights”).

B. Assignor and Assignee have entered into the Asset Purchase Agreement, assigning, among other things, all right, title and interest in and to the Copyrights from Assignor to Assignee.

C. Any capitalized term used but not otherwise defined in this Copyright Assignment has the meaning ascribed to such term in the Asset Purchase Agreement.

NOW, THEREFORE, for good and valuable consideration as set forth in the Asset Purchase Agreement, the receipt and sufficiency of which hereby is acknowledged, Assignor hereby sells, conveys, assigns, transfers and delivers to Assignee and its successors and assigns, free and clear of all Liens and Claims, effective as of 11:59 p.m. Las Vegas, Nevada time on September __, 2012 (the “Effective Time”), Assignor’s entire right, title and interest in and to the Copyrights, including all registrations for the Copyrights (and the right to apply for any of the foregoing); all rights to causes of action and remedies related thereto (including, without limitation, the right to sue for past, present or future infringement, misappropriation or violation of rights related to the foregoing); and any and all other rights and interests arising out of, in connection with or in relation to the Copyrights.

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⁴ In the event that Buyer designates one or more of its Affiliates to acquire the Acquired Assets pursuant to the Asset Purchase Agreement, this Form shall be modified as appropriate by Seller to the extent necessary to reflect such designated Affiliate(s) as the applicable Assignee.

IN WITNESS WHEREOF, Assignor has caused this Copyright Assignment to be executed by its duly authorized representative as of the Effective Time.

**ASSIGNOR:
GAMETECH INTERNATIONAL, INC.**



By: Andrew E. Robinson
Name:
Title: CFO SR V.P.

GAMETECH ARIZONA CORPORATION



By: Andrew E. Robinson
Name:
Title: PRESIDENT

GAMETECH CANADA CORP.



By: Andrew E. Robinson
Name:
Title: PRESIDENT

GAMETECH MEXICO S. DE R.L. DE C.V.



By: Andrew E. Robinson
Name:
Title: PRESIDENT

ATTACHMENT A TO COPYRIGHT ASSIGNMENT

See attached

EXHIBIT I

FORM OF TRADEMARK ASSIGNMENT⁵

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

TRADEMARK ASSIGNMENT

This Trademark Assignment (this "Trademark Assignment") is being delivered pursuant to that certain Asset Purchase Agreement, dated as of August 8, 2012 (the "Asset Purchase Agreement") by and between GameTech International, Inc., a Delaware corporation; GameTech Arizona Corporation, an Arizona corporation; GameTech Canada Corp., a corporation organized under the laws of Nova Scotia; and GameTech Mexico S. de R.L. de C.V., a company organization under the laws of Mexico (collectively, "Assignor"), YI GT Acquisition, Inc., a Delaware corporation ("Assignee") and solely with respect to Section 2.06(e), Yuri Itkis Gaming Trust of 1993.

A. Assignor owns certain trademarks and/or service marks, and applications and/or registrations for such marks, as listed in Attachment A attached hereto and incorporated herein by this reference (the "Marks").

B. Assignor and Assignee have entered into the Asset Purchase Agreement, assigning, among other things, all right, title and interest in and to the Marks from Assignor to Assignee.

C. Any capitalized term used but not otherwise defined in this Trademark Assignment has the meaning ascribed to such term in the Asset Purchase Agreement.

NOW, THEREFORE, for good and valuable consideration as set forth in the Asset Purchase Agreement, the receipt and sufficiency of which hereby is acknowledged, Assignor hereby sells, conveys, assigns, transfers and delivers to Assignee and its successors and assigns, free and clear of all Liens and Claims, effective as of 11:59 p.m. Las Vegas, Nevada time on September __, 2012 (the "Effective Time"), Assignor's entire right, title and interest in and to the Marks, and to the applications and/or registrations for the Marks, together with the goodwill of the business symbolized by the Marks, including the right to sue and recover for any past infringement thereof.

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⁵ In the event that Buyer designates one or more of its Affiliates to acquire the Acquired Assets pursuant to the Asset Purchase Agreement, this Form shall be modified as appropriate by Seller to the extent necessary to reflect such designated Affiliate(s) as the applicable Assignee.

IN WITNESS WHEREOF, Assignor has caused this Trademark Assignment to be executed by its duly authorized representative as of the Effective Time.

ASSIGNOR:
GAMETECH INTERNATIONAL, INC.



By: _____
Name: Andrew E. Robinson
Title: CFO SR. V.P.

GAMETECH ARIZONA CORPORATION



By: _____
Name: PRESIDENT
Title: ANDREW E. ROBINSON

GAMETECH CANADA CORP.



By: _____
Name: Andrew E. Robinson
Title: PRESIDENT

GAMETECH MEXICO S. DE R.L. DE C.V.



By: _____
Name: Andrew E. Robinson
Title: PRESIDENT

ATTACHMENT A TO TRADEMARK ASSIGNMENT

See attached

EXHIBIT J

FORM OF DOMAIN NAME ASSIGNMENT AGREEMENT⁶

DOMAIN NAMES ASSIGNMENT AGREEMENT

This Domain Names Assignment Agreement (this “Domain Names Assignment Agreement”) is made as of September __, 2012, by and between GameTech International, Inc., a Delaware corporation; GameTech Arizona Corporation, an Arizona corporation; GameTech Canada Corp., a corporation organized under the laws of Nova Scotia; and GameTech Mexico S. de R.L. de C.V., a company organization under the laws of Mexico (collectively, “Assignor”) and YI GT Acquisition, Inc., a Delaware corporation (“Assignee”).

RECITALS

- A. Assignor is the sole owner of all right, title and interest in and to the domain names set forth on Section 3.9(a) of the Seller Disclosure Schedule (collectively, the “Domain Names”) as part of the entire business or portion thereof to which the Domain Names pertain.
- B. Assignor has duly registered the Domain Names with [NAME OF REGISTRAR] (the “Registrar”).
- C. Assignor and Assignee have entered into that certain Asset Purchase Agreement, dated as of July 30, 2012 (the “Asset Purchase Agreement”), assigning, among other things, all right, title and interest in and to the Domain Names from Assignor to Assignee.
- D. Any capitalized term used but not otherwise defined in this Domain Names Assignment Agreement has the meaning ascribed to such term in the Asset Purchase Agreement.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained herein, the parties hereto agree as follows:

1. Assignment. Assignor hereby sells, conveys, assigns, transfers and delivers to Assignee and its successors and assigns, free and clear of all Liens and Claims, effective as of 11:59 p.m. Las Vegas, Nevada time on September __, 2012 (the “Effective Time”) and as contemplated by the Asset Purchase Agreement, all of Assignor’s right, title and interest throughout the world in and to the Domain Names.
2. Transfer of Domain Names and Rights. Assignor has prepared and submitted or will promptly prepare and submit to the appropriate individuals or entities all forms and other documents requested by Buyer to transfer the Domain Names and Rights to Buyer. Further, Assignor will take all other actions requested by Buyer to transfer the Domain Names and Rights to Buyer.

⁶ In the event that Buyer designates one or more of its Affiliates to acquire the Acquired Assets pursuant to the Asset Purchase Agreement, this Form shall be modified as appropriate by Buyer and Seller to the extent necessary to reflect such designated Affiliate(s) as the applicable Assignee.

3. Further Assurances. Assignor agrees (a) to furnish upon request to Assignee such further information, (b) to execute and deliver to Assignee such other documents, and (c) to do such other acts and things, all as Assignee may reasonably request for the purpose of carrying out the intent of this Domain Names Assignment Agreement and the transactions contemplated by this Domain Names Assignment Agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Domain Names Assignment Agreement to be executed by their duly authorized representatives as of the date first above written.

ASSIGNOR:
GAMETECH INTERNATIONAL, INC.



By: Andrew E. Robinson
Name:
Title: CFO Sr. V.P.

GAMETECH ARIZONA CORPORATION



By: Andrew E. Robinson
Name:
Title: PRESIDENT

GAMETECH CANADA CORP.



By: Andrew E. Robinson
Name:
Title: PRESIDENT

GAMETECH MEXICO S. DE R.L. DE C.V.



By: Andrew E. Robinson
Name:
Title: PRESIDENT

ASSIGNEE:
YI GT ACQUISITION, INC.

By:
Name:
Title:

EXHIBIT K

FORM OF FIRPTA CERTIFICATE

**FIRPTA NOTIFICATION LETTER
CERTIFICATE OF NON-FOREIGN STATUS**

1. Section 1445 of the U.S. Internal Revenue Code provides that a transferee of a U.S. real property interest must withhold tax if the transferor is a foreign person. To inform the transferee that withholding of tax is not required upon the disposition of a U.S. real property interest by GameTech International, Inc., a Delaware corporation and GameTech Arizona Corp., an Arizona corporation (collectively, the "Sellers"), the undersigned hereby certifies under penalties of perjury the following on behalf of the respective Seller:

(a) Seller is not a foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder) or a nonresident alien for U.S. income tax purposes;

(b) GameTech International, Inc.'s U.S. employer identification number is 33-0612983 and GameTech Arizona Corp.'s U.S. employer identification number is [_____]; and

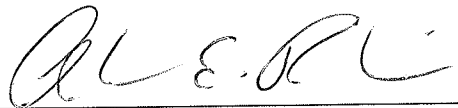
(c) GameTech International, Inc.'s office address is 8850 Double Diamond Parkway, Reno, Nevada 89521 and GameTech Arizona Corp.'s office address is [_____].

(d) As of the date hereof, Seller is not a "U.S. real property holding corporation" (a "USRPHC") as defined in § 897(c)(2) of the Code and Treas. Reg. § 1.897-2(b), and the Company has not been a USRPHC for the five-year period ending on the date hereof.

2. Each Seller understands that this Certification may be disclosed to the U.S. Internal Revenue Service by the transferee and hereby consents to such disclosure, and each Seller understands that any false statement contained herein could be punished by fine, imprisonment, or both.

3. Under penalties of perjury I declare that I have examined this Certification and to the best of my knowledge and belief it is true, correct, and complete, and I further declare that I have authority to sign this document on behalf of the respective Seller.

GAMETECH INTERNATIONAL, INC.

By: 
Name: Andrew R. Robinson
Title: CFO SR. V.P.
Dated: 8-8-2012

GAMETECH ARIZONA CORP.

By: AL E. ROBINSON
Name: ANDREW E. ROBINSON
Title: PRESIDENT
Dated: 8-8-2012

EXHIBIT L

ASSIGNMENT CONSENTS

Each Potential Assumed Executory Contract set forth on Exhibit C if and only if such Potential Assumed Executory Contract becomes an Assumed Executory Contract pursuant to Section 2.01(b).

See attached

EXHIBIT M
FORM OF BIDDING PROCEDURES ORDER

EXHIBIT D TO BID PROCEDURES/SALE MOTION
Cure Notice

**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re

GameTech International, Inc., *et al.*¹

Debtors.

Chapter 11

Case No. 12-11964 (PJW)

(Jointly Administered)

**NOTICE OF (I) POTENTIAL ASSUMPTION OF EXECUTORY
CONTRACTS AND UNEXPIRED LEASES, (II) FIXING
OF CURE AMOUNTS, AND (III) DEADLINE TO OBJECT THERETO**

PLEASE TAKE NOTICE that on August __, 2012, the United States Bankruptcy Court for the District of Delaware entered an Order [Docket No. ____] (the “**Bid Procedures Order**”) on the motion (the “**Motion**”) of the above-captioned debtors and debtors-in-possession (the “**Debtors**”) (i) approving certain bid procedures, including the bid protections as set forth in the asset purchase agreement between the Debtors and YI GT Acquisition, Inc., with respect to the proposed sale (the “**Sale**”) of substantially all of the assets of the Debtors, (ii) scheduling a hearing on the Sale and setting objection and bidding deadlines with respect to the Sale, (iii) approving the form and manner of notice of an auction for the Assets (as defined in the Motion), (iv) establishing procedures to determine cure amounts and deadlines for objections for certain contracts and leases to be assumed and assigned by the Debtors; and (v) granting related relief.

PLEASE TAKE FURTHER NOTICE that pursuant to the Bid Procedures Order, attached hereto as Exhibit A the Debtors have indicated each potentially assumable and assignable executory contract and unexpired lease (each, an “**Assigned Contract**” and collectively, the “**Assigned Contracts**”) along with the cure amounts (the “**Cure Amounts**”), calculated as of August 31, 2012, that the Debtors believe must be paid to compensate the non-Debtor parties for any actual and pecuniary losses arising from any defaults under the Assigned Contracts in connection with the potential assumption and/or assignment of such Assigned Contracts.

PLEASE TAKE FURTHER NOTICE that objections to the Cure Amounts, whether or not such party previously has filed a proof of claim with respect to amounts due under the applicable Assigned Contract, and/or objections to the potential assumption of such Assigned Contract, must be filed by and served, together with all documentation supporting such cure claim or objection, so as to be received by **September 12, 2012 at 5:00 p.m.** (Prevailing Eastern Time) on the Debtors’ counsel, Greenberg Traurig, LLP, Attn: Nancy A. Mitchell, Esq. and Matthew L. Hinker, Esq., 200 Park Avenue, New York, NY 10166, Attn: David D. Cleary, Esq.,

¹ The Debtors in these chapter 11 Cases, along with the last four digits of each Debtor’s federal tax identification number, are GameTech International, Inc. (2983), GameTech Arizona Corp. (9812), GameTech Canada Corp. (0001), and GameTech Mexico S. De R.L. de C.V. (5489).

2375 East Camelback Rd., Suite 700, Phoenix, AZ 85016, and Attn: Dennis A. Meloro, Esq., The Nemours Building, 1007 North Orange Street, Suite 1200, Wilmington, Delaware, 19801 and on counsel to YI GT Acquisition, Inc., Morrison & Foerster LLP, 425 Market Street, San Francisco, CA 94105, Attn: Vincent J. Novak, Esq. and Pepper Hamilton LLP, Hercules Plaza, Suite 5100, 1313 Market Street, Wilmington, Delaware 19801, Attn: David B. Stratton, Esq. and David Fournier, Esq. In the event no objection is timely filed with respect to an Assigned Contract, the non-Debtor counterparty to such Assigned Contract shall be deemed to have consented to the Cure Amount proposed by the Debtors.

PLEASE TAKE FURTHER NOTICE that the Debtor and Successful Bidder (as defined in the Bid Procedures Order), as applicable, reserve the right to designate which, if any, executory contracts or unexpired leases will be assumed and assigned, and any alternative purchaser may designate which executory contracts or unexpired leases it wishes to assume and assign. Inclusion of a contract or lease on Exhibit A hereto does not indicate that either Successful Bidder or any alternative purchaser will determine to have the Debtors assume and seek assignment of such contract or lease.

PLEASE TAKE FURTHER NOTICE that if the Debtors amend the list of Assigned Contracts and/or Cure Amounts annexed hereto, the affected non-Debtor party(ies) shall be provided prompt notice and shall have seven (7) calendar days from the date of such service to object thereto.

PLEASE TAKE FURTHER NOTICE that the inclusion of a contract or lease on Exhibit A hereto shall not constitute or be deemed a determination or an admission by the Debtors that such document is in fact, an executory contract or unexpired lease within the meaning of section 365 of the Bankruptcy Code (all rights with respect thereto being expressly reserved).

PLEASE TAKE FURTHER NOTICE that a hearing to consider approval of the Sale and to determine the Cure Amounts and assumption or assignment issues for any parties to Assigned Contracts that filed objections and that have been designated to be assumed and assigned will be held on **September 27, 2012 at 2:00 p.m.** (Prevailing Eastern Time) before the Honorable Peter J. Walsh at the United States Bankruptcy Court for the District of Delaware, 824 North Market Street, 6th Floor, Courtroom #2, Wilmington, Delaware 19801.

Dated: August __, 2012

Respectfully Submitted,

GREENBERG TRAURIG, LLP

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*Counsel for the Debtors
and Debtors-in-Possession*