

BEFORE THE NEVADA GAMING COMMISSION  
AND THE STATE GAMING CONTROL BOARD

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In the Matter of  
SILICON GAMING, INC.  
(Registration)

FIRST REVISED ORDER OF REGISTRATION

THIS MATTER came on regularly for hearing before the State Gaming Control Board ("Board") on January 13, 1999, and before the Nevada Gaming Commission ("Commission") on January 28, 1999, at Las Vegas, 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, of Silicon Gaming, Inc., have been filed:

a. The application for an amendment to its Revised Order of Registration for approval of a public offering.

2. THAT the Revised Order of Registration of Silicon Gaming, Inc., dated April 23, 1998, is hereby amended and restated, in its entirety, by this First Revised Order of Registration.

3. THAT Silicon Gaming, Inc. is registered as a publicly traded corporation and is found suitable as the sole shareholder of Silicon Gaming-Nevada.

4. THAT Robert Martin Fell is found suitable, pursuant to NGC Regulation 16.400, as a controlling shareholder of Silicon Gaming, Inc.

5. THAT Silicon Gaming-Nevada is licensed as a manufacturer and distributor, subject to such conditions or limitations as may be imposed by the Commission.

6. THAT Silicon Gaming-Nevada is licensed as an operator of a slot machine route subject to such conditions or limitations as may be imposed by the Commission.

7. THAT Silicon Gaming, Inc. is granted approval, pursuant to NGC Regulation 16.110, to make a public offering of up to 375,000 shares of its \$.001 par value common stock in connection with the warrants issued in respect of the \$30,000,000 Principal Amount of Senior Discount Notes Due September 30, 2002, (the "Notes"), pursuant to and as described in the Securities and Exchange Commission ("SEC") Form S-3 Registration Statement (SEC Registration No. 333-48393) ("Registration Statement").

8. THAT the approvals set forth in Paragraph 7 above are specifically conditioned as follows:

a. That Silicon Gaming, Inc. shall keep the Board's Corporate Securities Division continuously and promptly informed as to the progress of the public offering and as to any other event that would have a material effect on Silicon Gaming, Inc. or its subsidiaries which would be subject to reporting on SEC Form 8-K; and

b. That the approvals granted herein 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.

9. 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 8(b) above.

10. THAT Silicon Gaming, Inc. is granted sixty (60) days from the date of this First Revised Order of Registration to have the Registration Statement declared effective by the SEC. If the Registration Statement is not declared effective by the SEC within said time period, unless administratively extended by the Chairman of the Board or his designee, then the approvals granted by Paragraph 7 of this First Revised Order of Registration shall be deemed withdrawn and rendered null and void.

11. THAT Silicon Gaming, Inc. is granted approval, pursuant to NGC Regulation 16.110, to make a public offering of up to 250,000 shares of its \$.001 par value common stock in connection with the warrants issued in respect of the \$17.25 million new Senior Discount Notes (Series B) due September 30, 2002 ("Series B Notes"), pursuant to and as described in the SEC Form S-3 Registration Statement (SEC Registration No. 333-69369) ("Series B Registration Statement").

12. THAT the approvals set forth in Paragraph 11 above are specifically conditioned as follows:

a. That Silicon Gaming, Inc. shall keep the Board's Corporate Securities Division continuously and promptly informed as to the progress of the public offering and as to any other event that would have a material effect on Silicon Gaming, Inc. or its subsidiaries which would be subject to reporting on SEC Form 8-K; and

b. That the approvals granted herein 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.

13. 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 12(b) above.

14. THAT Silicon Gaming, Inc. is granted sixty (60) days from the date of this First Revised Order of Registration to have the Series B Registration Statement declared effective by the SEC. If the Series B Registration Statement is not declared effective by the SEC within said time period, unless administratively extended by the Chairman of the Board or his designee, then, the approvals granted by Paragraph 11 of this First Revised Order of Registration shall be deemed withdrawn and rendered null and void.

15. THAT Silicon Gaming, Inc. is granted approval, pursuant to NRS 465.510(1) and NGC Regulations 8.030 and 15.510.1-3, to pledge the common stock of Silicon Gaming-Nevada to B III Capital Partners, L.P. in connection with the Notes, provided that:

(a) The pledge is pursuant to the fully executed Pledge Agreement dated December 31, 1997 (the "B III Pledge Agreement");

(b) The prior approval of the Commission must be obtained before any foreclosure or transfer of any possessory security interest in such securities (except back to Silicon Gaming, Inc.) and before any other resort to the collateral or other enforcement of a security interest in such securities, may occur; and

(c) Pursuant to NGC Regulations 15.510.1-3 and 8.030(4)(a), the stock certificates of Silicon Gaming-Nevada evidencing said pledge of common stock must at all times remain physically within the State of Nevada at a location designated to the Board and must be made available for inspection by agents of the Board immediately upon request during normal business hours.

16. THAT in conjunction with the B III Pledge Agreement, Silicon Gaming, Inc. is granted approval, pursuant to NGC Regulation 15.510.1-4, to place restrictions upon the transfer of, and to enter into agreements not to encumber, the common stock of Silicon Gaming-Nevada.

17. THAT Silicon Gaming, Inc. is granted approval, pursuant to NRS 463.510(1) and NGC Regulations 8.030 and 15.510.1-3, to pledge the common stock of Silicon Gaming-Nevada to Silicon Valley Bank as Secured Party in connection with the Credit Agreement dated September 25, 1997, (the "Credit Agreement"), provided that:

(a) The pledge is pursuant to the fully executed Pledge Agreement dated December 20, 1997 (the "Silicon Valley Bank Pledge Agreement");

(b) The prior approval of the Commission must be obtained before any foreclosure or transfer of any possessory security interest in such

securities (except back to Silicon Gaming, Inc.) and before any other resort to the collateral or other enforcement of a security interest in such securities, may occur; and

(c) Pursuant to NGC Regulation 15.510.1-3 and 8.030(4)(a), the stock certificates of Silicon Gaming-Nevada evidencing said pledge of common stock must at all times remain physically within the State of Nevada at a location designated to the Board and must be made available for inspection by agents of the Board immediately upon request during normal business hours.

18. THAT in conjunction with the Credit Agreement and the Silicon Valley Bank Pledge Agreement, Silicon Gaming, Inc. is granted approval, pursuant to NGC Regulation 15.510.1-4, to place restrictions upon the transfer of, and to enter into agreements not to encumber, the common stock of Silicon Gaming-Nevada.

19. THAT Silicon Gaming, Inc. shall establish and maintain a gaming compliance program plan for the purpose of, at a minimum, performing due diligence, determining the suitability of relationships with other entities and individuals, and to review and ensure the compliance of Silicon Gaming, Inc., its subsidiaries and any affiliated entities with the Nevada Gaming Control Act (the "Act"), as amended, and the Commission's Regulations (the "Regulations"), as amended and the laws and regulations of any other jurisdictions in which Silicon Gaming, Inc., its subsidiaries and any affiliated entities operate. The gaming compliance program plan, any amendments thereto, and the members, one such member which shall be independent, shall be administratively reviewed and approved by the Chairman of the Board, or his Designee. Furthermore, upon request of the Chairman of the Board, or his designee, Silicon Gaming, Inc.

shall amend the compliance committee plan, or any element thereof, and perform such duties as may be assigned by the Chairman of the Board, or his designee, related to a review of activities relevant to the continuing qualification of Silicon Gaming, Inc., under the provisions of the Act and Regulations.

20. THAT Silicon Gaming, Inc. shall fund and maintain with the Board a revolving fund in the amount of \$10,000 for the purpose of funding investigative reviews by the Board for compliance with the terms of this 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 of Silicon Gaming, Inc. its subsidiaries and any affiliated entities.

21. THAT, pursuant to NRS 463.625, Silicon Gaming, Inc. is exempted from compliance with NRS 463.585 through 463.615, inclusive, and shall instead comply with NRS 463.635 through NRS 463.645, inclusive.


22. THAT, Silicon Gaming, Inc. is exempted from NGC Regulation 15 and shall instead comply with provisions of NGC Regulation 16.

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23. THAT the Commission hereby expressly finds that the exemptions and waivers herein granted are consistent with the State policy set forth in NRS 463.0129 and NRS 463.489.

ENTERED at Las Vegas, Nevada, this 28th day of January 1999.

FOR THE COMMISSION:

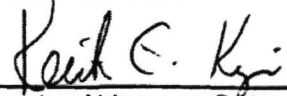
  
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Bill Curran, Chairman

Submitted by:

  
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Daurean G. Sloan, Chief  
Corporate Securities Division

APPROVED AS TO FORM:

FRANKIE SUE DEL PAPA  
ATTORNEY GENERAL

By   
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Deputy Attorney General  
Gaming Division