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WELCOME OPERATOR

Merit Industries, Inc. is pleased to have you participate in our MegaNet® System.

You are just a few simple steps away from being connected to the moneymaking aspects of the MegaNet® System.

Follow the easy guide in this book and best of luck to your players.

First time MegaNet® operators need to fill out the following forms: Game Start-Up Form, Operator Agreement, and Debit Account Form. These forms must be signed and faxed to Merit before your game receives Tournament play and MegaNet® features.

Existing registered MegaNet® operators wishing to add another game can simply fill out the Game Start-Up Form and fax it to Merit or register on the TournaMAXX™ Web site at www.tournamaxx.com.

New features and events as well as special MegaNet® operator-only announcements will be posted at the www.tournamaxx.com Web site just for you.

If you have any questions, please contact MegaNet® Customer Service at 800-445-9353.

Merit Industries, Inc.
2525 State Road
Bensalem, PA 19020
800-445-9353 / 215-639-4700
Fax: 215-639-0345
www.tournamaxx.com

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MEGANET® FEATURES



Prize Zone™: A total location promotion system that is hassle-free for the Operator. Merit's "Frequent Player" prize redemption system allows your customers to earn really cool prizes for their game skills. The Prize Zone™ channel features a shopping channel right on your Megatouch machine for complete automation. Prizes are sent directly to the players!



Penthouse® Channel: Special licensed erotic content from Penthouse® gives your locations the best in high quality "Fabric Free" entertainment. Five games make up the Premium Erotic category including the exclusive Pet of the Month™ Foxy Boxxi.



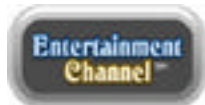
Chippendales® Channel: With this new licensed content, your players will enjoy the sexy men of Chippendales® in 5 premium erotic games. The Chippendales Channel™ features the exclusive Chip of the Month™ Foxy Boxxi..



CDM® Fantasy Sports: CDM Fantasy Sports™ allows players to select a fantasy football team to compete based on the real pro football games occurring that week and achieve a weekly and overall league top-score ranking. National prizes are administered by CDM.



Operator Site Access: Direct access to the operator's company Web site is available from the MegaNet® Player Menu for the latest league, event and other information. You can even create your own button logo for the game.



Entertainment Channel™: This premium-priced, time-based channel allows your customers to check out daily horoscopes, quotes of the day, celebrity birthdays, comic strips from Pluggers®, Quigmans®, and much more. Content is licensed direct from the Tribune Media Company and is updated daily!



MegaWeb™: Surf the World Wide Web, send E-mails, check news, sports, financials, weather and much more. All premium-priced and right from the Megatouch machine!



Merit-thon: Triathlon style tournaments that combine one round of 3 different games to reach a wide range of players, challenge experienced players and feature the new games.



My Merit: This feature gives your players their own personal assistant on the Megatouch machine. The personal "My Merit" account will track all their high scores of amusement play and provide a location based promotion tool for the Operator! Imagine the "My Merit" players-only party as a tool to build location loyalty!

High-Speed Connection: Merit's software provides you the option to hook up to a high-speed Internet connection or a normal phone line. The choice is yours!

Cash Settlement Screens: This enhanced Operator feature provides the simplest way to take operating fees off the top of your collections. Collector friendly and Operator designed; you are in total control of maximizing your earnings potential! Now you can even select how often the machine calculates the revenues and fees (weekly or monthly).

Advance Games Release: Exciting new games will be sent to MegaNet®-connected machines prior to Merit's official software release. The only place to find these top earning games is on the network-connected Megatouch! Champions Club wearable items, New TournaMAXX™ games, TournaMAXX™ Insider newsletter and much more!

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MERIT GAME START-UP FORM

A separate form is required for each individual game.

Fax this form to Merit Industries at 215-639-0345 immediately upon completion to get your game connected to MegaNet®. This game is eligible for Tournament play as soon as this form is received and verified.

Please allow 24 hours for processing.

Game Information (Please Print)	
<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	_____
Game Serial Number	TournaMAXX™ Kit Serial Number
_____	_____
Location Name	Contact
_____	_____
Location Type (e.g. tavern, restaurant, FEC)	Phone Number
_____	_____
Location Address	Fax Number
_____	_____
City, State, Province, Postal Code, Country	

Operator Information (Please Print)	
_____	_____
Operator ID Number (If not known, please fill out information below)	E-mail Address
_____	_____
Company Name	Contact
_____	_____
Address	Phone Number
_____	_____
City, State, Province, Postal Code, Country	Fax Number
_____	_____
Distributor Name (where game or kit was purchased)	
Debit Account on file <input type="checkbox"/> Yes <input type="checkbox"/> No (If No, include Debit Account Form)	

Operator Controls	
Help us help <u>you</u> make money by determining popularity of games for future development.	
<input type="checkbox"/> Yes, please list this location on the World Wide Web so players know they can play TournaMAXX™ here.	
<input type="checkbox"/> Poll all game books data	<input type="checkbox"/> Poll amusement play only <input type="checkbox"/> Poll only TournaMAXX™ books data
(Game play % and average game length)	
Plus TournaMAXX™ books data	

The undersigned agrees to abide by all TournaMAXX™ Global Player Ranking System™ policies and procedures. Failure to comply with Tournament rules and billing procedures will result in cancellation of TournaMAXX™ privileges. TournaMAXX™ rules are subject to change without notice.	
_____	_____
Authorized Signature	Date

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MERIT INDUSTRIES, INC. UNITED STATES OPERATOR AGREEMENT

This Agreement is entered into this _____ day of _____, 20_____, between Merit Industries, Inc. ("Merit") of 2525 State Road, Bensalem, PA 19020 and _____ ("Operator") of _____ (Name) _____ (Address).

Whereas Merit has developed and owns the MegaNet™ system and Operator desires to subscribe to MegaNet™ services, in consideration of the mutual promises contained herein and other valuable consideration, the parties agree as follows:

1. MERIT OBLIGATIONS

Merit agrees to do the following:

- A. Provide Operator with access to the MegaNet™ services, including the TournaMAXX™ tournaments, through the MegaNet™ hardware/software.
- B. Provide training and support to technical representatives of Operator in the installation and maintenance of MegaNet™ games and in the connection to the TournaMAXX Global Player Ranking System™.
- C. E-mail, fax, Web post, or mail billing statements to Operator at least 4 business days prior to the date of automatic debiting of amounts owed to Merit for MegaNet™ subscription fees.
- D. Warrant MegaNet™ hardware parts for replacement for defects in materials and workmanship subject to and consistent with the procedures and provisions of Merit's one (1) year warranty program and policy, and subject to the limited warranty in the MegaNet™ Installation and User Manual.
- E. Provide the operator with local access to an Internet Service Provider (ISP) in most areas for the purpose of updating MegaNet™ machines, subject to the availability of Merit's chosen ISP provider in Operator's area. The ISP account is for the sole purpose of connecting Merit games to MegaNet™. Any unauthorized usage of the ISP will be the sole responsibility of Operator. In the event that Operator's MegaNet™ machines utilize a Merit toll-free number for more than one (1) hour per month, Merit reserves the right to charge Operator five dollars (\$5) per hour per applicable machine for each such month.
- F. Maintain Web sites to support the MegaNet™ services and provide information such as connection reports, player and game data, and tournament schedules.
- G. Consider any MegaNet™ registration made by Operator on behalf of their locations to be valid and approved by Operator for MegaNet™ participation. **Merit will bill Operator accordingly unless a valid Game Off-Line Form is received from the Operator.**

2. OPERATOR OBLIGATIONS

Operator agrees to do the following:

- A. Fill out and submit valid Game Start-Up Forms and Tournament Debit Account Forms.
- B. Provide reasonable technical support and service to locations operating MegaNet™ and report significant incidents of equipment malfunctions and software errors to Merit.
- C. Promptly complete and fax or E-mail to Merit any MegaNet™ Game Off-Line Form. **Billing will continue unless Game Off-Line Form is received.**
- D. Comply with the rules and regulations of Merit's MegaNet™ system, Merit's software license agreement, and the payment obligations set forth in this Agreement.
- E. Post the rules for any Operator-sponsored tournament or promotion in all locations and make such rules available on demand to anyone who requests them.
- F. **Purchase and install the then-current Megatouch software upgrades required for MegaNet™ participation, subject to Merit's designated grace period for Operators validly participating in the MegaNet™ system.**
- G. Operator shall only operate MegaNet™ Games at locations where Operator has used his or her best good faith efforts to determine that the running of MegaNet™ and the MegaNet™ functions complies with all local, state, and other governmental body laws and regulations. If Operator runs any tournaments or awards any prizes in conjunction with MegaNet™, then Operator is solely responsible for compliance with applicable laws and regulations. In the event of any inquiry or action by any governmental or regulatory body, Operator shall be solely responsible for responding to such inquiry or action.
- H. Operator shall not enable the Prize Zone™ functionality of the MegaNet™ system on machines in any jurisdiction that Merit identifies as not eligible for use of the Prize Zone™ functionality. As of the date of this Agreement, the ineligible jurisdictions are identified in Appendix A. Merit may subsequently advise Operator of any changes to the ineligible jurisdictions, and reserves the right to disable the Prize Zone™ functionality in jurisdictions that are deemed ineligible.
- I. Operator shall not enable Premium Erotic content on machines used in any location frequented by persons under the age of 18. Operator agrees to use good judgement to determine whether the Premium Erotic content is appropriate in Operator's locations.

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3. MegaNet™ KIT PROGRAM

Merit will provide MegaNet™ hardware kits to Operator for \$29.95 per kit provided that the kit(s) are activated by an Operator validly participating in MegaNet™ within thirty (30) days of shipment and then operated on the MegaNet™ system in accordance with this Agreement for at least a period of one hundred twenty (120) days thereafter. Prior to shipment of the kits, Operator shall submit to Merit a valid Visa/Master Card or American Express Card number to authorize payment for any non-activated machines. In addition to the \$29.95 fee, Operator shall pay and hereby authorizes Merit to charge to such credit card \$100.00 per MegaNet™ hardware kit that is not activated and operated as set forth in the first sentence. Operator shall not be charged such \$100.00 fee for any units that are returned to Merit within thirty (30) days of delivery in good condition, with the hardware/modem box unopened, and accompanied by a valid return authorization number obtained in accordance with Merit's return procedures. All orders are subject to Merit's approval.

4. MegaNet™ FEES

Operator shall pay Merit the fees set forth below for participation in the MegaNet™ services. Operator shall set up a debit account as specified by the MegaNet™ Debit Account Form. Prior to the date that said account will be automatically debited pursuant to this Agreement, Operator shall deposit the necessary amounts in the account. All accounts will be automatically debited in accordance with Merit's billing policies posted on-line in the Operator portion of Merit's Web site. In the event that there are insufficient funds in the account at the time of the automatic debit, Operators will be subject to an insufficient funds charge of \$50.

- A. **Monthly Fees:** Operator shall pay Merit a set fee per machine per month for machines connected to the MegaNet™ system. Such fee shall be based on the number of machines Operator has connected to the MegaNet™ system in the applicable month, as set forth below. For machines first connected during the middle of a month, Operator shall pay Merit a prorated portion of the following fees for the first month of connection. As of the date of this Agreement, the monthly fees are as follows:

1-10 Units Connected	\$39 per machine per month
11-50 Units Connected	\$25 per machine per month
51+ Units Connected	\$20 per machine per month

Merit may modify these fees once in any twelve (12) month period upon ninety (90) days' notice to Operator. If the Operator does not want to continue participating in the MegaNet™ system as a result of any change in fees, Operator may cease participation by disconnecting all connected machines within the 90-day period.

- B. **Premium Channel Fees:** From time to time, Merit may make available premium content and services through the MegaNet™ system (e.g., "Hot Topics" games, premium content licensed from third parties). Operator shall pay Merit in accordance with Merit's then current pricing schedule for the premium content and services. Merit's current pricing schedule is available for review on Merit's Operator Web site (log in required). Operators may also request a copy of the current content and service fees by calling Merit Customer Service. With respect to content and services existing in current and prior releases, Merit may modify the applicable fees once in any twelve (12) month period upon ninety (90) days' notice to Operator. If the Operator does not want to continue participating in one or more of the premium channels as a result of the change in service fees, Operator may cease participation by deactivating the applicable channel on its machines within the 90-day period. With respect to content and services added in a new release, Merit shall update the pricing schedule prior to the first release of the new channel. If the Operator does not want to pay the applicable fees for the new channel, Operator may elect not participate in the applicable channels by deactivating the applicable premium channel on the machines after receiving the new release.

5. OPERATOR ON-SCREEN PROMOTIONS

Merit shall provide Operator with the opportunity to populate content on screens of Operator's units in the information section of the MegaNet™ menu screens. Such opportunity shall be subject to Merit's On-Screen Promotion Program as described below and on the Operator Web site. All content submitted by the Operator shall be referred to as "Operator Content."

- A. Merit will make available templates and/or specifications for up to four on-screen pages that may be displayed on each MegaNet™ unit. Such templates and/or specifications shall be available on the Operator Web site. All Operator Content shall be submitted to Merit in the form of the templates and in an electronic format specified by Merit. All screens that are submitted in such form and format may be displayed at no charge to Operator.
- B. In the event that Operator wants to deviate from the template, Operator may request Merit to develop custom screens that incorporate Operator Content. If Merit elects to create the requested custom screens, Operator shall pay Merit \$150 per custom screen for the first month such screen is displayed and \$50 per month thereafter.
- C. All Operator Content must be submitted at least ten (10) days prior to the date on which the Operator desires that the screen be available on Merit's server for download to Operator's connected machines.
- D. Merit shall use commercially reasonable efforts to display Operator Content submitted as set forth above; provided that Merit reserves the right, but not the obligation, to edit or reject any Operator Content in its sole discretion.
- E. Operator is fully responsible for all content and for ensuring that Operator has the rights to permit Merit to display the Operator Content, including all trademarks and copyrights displayed therein, and that the Operator Content is true and accurate. Operator shall defend and indemnify Merit in the event that any of the Operator Content violates any third party's rights or any law or regulation.
- F. Notwithstanding the fact that Merit will post content for Operator, Operator is solely responsible for all legal compliance pursuant to Section 2.G. Merit reserves the right to include a disclaimer on the units and/or on applicable screens clarifying that all Operator sponsored promotions (and content provided by Operator) are the sole responsibility of the Operator.
- G. Merit reserves the right to change the terms of the On-Screen Promotion Program, including the form of the templates, from time-to-time. Merit shall post all such changes to the Operator Web site.

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6. THIRD PARTY ADVERTISING

Merit may post third party advertising materials to screens of the units connected to the MegaNet™ system. In the event that Merit is paid for such advertising, Merit shall credit a portion of such advertising fees against fees owed by Operator to Merit pursuant to Section 4. If Merit is paid per screen or per play, Merit shall credit Operator ten percent (10%) of the fee received with respect to screens displayed or plays on Operator's units. If Merit is paid a lump sum, Merit shall credit ten percent (10%) of such amount to the MegaNet™ operators displaying such advertising (apportioned based on each Operator's number of units connected to the MegaNet™ system as compared to the total number of units). This Section shall not apply to tournament sponsors, service providers or prize suppliers.

7. TOURNAMENT RULES

All tournaments that are run by Merit shall be subject to the rules promulgated by Merit for each such tournament. All decisions of Merit shall be final. Operator shall report any non-compliance with the applicable rules or other cheating. Operator is responsible for having machines connected to the MegaNet™ server at least once every 48 hours during a tournament and is responsible for securing and maintaining a good working phone line within each location. Merit reserves the right to reject any scores submitted more than 48 hours after the closing date of any tournament or such other time period specified in the tournament rules or otherwise identified by Merit.

8. TAXES

Operator agrees to pay all operator-incurred taxes, fees, and assessments of any kind which may be assessed upon Operator by any legitimate governmental body on Operator's participation in MegaNet™.

9. CONFIDENTIALITY

Merit agrees to keep Operator's confidential business information disclosed under this Agreement in strict confidence, including the MegaNet™ earnings of specific locations or specific game machine earnings. Merit may provide Operator with the option to have his or her locations listed on the World Wide Web for players to find locations in which to play MegaNet™. Merit may tabulate and otherwise use and disclose aggregated data that does not individually identify Operator. Operator agrees that the MegaNet™ technology, MegaNet™ marketing plans, Merit's MegaNet™ earnings, the terms of this Agreement, and any other confidential business information disclosed in the course of performance under this Agreement shall be held in strict confidence and not disclosed to anyone without Merit's prior written consent.

10. TERM

This Agreement is valid for a period of one (1) year from the sign-up date. This Agreement will automatically renew itself unless written notice is received from Operator within thirty (30) days of the end of the term. Such renewal shall be subject to Merit's then-current pricing program. Merit may terminate this Agreement immediately without notice if Operator breaches this Agreement or at any other time upon thirty (30) days' prior notice.

11. MISCELLANEOUS

All fees in this Agreement are specified in U.S. Dollars. This Agreement constitutes the entire agreement of the parties and supersedes all other understandings, whether written or oral, including any previous Operator Agreement with respect to MegaNet™. No provisions in Operator's purchase orders, or in any other forms employed by Operator, will supersede the terms and conditions of this Agreement. This Agreement may not be assigned by Operator without Merit's prior written consent. Except as referenced above, this Agreement may be changed only by mutual written agreement of the parties. This Agreement may be executed by facsimile in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement. The waiver of a breach of any provision of this Agreement will not operate or be interpreted as a waiver of any other or subsequent breach. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision, the remaining provisions being deemed to continue in full force and effect. This Agreement shall be governed and construed under the laws of the State of Pennsylvania and each party hereby consents to the exclusive jurisdiction and venue of the State of Pennsylvania. Each party is acting as an independent contractor and not as an agent, partner or joint venture with the other party for any purpose. Operator acknowledges that all intellectual property, including any derivative works therefrom, in the MegaNet™ services, the MegaNet™ hardware, and all MegaNet™ promotional material (including, without limitation, the on-screen promotion screens and advertisements described in Sections 5 and 6) is the exclusive property of Merit, and that Operator will not acquire any ownership interest, right or license in the intellectual property therein. Notwithstanding anything in this Agreement to the contrary, under no circumstances whatsoever shall Merit be liable to Operator or any third party for any special, consequential, punitive or incidental damages of any kind whatsoever, including without limitation, lost profits or lost savings, even if such party had been advised of the possibility of such damages. In no event shall Merit's liability to the Operator for any damages whatsoever exceed the fees paid by Operator to Merit under this Agreement.

MERIT INDUSTRIES, INC. By: _____

By: _____
(Operator)

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APPENDIX A

The Prize Zone™ functionality shall not be enabled for use in the following jurisdictions:

Arizona	Maryland
Arkansas	Missouri
Connecticut	New Hampshire
Delaware	South Dakota
Florida	Tennessee
Illinois	Utah
Iowa	Vermont
Louisiana	

CH01/ 12380129.2



DEBIT ACCOUNT FORM

You must have this form on file at Merit Industries, Inc. to activate your MegaNet® games.

Billing information for Automatic Debit Payments

Authorization Agreement for Pre-authorized Payments for participation in the TournaMAXX™ Global Player Ranking System™

I (we) authorize Merit Industries, Inc., hereafter called COMPANY, to initiate debit entries to my (our) bank account indicated below. I (we) authorize the financial institution named below, hereafter called INSTITUTION, to debit the amount of such entries to my (our) account; to correct any errors if required, and the Institution to deposit any such corrections to my (our) account. I have attached an unsigned and voided check or deposit statement for the account I (we) wish to be debited from time to time in varying amounts.

OPERATOR INFORMATION

Company Name

Company Contact

Address

Telephone Number

City, State, Province, Postal Code, Country

Fax Number

Operator E-mail Address

BANK INFORMATION

NOTE: To assist in verifying data, attach an unsigned voided blank check from your account.

Bank Name

Checking Account

Savings Account

Bank Branch Name

Bank Account Number

Bank Routing Number (REQUIRED)

The authority is to remain in full force and effect until I (we) revoke the agreement as hereafter provided. Any revocation is effective only after COMPANY has received written notice from me (us) to terminate this agreement in such time and manner to afford a reasonable opportunity to act upon the notice. I (we) have the right to stop payment of a debit entry by notification to the INSTITUTION in such time and manner as to afford a reasonable opportunity to act prior to charging the account. A copy of this authorization will be provided at your request.

Authorized Signature _____ Date _____

Credit Card Information (REQUIRED)

I (we) authorize Merit Industries, Inc. to charge the following credit card number for TournaMAXX™ fees that do not clear through my automatic debit account.

Express
Cardholder Name

Visa MasterCard American

Credit Card Number

Expiration Date

FAX THIS FORM TODAY! 215-639-0345

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GAME NOTIFICATION

A separate form is required for each individual game.
Fill out this form completely and fax it to Merit Industries at 215-639-0345.

This form can also be submitted electronically at www.tournamaxx.com.

Please allow 24 hours for processing.

Location Information (Please Print)

Game Serial Number (*Found on tag located on side or back of game*)

Date: _____

OLD LOCATION:

Location Name

Location Address

City, State, Province, Postal Code, Country

NEW LOCATION:

Location Name

Location Contact

Location Type (e.g. tavern, restaurant, FEC)

Location Address

Location Phone Number

City, State, Province, Postal Code, Country

Operator Information (Please Print)

Operator ID Number (*If not known, please fill out information below*)

E-mail Address

Company Name

Contact

Address

Phone Number

City, State, Province, Postal Code, Country

Fax Number

Debit Account on File? Yes No (If No, include Debit Account Form)

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GAME OFF-LINE NOTICE

This form is only to be used when a game will be off-line for more than one week.

A separate form is required for each individual game.

Fill out this form completely and fax to Merit Industries, Inc.

215-639-0345

This form can also be submitted electronically at www.tournamaxx.com.

Please allow 24 hours for processing.

The following MegaNet® Game is Off-Line:

Game Serial Number:

The serial number is found on the side of the game.

Location Name: _____

Date Game Went Off-Line: _____

Be sure to do an Update From Server call before disconnecting your game from the TournaMAXX™ Global Player Ranking System™.

Reason for Game Off-Line:

- Location Closed
- Game Down or Removed for Repairs
- Game Sold or Returned to _____
- Other _____

Approximate Date Game Will Be Back On-Line: _____

Operator Name: _____

Operator Address: _____

Operator Phone: _____

Operator ID: _____

Promptly complete and submit this form to Merit Industries. Billing will continue unless the Game Off-Line notice is received by Merit.



LOCATION OWNERS

Get the **MegaNet®** Advantage!

MegaNet®: Merit goes beyond tournaments with a fully loaded Prize Zone™ frequent player system, Penthouse Channel™ premium erotic, MegaWeb™ Web surfing, Entertainment Channel™ with horoscopes and comics, Hot Topics refreshed content and more. Megatouch keeps your customers entertained and you making money!

***Tournament Play Increases Earnings**

As your customers play, their skill increases. Confidence in their abilities means more money in the cash box.

***Repeat Play Means Repeat Business**

Players who make it into the Tournament standings will come back to your location to check on their status and play more games. These frequent visits mean more business for your establishment. For every \$100 increase due to Megatouch TournaMAXX™, you get approximately \$260.00 in increased bar revenue!

Here's how we figured it out:

\$100 a month increase in collection = 400 plays.
400 plays x 5 minutes per play = 33 hours of tournament play.
33 hours x average of 4 beverages per hour = 133 beverages served.
133 x \$2.00 average beverage cost = \$266.00.

***Tournament Rankings Keep Players Excited**

The TournaMAXX™ game continually advertises the player Ranklist for your customers. Ranklists are updated daily, displaying Tournament information and messages. Players can also visit the TournaMAXX™ Web site at www.tournamaxx.com 24 hours a day to check the latest Ranklists and news.

***Tournaments Are Automatic**

The Tournaments are run and monitored by Merit Industries, Inc. Players can enter the current Tournament as often as they wish. Merit Industries, Inc. is responsible for maintaining player rankings.

***Virtually No Extra Maintenance**

Your operator will help you hook up the game machines to your existing telephone line. The machines dial a local number that is connected to the Internet. Your operator is responsible for coin collections and billing. Merit Industries, Inc. is responsible for running Tournaments.

***Get Connected Today!**

Don't miss out on this exciting and profitable location promotion opportunity. Contact your coin-operated music and game vendor today for more details!

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OPERATORS

Get the MegaNet® Advantage!

MegaNet®

Premium-priced content for high earnings.

***Uses Your Existing Equipment**

Uses your existing Megatouch MAXX™ Sapphire edition or Megatouch FORCE 2004 games.

***Level II Localized Operator Tournament**

TournaMAXX™ offers a customized, exclusive level of competition specifically designed to promote play on your route. This feature provides cash box growth without the work. What operators have been asking for in Tournament systems, Merit delivers.

Level II raises your route above the competition.

***Hooks Up with an Existing Standard Phone Line or High-Speed Internet Access**

Simply plug in the game and connect the modem to a regular phone line or connect via high-speed. Installation is complete following the first connection you do on location.

***Easy Tournament Entry**

Players select the MegaNet® icon from the main menu. All active Tournament games are displayed. Regular play is unaffected by Tournament play.

***Players Compete for Local, Regional, National and/or Global Ranking**

The TournaMAXX™ games' Video Poster™ continually advertises the Tournament's current leaders. Players will enter the Tournament often to improve their standings.

***Remote Control/Operator Interface**

Secure operator Web interface for 24-hour-a-day viewing of Tournament and books screen data as well as the ability to modify features on the game from your computer.

***Operator Controlled Data Collection**

This unique feature allows the operator to decide if the books data is collected during TournaMAXX™ Central Server Collections. This is another reason why TournaMAXX™ is the "Operators' Tournament System."

***Automatic Data Retrieval**

Each Tournament game connects with Merit Industries, Inc. on a daily basis to collect scores and Tournament information. Calls are made at preset times and are simply local calls to the Internet Service Provider.

***Automatic Accounting**

The TournaMAXX™ Global Player Ranking System™ handles Tournament data and player ranking for each game connected to the system. A convenient flat fee payment plan makes accounting accurate and hassle free.

***Virtually No Extra Maintenance**

Basic game maintenance and a working telephone line are all that is needed for continued service in the TournaMAXX™ Global Player Ranking System™.

***Get Connected Today**

Don't miss out on this exciting and profitable coin-op opportunity. Call Merit Industries, Inc. today at 800-445-9353 or 215-639-4700 for more details!

***Easy Internet – Merit Pays**

The cost of local Internet service is paid for by Merit Industries Inc. in most areas. Only a local call is ever made from the location.

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(215) 639-4700

www.tournamaxx.com



SYSTEM OVERVIEW

Merit's MegaNet® is a system of touchscreen video games that are connected to a Merit server by the use of a local phone line or high-speed line and the Internet. Each connected game contains special Tournament software and communications hardware that enables the player to participate in Tournament play. Tournament play provides the player with an extra level of challenge to compete with other players on a local, regional, national and/or global basis.

MegaNet® has been designed to be an effortless, hands-free promotional tool for the operator and location. The game connects to the Internet using an existing phone line and communicates with the MegaNet® server on a daily basis. During the call the MegaNet® server and games share Tournament information including an update of the new leaders and the additional new player data profiles that signed up for Tournament participation. Additionally, Exclusive Direct Downloadable content is automatically sent to your connected games to keep their earnings at maximum levels. TournaMAXX™ events will be scheduled and published in advance. Merit is solely responsible for the determination of the Tournament policies and procedures.

Participation in MegaNet® requires that an operator:

1. **Purchase** the latest Megatouch software kit or new game and keep the game updated with the latest version of software.
2. **Order** the MegaNet® kit from Merit and **Install** the kit.
3. **Register** the game by filling out the appropriate forms with the game serial number (and kit serial number if applicable), location, and debit billing information.
4. **Activate** the game by following the easy "On-Screen Configuration Guide" found in the installation manual.

Upon completion of the above steps your game is ready for MegaNet® and Tournament play. Once a game is connected to the MegaNet® server, it is the sole responsibility of the operator to notify Merit of any changes in the game's location or if the game is deactivated at any time.

NOTE: Your game needs to make a connection at least every 15 days to keep the MegaNet® features on your game. Billing continues regardless of connection history unless the operator officially takes the game off-line.



SYSTEM HIGHLIGHTS

Game Highlights:

- High-earning, successful games
- Hooks up with a single existing phone line or high-speed line
- Game machines can be moved from location to location
- Regular play is always available, regardless of Tournament status
- Tournament-compatible games are already operating, more games are in development

Tournament Highlights:

- Regularly scheduled Tournaments will be held throughout the year
- Tournaments will vary in length and content but usually last about 3 weeks
- There is a winner on **every** machine every tournament
- Every game machine in a Tournament offers an even playing field
- Different Tournaments can be active at the same time
- Player Ranklists are displayed on all TournaMAXX™ games

Networking Highlights:

- The game machines call the TournaMAXX™ server at the preset time (as determined by the operator) via the Internet.
- New statistics, such as new leaders and scores, are sent to the TournaMAXX™ server.
- Important messages are sent periodically to the TournaMAXX™ game that advertise new Tournaments and important player information.
- Tournament updates, compiled from all of the collected data of the previous day, are sent to each TournaMAXX™ machine.
- The entire phone call process takes very little time (2-4 minutes).
- If the game fails to connect with the TournaMAXX™ server, it will try again during the attract mode and then will try again when the game is turned on the next day.
- Remote access to game books and other features such as game registration is available through a secure operator interface to the TournaMAXX™ Web site www.tournamaxx.com.

Accounting Highlights:

- Tournament billing is routed through an automatic debit account.
- Activity statements are E-mailed, faxed, Web posted or mailed before each transaction, detailing the Tournament billing.
- Debit transactions take place one time per month.
- Complete Tournament reports from Merit assure accurate and easy record keeping.



TOURNAMENT RULES

Post this in the location.

Participation in the TournaMAXX™ Global Player Ranking System™ is accomplished by selecting the TournaMAXX™ icon. First time TournaMAXX™ players will be required to enter their information into the new player profile and will be prompted by the screens as they scroll forward. Previously registered players will be asked to enter their screen name and PIN only. Once entered into the Tournament, the player selects the Tournament game they want to enter and play begins.

To optimize participation in the TournaMAXX™ Tournament, a player should play a minimum of five Tournament games to obtain the highest average score. Upon completion of these initial five games, players' average scores will be continuously updated using their five best scores. The players' averages can never go down! The more times a player posts a score in the Tournament, the higher the probability of a higher average score. On a daily basis, the games are updated to reflect the current Tournament leaders, and players will be able to view their ranking on the on-screen Video Poster™ or the TournaMAXX™ Ranklist at www.tournamaxx.com.

Tournaments will be scheduled in advance. At the onset of a new Tournament, the dates of the Tournament events are displayed on each machine. At the end of the Tournament, the games will be polled and the information gathered to determine the Tournament winners. Final results are typically displayed within four days of the Tournament's end. All winners' screen names will be displayed on the game's Video Poster™ and on Merit's Web site at www.tournamaxx.com.

It is the responsibility of the game operator to make sure each TournaMAXX™ game connects with the Merit server within 48 hours of the conclusion of each Tournament. Player scores will be voided and not included in any rankings or qualifications for any machines missing the deadline.

If problems occur connecting to the server or updating games, contact Merit Industries' Customer Service at 800-445-9353 or 215-639-4700 immediately.

TournaMAXX™ results are not final until the "final standings" screen appears on your machine. TournaMAXX™ Central allows 48 hours following the completion of each event for machines to call in and report scores. Your rankings may change during this call in period as machines call in to report their final scores.

The Tournament is subject to the rules and procedures as established by Merit Industries, Inc., and is subject to change without notice. The use of inappropriate language by the player when registering on the Tournament shall be grounds for immediate disqualification. Employees of Merit Industries, Inc. are ineligible for any Tournament competition. Game malfunctions or connection to the Tournament by unauthorized equipment shall immediately void all scores earned on that game. Players may only play under their own screen name. Merit, at its sole discretion, shall decide all filed grievance claims and its decision shall be deemed final. TournaMAXX™ shall remain in compliance of all player privacy, regulations, and guidelines. Merit is not sponsoring or providing prizes or awards connected with TournaMAXX™.

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RAPID INSTALLATION CHECKLIST

The experienced MegaNet® installer should follow these simple instructions for game and Tournament setup. Complete step by step installation information can be found in the accompanying installation manual

- 1.** Fill out the Game Start-Up Form for each Megatouch and location. E-mail, fax or mail these forms to Merit Industries, Inc. to validate the game. Make sure a Debit Account is set up.
- 2.** Set up the MegaNet® Game the same as any other video game. Be sure the modem is properly installed. Refer to the installation manual for help.
- 3.** Make sure that the supplied long telephone cable is plugged into the correct modem connector. All hardware is included in the kit. Be sure to loop the cable through the cable clip for extra strain relief. A phone cable coupler is supplied should an extension phone cable be required.
- 4.** Connect the loose end of the long cable into any existing telephone jack or high-speed line. Use the included splitter if connecting to a jack that is already in use.
- 5.** Turn on the game and press the Setup button. Check to make sure the serial number of the machine is entered and the correct date and time are set. Select the TournaMAXX™ icon. Touch the "Internet Setup" icon and select your connection method (Dial-Up, Automatic, or Manual).
- 6. For Dial-Up Connections:** Touch the "Dial-In Setup" icon and enter the Dialing Prefix if necessary and area code settings on the Dial-In Setup Screen. Then, touch the Initial Connection icon. Select a primary and secondary local phone number in the appropriate area code from the menu on the screen. From the main TournaMAXX™ Screen, select the "Update From Server" icon.
For Automatic or Manual Connections: Touch the "Setup" icon and enter all of the information given to you by your service provider. The game will then connect to the server.
- 7.** When the game disconnects from the server after receiving Tournament information, the installation is complete.



BEGINNING A TOURNAMENT

1. **The TournaMAXX™ Screen displays New Tournament Game icon(s)** 3 to 5 days before the Tournament start date. The message displays the Tournament name, start and end dates. Signs or other promotional material may be sent by Merit Industries, Inc. for display at each location.
2. **Tournament data is downloaded to each machine** before the Tournament begins. Each machine receives the Tournament game(s) and the start and end dates of the Tournament.
3. **The Tournament is accessible by players** on the start date of the Tournament. When the Tournament is active, players will see it in the game menu with current dates. After selecting an active Tournament game, the trophy cup at the bottom of the screen flashes.
4. **New players** are asked to enter their full name and brief player information at the beginning of their first Tournament game. Only first time players need to enter this information. The player's screen name is then displayed on the various Tournament Ranklists. Afterwards, players only need to enter their screen name and password (PIN number).
5. **After players log on** the first time, they can play on any TournaMAXX™ machine participating in that Tournament by simply entering their screen name and password.
6. **Each day/night the TournaMAXX™ machine calls Merit's central server** via a local number. During the short call, Tournament information is transferred. Transferred data includes Local, Regional, National, and/or Global scores and ranking.
7. **Merit's central server processes the data received** from all of the TournaMAXX™ machines. Updated Local, Regional, National, and/or Global rankings are generated and sent to each machine. New messages, as well as other important Tournament data may also be sent. Advertising by corporate sponsors may also appear on the screen.



ENDING A TOURNAMENT

1. **The Tournament ends on the advertised end date.** Each Tournament game is programmed to disable Tournament play at this time. Games in progress are allowed to continue until completed.
2. **The disabled TournaMAXX™ machine will no longer allow Tournament play.** Players will no longer be able to compete in the Tournament but will be able to view updated rankings.
3. **Final Tournament data is downloaded from each machine** during the regularly scheduled call-in time.

4. **Make sure machines have made a successful call** at the end of the Tournament. The official Tournament winners will be determined 48 hours after Tournament end date. Before moving a machine to another location, a successful manual Update from Server must be completed.

Scores received after 48 hours after the conclusion of the Tournament will not be valid!

5. **A list of Tournament winners is compiled** after all of the games have called the TournaMAXX™ server with the final data. The final standings are transferred to each machine during call-in the next day.
6. **Final Ranklists and new messages continue to appear** on each game machine after the Tournament ends, to allow players to view the final standings.
7. **The machines continue to call Merit, even when no Tournament is running.** Machines remain on-line in order to monitor for potential problems, as well as be ready to accept new screen messages and receive starting data for the next Tournament.



FREQUENTLY ASKED QUESTIONS

CONNECTION QUESTIONS

How do I make the game call into Merit at any time?

Press the Setup button, touch the System Settings icon, touch TournaMAXX™ icon, then select the Update From Server icon. The game will make a call to Merit. If the call fails, repeat the process.

Does the game call Merit, or does Merit call the game, and how many times each day?

The game is programmed to call into Merit once each day, via a local call to the Internet Service Provider (ISP) at a predetermined time selected by the operator. (Please select a time when the game will be turned on.)

What if the game is turned off and misses its scheduled time to call Merit?

As soon as the game is turned on, it will attempt to complete a call to Merit.

How will I know if a successful call has been made?

When the game is attempting the initial call, the screen will display a MERIT CALL screen. The text near the bottom of the screen will show the status of the phone call. A typical successful call will display the following status messages in this order: Modem Found, Modem Dialing, Modem Connected, Connected to Merit Server, Data Transfer Successful, Server Complete. In order to check for successful connection after the initial connection, look in the connection log on the machine, or on your operator Web site www.tournamaxx.com.

When I attempt to make a call to Merit, the game displays the message "no dial tone found." What do I do?

Plug a normal telephone into the Y jack supplied with the game/kit. A dial tone must be heard on the phone. If no dial tone is heard, check your phone line connections. If a dial tone is heard, try dialing a phone number to make sure you can call out.

Can I use this game on a rotary phone system?

The game is factory set to call out on a tone system, but you can set your game to use rotary or pulse dialing. Enter the Set-Up mode; select System Settings and the TournaMAXX™ icon. Select the Dial-Up Network Icon. In the Phone Settings section, simply select pulse.

I have a dial tone but I never get a successful call into Merit. What do I check first?

Make sure the settings in the Dial-Up Network Screen menu are correct (refer to the On-Screen Configuration guide in the installation manual). Ask yourself some questions. Is this location on a rotary phone system? Is the phone line on a computer phone system? (The Tournament may not work on all phone systems.) Do I have to dial something, like a 9, to reach an outside line?

When I manually call into Merit it says, "modem connected" but the game does not connect. Why?

The game may be on a noisy phone line. This can be caused by old phone lines, too many devices on the line, or bad lines coming from the phone company. A direct connection to the box coming into the building or a new separate phone line added to the building are ways to rectify this problem.

I made a successful call so why can't I enter the Tournament?

The paperwork for the game must be sent or faxed to Merit for processing. Without the paperwork, your game will not receive TournaMAXX™ data. Also, a Tournament must be in progress. Be sure to get your paperwork in early!

Is my game hooked up to the Internet all the time?

No, only when the game dials into the TournaMAXX™ server.

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REPLACEMENT QUESTIONS

If I call the distributor or Merit for services, what information should I have ready?

The game and or kit serial number is how your game status is tracked. Your operator ID # will allow Merit to assist you with more in depth service/connection issues. Your operator ID should only be given to Merit service personnel.

SCREEN DISPLAY QUESTIONS

Why does the location name in the location icon differ from the actual location name?

When you register your location and your game's serial number, the screen will display the name of the location in the local ranking icon. If the location name on the screen is wrong, you should first check that you sent in the correct game serial number. The game serial number is located on the side of the cabinet and in the software. Verify that both numbers are the same. Press the Setup button, touch the System Settings icon, then touch the Set Game Serial Number icon to verify the serial number is correct. It is displayed at the top of the screen and must be the same as the serial number on your Game Start-Up Form. If the game serial number on the screen matches the serial number on the Game Start-Up Form and the location icon name is different than the actual name of the location, call, fax or E-mail Merit, and the name will be changed.

TOURNAMENT QUESTIONS

How do I know when there is a Tournament?

Upcoming Tournament dates will be announced approximately one week in advance and advertised on the game. The Merit Web site (www.tournamaxx.com) maintains a Tournament schedule as well.

How do the players know when there is a Tournament?

Special Tournament messages are periodically downloaded to the game's screen. These messages announce new Tournament dates. The game screen announces a new Tournament about one week before the Tournament begins.

How often do Tournaments run?

Tournaments are held about once a month. They usually last about 3 weeks, with about a week between tournaments.

Why don't you run Tournaments continually, back-to-back?

Time between Tournaments is useful for many reasons. It gives the players a feeling of conclusion and a sense of anticipation for the next Tournament. It gives operators a chance to hook up new games or move their existing games to a new location.

How does a player enter the Tournament?

When Tournaments are active, players select the MegaNet® icon and choose the game they wish to play. Players simply enter their screen name and pin number. New players enter a small amount of information. Players can pre-register prior to tournament start date.

Can I adjust the skill level on the Tournament?

All skill/play options for TournaMAXX™ play are set by Merit. These settings are the same on every machine. You can change the options on the regular games without affecting Tournament play.



COLLECTION QUESTIONS

How do I know how much money to send to Merit?

Network service fees are charged on a sliding scale format and prorated.

1-10 connected machines: \$39 each

11-50 connected machines: \$25 each

51 and up connected machines: \$20 each

Direct Downloadable Content play is charged only per play.

For the first 3 months, you will receive a debit statement approximately 4 days prior to the funds being transferred. Subsequent statements may be posted to your secure Web interface. Merit will continue to E-mail or mail monthly statements at an operator's request.

How often do you transfer funds from my account?

Funds are transferred once a month. A transfer date is displayed on your billing statement. You should have the full amount in your account by this date. Any questions or discrepancies should be handled before this transfer date.

MEGANET® QUESTIONS

Why don't I have all the MegaNet® features active on my games?

You may need to activate these games via the operator setup menu on the game. Prize Zone™ is not available in all states as shown in the operator set up menu. If you have everything selected "on" via the operator set up screens and do not have them after making 2 calls into the MegaNet® server, contact Merit Customer Service for quick and friendly help.

WINNER QUESTIONS

Why do the standings on the Player Ranklists sometimes change after a Tournament ends?

TournaMAXX™ collects data from all machines at the end of the day. For that reason, the Ranklists are usually a day behind and need an extra day to catch up with real-time play. TournaMAXX™ collects and processes the final data to determine final standings. Sometimes this takes a few days due to unattended or off-line games. When the final data is collected, it is processed to eliminate ineligible players and invalid entries. The final Ranklists are then sent back to the games at the next call. This process may take a few days.

But remember: it is the operator's responsibility to make sure the game connects with the TournaMAXX™ server within 48 hours after the completion of the Tournament. All player scores will be voided if the machine misses the deadline.

Refer to the Troubleshooting Guide and Game Setup Screens in the MegaNet® Installation and User Manual for more detailed information.



OPERATOR ADVANTAGES

- **Use Existing equipment**
Uses your existing Megatouch MAXX™ Sapphire or Jade edition or Megatouch FORCE 2004 or 2005 games.
- **MegaNet®**
Direct Downloadable content is automatically sent to your connected games along with advance game releases.
- **Remote Control**
Remote Control allows the operator to change pricing, volume control, erotic content settings, clear and set high score parameters, 6-star pin configuration, business analysis and security levels and send promotion shots right to your games with the Video Poster™ feature. All of this is done from the comfort of your office.
- **Level II Operator "Localized Tournament"**
Each Tournament has a level exclusive to the operator. This provides the moneymaking promotion for your route, without the work.
- **Small Monthly Flat Fee**
You keep the increase in cash box earnings.
- **Game Connects Using A Standard Phone Line or High-Speed Access and Internet Connection**
After installation of the modem and software, the game can be connected to an existing phone line or high-speed line. Once the initial game set up has been completed, the game will automatically connect with the server at the programmed times.
- **Simple Tournament Player Entry**
Players are prompted to either enter an existing screen name and PIN or to select the new player login to get connected with Tournament play. All regular play is unaffected by the TournaMAXX™ games.
- **TournaMAXX™ Play Increases Earnings**
The challenge of competing on a local, regional, national and/or global level generates more play as the skill of the player increases. This increased skill translates into more money in the cash box.
- **TournaMAXX™ is Automatic**
All Tournaments are run and monitored by Merit Industries, Inc.
- **Automatic Bookkeeping**
Each game connects with the TournaMAXX™ server daily to update both the new player database and Tournament game profile.



TOURNAMAXX EVENT SCHEDULE 2004-2005

<u>EVENT</u>	<u>GAMES</u>	<u>DATES</u>
Fall Kick Off	 	Sept. 1st - 28th
Rocktober	 	Oct. 1st - 27th
Autumn Harvest	 	Nov. 1st - 28th
Holiday Cheer	 	Dec. 2nd - Jan. 3rd
January Freeze	 	Jan. 7th - 30th
Sweet Heart	 	Feb. 2nd - 27th
March Madness	 	March 3rd - 29th
April Showers	 	April 1st - 27th

All tournaments start at 4:00PM EST on the first day of each scheduled event and end at 11:00PM EST on the final day of each scheduled event. Note: Game substitutions will be made to adjust for local regulations.