

BEFORE THE NEVADA GAMING COMMISSION
AND THE STATE GAMING CONTROL BOARD

In the Matter of
BALLY MANUFACTURING CORPORATION
(Registration)

THIRD REVISED ORDER OF REGISTRATION

THIS MATTER came on specially for hearing before the State Gaming Control Board ("Board") on April 14, 1993, at Las Vegas, Nevada, and specially before the Nevada Gaming Commission ("Commission") on April 21, 1993, at Carson City, Nevada; and

THE BOARD AND COMMISSION having considered all information pertinent hereto;

IT IS HEREBY ORDERED BY THE NEVADA GAMING COMMISSION UPON THE RECOMMENDATION OF THE STATE GAMING CONTROL BOARD:

1. THAT the following applications, as amended and supplemented, are hereby accepted as filed:

a. The application of Bally Manufacturing Corporation for an Amendment to its Order of Registration;

b. The application of Bally's Sub, Inc. for a finding of suitability as the sole shareholder of Bally's Grand Management Co., Inc.;

c. The application of Bally's Grand Management Co., Inc. for licensure as the manager of Bally's Casino Resort-Las Vegas pursuant to a management agreement by and among Bally's Grand Management Co., Inc., Bally Manufacturing Corporation, and Bally's Grand, Inc.

d. The applications of Fidelity Management & Research Company and Fidelity Management Trust Company (collectively "Fidelity") for a waiver of the provisions of NRS 463.643(3), pursuant to NGC Regulation 16.430, and for an exemption from the provisions of NGC Regulation 16.200, pursuant to NGC Regulation 16.430(7) and 16.450.

2. THAT the Revised Order of Registration of Bally Manufacturing Corporation entered on August 29, 1991, and the First and Second Amendments thereto entered on October 23, 1991, and May 28, 1992, respectively, are hereby consolidated into and updated by this Third Revised Order of Registration.

3. THAT Bally Manufacturing Corporation is registered as a publicly traded corporation and found suitable as the sole shareholder of Bally's Intermediate Sub, Inc., and as a controlling shareholder of Bally Gaming International, Inc.

4. THAT Bally's Intermediate Sub, Inc. is registered as an intermediary company and found suitable as the sole shareholder of:

Bally Intermediate Sub No. 1, Inc.

Bally Intermediate Sub No. 2, Inc.

Bally Intermediate Sub No. 3, Inc.

Bally Intermediate Sub No. 4, Inc.

Bally Intermediate Sub No. 5, Inc.

Bally Intermediate Sub No. 6, Inc.

5. THAT the following companies are each registered as intermediary companies and found suitable to hold the indicated percentages of Bally's Sub, Inc.'s common stock:

- Bally Intermediate Sub No. 1, Inc. (2%)
- Bally Intermediate Sub No. 2, Inc. (6%)
- Bally Intermediate Sub No. 3, Inc. (11%)
- Bally Intermediate Sub No. 4, Inc. (18%)
- Bally Intermediate Sub No. 5, Inc. (26%)
- Bally Intermediate Sub No. 6, Inc. (37%)

6. THAT Bally's Sub, Inc. is registered as an intermediary company and found suitable as the sole shareholder of Bally's Grand Management Co., Inc.

7. THAT Bally Manufacturing Corporation is found suitable as a controlling shareholder of Bally Gaming International, Inc.

8. THAT Bally Manufacturing Corporation is granted approval to continue its gaming operations in the State of Nevada through its affiliated companies, Bally's Intermediate Sub, Inc., Bally Intermediate Sub No. 1-6, inclusive, Inc., and Bally's Grand Management Co., Inc., subject to the reporting requirements set forth in Exhibit "A" which is attached to this Third Revised Order of Registration and incorporated herein by reference, while participating in gaming activities in Atlantic City, New Jersey.

9. THAT Fidelity is granted a waiver of the provisions of NRS 463.643(3), pursuant to NGC Regulation 16.430. The Commission hereby expressly finds that the waiver and exemption hereby granted to Fidelity is consistent with the State policy set forth in NRS 463.0129, NRS 463.489 and NRS 463.622.

10. THAT Fidelity's applications for exemptions from the provisions of

NGC Regulation 16.200, pursuant to NGC Regulation 16.430(7) and 16.450, were withdrawn without prejudice at the special hearing before the State Gaming Control Board on April 14, 1993.

11. THAT except as permitted by NRS 463.690 and the regulations promulgated thereunder, and by paragraph 8 hereinabove neither Bally Manufacturing Corporation, nor any person controlling, controlled by or under common control with Bally Manufacturing Corporation, shall have any involvement with gaming or pari-mutuel wagering outside the State of Nevada without first obtaining the approval of the Commission.

12. THAT the registration of Bally Manufacturing Corporation as a publicly traded corporation, set forth in paragraph 3 hereinabove, is expressly conditioned as follows:

a. Bally Manufacturing Corporation shall have an outside director on its Board of Directors who possesses demonstrated expertise and experience concerning Nevada Gaming laws and regulations.

b. Bally Manufacturing Corporation shall at all times maintain in full force and effect an Internal Reporting System in a form and substance satisfactory to the Board:

(i) The Internal Reporting System shall be administered by a Compliance Committee which shall include at least one independent outside director. The composition of the Compliance Committee shall be subject to the administrative approval of the Board.

(ii) The record keeping and reporting requirements of the Internal Reporting System shall be maintained in a fashion satisfactory to the Board.

(iii) Bally Manufacturing Corporation shall make such amendments to the Internal Reporting System as may be required by the Board and may make such other amendments to the Internal Reporting System as may be permitted upon the prior administrative approval of the Board.

(iv) The Commission hereby delegates to the Chairman of the Board the authority to administratively approve amendments to the Internal Reporting System.

c. Bally Manufacturing Corporation and any of its affiliated companies shall not do or conduct business with any entity controlling, controlled by or under common control with any person who is known by Bally Manufacturing Corporation, its officers or directors, who have been convicted of or granted immunity from prosecution for, any crime relating to gambling, of moral turpitude, or corruption of public officials, provided however, that the Compliance Committee of Bally Manufacturing Corporation, as established by the Internal Reporting System, may ascertain that it is proper to do business with any such person or company, provided that:

(i) Five (5) years have elapsed since the grant of immunity, or the completion of sentence and/or conviction, whichever is last; and

(ii) The person or company has been rehabilitated and enjoys a good reputation in the community; and,

(iii) The Board has reviewed the proposed business transaction and takes no exception to Bally Manufacturing Corporation's participation in it.

d. The Board specifically reserves the right to investigate any person that Bally Manufacturing Corporation or any of its controlled affiliates proposes to do business with even though the person has been investigated and

approved by the Compliance Committee of Bally Manufacturing Corporation. Any such investigation undertaken by the Board shall be paid for by Bally Manufacturing Corporation.

e. There shall at no time be any direct or indirect business transactions of any nature whatsoever between Bally Manufacturing Corporation and its controlled affiliates, Gerardo Catena, Abe Green, or any corporation or other business entity controlled by either of them, or in which they, or either of them, own beneficially a 5% or greater interest of any class of voting securities.

f. Bally Manufacturing Corporation and its controlled affiliates shall not employ Sam W. Klein in any capacity.

g. Bally Manufacturing Corporation shall furnish the Board with copies of the minutes of all meetings of the Board of Directors of Bally Manufacturing Corporation and the Executive Committee thereof, within 45 days after such meeting.

13. THAT Bally Manufacturing Corporation shall fund and maintain with the State Gaming Control Board a revolving fund in the amount of \$25,000 for the purpose of funding investigative reviews by the Board for compliance with the terms of this Third Revised Order of Registration. Without limiting the foregoing, the Board shall have the right, without notice, to draw upon the funds of said account for the payment of costs and expenses incurred by the Board and its staff in the surveillance, monitoring and investigative review of all activities, including public offerings of securities, of Bally Manufacturing Corporation, Bally's Intermediate Sub, Inc., Bally Intermediate Sub No. 1-6, inclusive, Inc., Bally's Grand Management Co., Inc. and their affiliated companies.

14. THAT pursuant to NRS 463.625(2), Bally Manufacturing Corporation is exempted from compliance with NRS 463.585(1), (2), (5), (6) and (7), and NRS 463.595 through NRS 463.615, inclusive, and shall instead comply with NRS 463.635 through NRS 463.645, inclusive.

15. THAT Bally Manufacturing Corporation is exempted from NGC Regulation 15, except for the provisions of NGC Regulation 15.585.3-1, 15.585.3-2 and 15.585.4-1 and shall instead comply with the provisions of NGC Regulation 16.

16. THAT the Commission hereby expressly finds that the exemptions hereinabove granted to Bally Manufacturing Corporation are consistent with the State policy set forth in NRS 463.0129 and NRS 463.489.

17. THAT Bally Manufacturing Corporation is granted approval to continue its gaming operations in the State of Nevada through its affiliated companies: Bally's Intermediate Sub, Inc.; Bally Intermediate Sub No. 1-6, inclusive, Inc.; Bally Gaming International, Inc.; and Bally's Grand Management Co., Inc. subject to the reporting requirements set forth in Exhibit "A" which is attached to this

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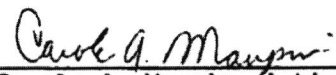
Third Revised Order of Registration and incorporated herein by reference, while participating in gaming activities in Atlantic City, New Jersey.

ENTERED at Carson City, Nevada, this 21st day of April, 1993.

FOR THE COMMISSION:

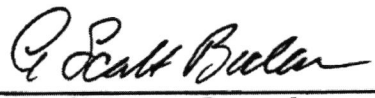

Bill Curran, Chairman

Submitted by:


Carole A. Maupin, Acting Supervisor
Corporate Securities Division

APPROVED AS TO FORM:

FRANKIE SUE DEL PAPA
ATTORNEY GENERAL

By 
Deputy Attorney General
Gaming Division