

Draft #1

File No. SD-068

BEFORE THE NEVADA GAMING COMMISSION  
AND THE STATE GAMING CONTROL BOARD

In the Matter of  
BALLY ENTERTAINMENT CORPORATION  
(Delayed Public Offering)

ORDER

THIS MATTER came on regularly for hearing before the State Gaming Control Board ("Board") on August 7, 1996, and before the Nevada Gaming Commission (Commission") on August 22, 1996, 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, have been filed:

a. The application of Bally Entertainment Corporation for approval of a continuous or delayed public offering by it or any affiliated company wholly-owned by it which is or would thereby become a publicly traded corporation (hereinafter "Affiliate"); and for approval to place restrictions upon the transfer of, and to enter into agreements not to encumber, the equity securities of Bally's Casino, Inc., pursuant to a public offering made by Bally Entertainment Corporation or Affiliate(s) under the continuous or delayed public offering.

2. THAT the Second Revised Order of Registration of Boyd Gaming Corporation, dated August 26, 1993, is hereby amended and restated, in its entirety, by this Third Revised Order of Registration.

3. THAT Boyd Gaming Corporation is registered as a publicly traded corporation and found suitable as the sole shareholder of California Hotel and Casino, a Nevada Corporation.

4. THAT California Hotel and Casino, dba California Hotel and Casino, is licensed to conduct nonrestricted gaming operations, including a sports pool, at 12 Ogden Avenue, Las Vegas, Nevada.

5. THAT California Hotel and Casino, dba Sam's Town, Hotel & Gambling Hall and Bowling Center, is licensed to conduct off-track pari-mutuel wagering and nonrestricted gaming operations, including a race book and sports pool, at 5111 Boulder Highway, Las Vegas, Nevada.

6. THAT California Hotel and Casino is registered as an intermediary company and is found suitable as the sole stockholder of Sam-Will, Inc., Mare-Bear, Inc. and Eldorado, Inc.

7. THAT Sam-Will, Inc., dba Fremont Hotel and Casino, is licensed to conduct off-track pari-mutuel wagering and nonrestricted gaming operations, including a race book and sports pool, at 200 Fremont Street, Las Vegas, Nevada.

8. THAT Mare-Bear, Inc., dba Stardust Hotel and Casino, is licensed to conduct off-track pari-mutuel wagering and nonrestricted gaming operations, including a race book and sports pool, at 3000 Las Vegas Boulevard South, Las Vegas, Nevada.

2. THAT for a period of one year Bally Entertainment Corporation and Affiliate(s) are hereby granted approval pursuant to Registration 16.115, to make public offerings, subject to the following conditions:

a. That at all times during the year, Bally Entertainment Corporation and Affiliate(s) shall timely file all reports required by Section 13 or Section 15(d) of the Securities Exchange Act of 1934, as amended;

b. That upon filing any documents with the United States Securities and Exchange Commission ("SEC") regarding the sale of any securities for which approval would otherwise be required, Bally Entertainment Corporation and Affiliate(s) shall contemporaneously provide written notice and copies of such documents to the Board's Corporate Securities Division, and shall keep said Division continuously and promptly informed as to the progress of any public offering made hereunder and as to any other event that would have a material effect on Bally Entertainment Corporation or its subsidiaries, which would be subject to reporting on SEC Form 8-K; and

c. That the approval herein granted may be rescinded without prior notice upon the issuance of an interlocutory stop order by the Chairman of the Board. Said interlocutory stop order, if issued, shall remain in effect until the interlocutory stop order is lifted by the Commission upon such terms as are satisfactory to the Commission.

3. THE Commission hereby delegates to the Chairman of the Board the authority to issue interlocutory stop orders for good cause, which shall remain in effect until lifted by the Commission as provided in paragraph 2(c) above.

4. THAT Bally Entertainment Corporation for a period of one year is hereby granted approval, pursuant to NGC Regulation 15.585.7-3, to place

restrictions upon the transfer of, and to enter into agreements not to encumber, the equity securities of Bally's Casino, Inc., pursuant to a public offering made under the approval granted by paragraph 2 of this Order.

5. THAT Bally's Casino, Inc. for a period of one year is hereby granted approval, pursuant to NGC Regulation 15.585.7-3, to place restrictions upon the transfer of, and to enter into agreements not to encumber, the equity securities of Bally's Intermediate Sub, Inc., pursuant to a public offering made under the approvals granted by paragraph 2 of this Order.

6. THAT Bally's Intermediate Sub, Inc. for a period of one year is hereby granted approval, pursuant to NGC Regulation 15.585.7-3, to place restrictions upon the transfer of, and to enter into agreements not to encumber, the equity securities of Bally's Sub, Inc., pursuant to a public offering made under the approvals granted by paragraph 2 of this Order.

7. THAT Bally's Casino Holdings, Inc. for a period of one year is hereby granted approval, pursuant to NGC Regulation 15.510.1-4, and 15.585.7-3, as appropriate, to place restrictions upon the transfer of, and to enter into agreements not to encumber, the common stock of Bally's Grand Management Co., Inc., and Bally's CHLV, Inc. pursuant to a public offering made under the approval granted by paragraph 2 of this Order.

8. THAT for a period of one year Bally's Casino, Inc., Bally's Intermediate Sub, Inc., Bally's Sub, Inc., and Bally's CHLV, Inc. are each hereby granted approval, pursuant to NGC Regulation 15.585.7-1, to guarantee securities issued by Bally Entertainment Corporation or Affiliate(s), pursuant to a public offering made under the approval granted by paragraph 2 of this Order.

9. THAT Bally's Grand Management Co., for a period of one year is hereby granted approval, pursuant to NGC Regulation 16.100(3), to guarantee securities issued by Bally Entertainment Corporation or Affiliate(s), pursuant to a public offering made under the approval granted by paragraph 2 of this Order, and to hypothecate its assets to secure the payment or performance of obligations evidenced by securities issued by Bally Entertainment Corporation or Affiliate(s), pursuant to a public offering made under the approval granted by paragraph 2 of this Order.

ENTERED at Carson City, Nevada, this 22nd day of August, 1996.

FOR THE COMMISSION:

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Bill Curran, Chairman

Submitted by:

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Dennis K. Neillander, Chief  
Corporate Securities Division

APPROVED AS TO FORM:

FRANKIE SUE DEL PAPA  
ATTORNEY GENERAL

By \_\_\_\_\_  
Deputy Attorney General  
Gaming Division