

Revision #2  
file

File No. SD-015

BEFORE THE NEVADA GAMING COMMISSION  
AND THE STATE GAMING CONTROL BOARD

In the Matter of  
BALLY MANUFACTURING CORPORATION  
(Registration)

AMENDMENT NO. 3 TO  
ORDER OF REGISTRATION

THIS MATTER came on for hearing before the State Gaming Control Board on April 10, 1986, and before the Nevada Gaming Commission on April 17, 1986, 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, are hereby accepted as filed:

(a) Bally Manufacturing Corporation for approval to acquire MGM Grand Hotels, Inc., a finding of suitability as sole shareholder of Bally's Intermediate Sub, Inc., for approval of a stock option agreement and for an amendment to Bally Manufacturing Corporation's foreign gaming approval with regard to Atlantic City, New Jersey.

(b) Bally's Intermediate Sub, Inc. for registration as an intermediary holding company and a finding of suitability as sole shareholder of Bally's Intermediate Sub Nos. 1-6.

(c) The following Companies for registration as intermediary holding companies and findings of suitability to hold the indicated percentages of Bally's Sub, Inc.:

Bally's Intermediate Sub No. 1, Inc. (2%)

Bally's Intermediate Sub No. 2, Inc. (6%)

Bally's Intermediate Sub No. 3, Inc. (11%)

Bally's Intermediate Sub No. 4, Inc. (18%)

Bally's Intermediate Sub No. 5, Inc. (26%)

Bally's Intermediate Sub No. 6, Inc. (37%)

(d) Bally's Sub, Inc. for registration as an intermediary holding company and a finding of suitability as sole shareholder of Bally's Grand, Inc. and

(e) Bally's Grand, Inc. to merge with and into MGM Grand Hotels, Inc.

2. THAT Bally Manufacturing Corporation is hereby granted approval to acquire MGM Grand Hotels, Inc.

3. THAT Bally Manufacturing Corporation is found suitable as sole shareholder of Bally's Intermediate Sub, Inc.

4. THAT Bally's Intermediate Sub, Inc. is registered as an intermediary holding company and found suitable as 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 registered as intermediary holding companies and found suitable to hold the indicated percentages of Bally's Sub, Inc.:

- 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 holding company and found suitable as sole shareholder of Bally's Grand, Inc.

7. THAT the proposed merger of Bally's Grand, Inc. with and into MGM Grand Hotels, Inc. pursuant to the November 15, 1985 Amended and Restated Plan of Merger (as subsequently amended), is hereby approved.

8. THAT upon the merger of Bally's Grand, Inc., with and into MGM Grand Hotels, Inc., approval is hereby given to MGM Grand Hotels, Inc., a company heretofore registered with the Commission as a publicly traded corporation, to be the surviving corporation and to change its name to Bally's Grand, Inc.

9. THAT the terms and conditions of Amendment No. 5 to Order of Registration entered this same date to Bally's Grand, Inc. (formerly MGM Grand Hotels, Inc.) are incorporated herein by reference.

10. THAT paragraph no. 2 of the June 21, 1979 Amendment No. 1 to Bally Manufacturing Corporation's Order of Registration shall be amended to reflect permission for the Corporation to also conduct nonrestricted gaming, through subsidiaries, at Bally's Grand-Las Vegas and at Bally's Grand-Reno, while participating in gaming activities in Atlantic City, New Jersey.

11. THAT the November 15, 1985 Stock Option Agreement, as amended and restated, by and among Bally Manufacturing, Kirk Kerkorian and Tracinda Corporation is hereby approved.

12. THAT until the merger of Bally's Grand, Inc., and MGM Grand Hotels, Inc. is consummated, Bally Manufacturing Corporation shall keep the State Gaming Control Board, Investigation Division, Corporate Securities continuously and promptly informed as to the progress of the merger, and shall provide all related documents that may be requested by the Board or its staff.

13. THAT these approvals are conditioned upon consummation of the Bally's Grand, Inc. and MGM Grand Hotels, Inc. merger. If the merger is not consummated by June 30, 1986, this Amendment No. 3 to Order of Registration shall be null and void in its entirety, and those orders, approvals licenses and findings of suitability previously granted to Bally Manufacturing Corporation and its affiliates shall remain in effect.

14. THAT the above approvals are further conditioned as follows:

(a) Dorothy Attanasio shall immediately take a leave of absence from her position at Bally's Park Place, Inc., and shall have no contact, dealings, or involvement with Bally Manufacturing Corporation or any of its subsidiaries during the pendency of either Richard Gillman's or her application for licensing in the State of Nevada. Ms. Attanasio must file an application for licensing with the State Gaming Control Board prior to the April 17, 1986 Nevada Gaming Commission meeting.

(b) Richard Gillman shall have no involvement in the affairs of Bally Manufacturing Corporation or any of its subsidiaries other than Bally's Park Place, Inc. during the pendency of his application for licensing in the State of Nevada, nor shall Mr. Gillman be physically present in Nevada during the

time his application is pending unless consented to in advance by the Chairman of the State Gaming Control Board or his designee. Mr. Gillman shall be specifically prohibited from exerting any influence over the affairs of Bally Manufacturing Corporation's Nevada gaming subsidiaries, either directly or through the use of any third party over whom he may have influence or control, until his application has been favorably acted upon by the Nevada Gaming Commission.

(c) Any time after April 18, 1986, Bally Manufacturing Corporation will cause Richard Gillman to take a leave of absence from his position at Bally's Park Place, Inc., upon three days written notice from the State Gaming Control Board Chairman or his designee. Thereafter, and within ten working days from the date of Mr. Gillman's departure, the State Gaming Control Board will hold a public hearing as prescribed by law to determine his suitability for licensing.

(d) Bally Manufacturing Corporation shall promptly cause procedures to be implemented which are administratively deemed acceptable to the Board to record and promptly report any communications, whether written or oral, between Mr. Gillman and any employee of Bally Manufacturing Corporation or any of its subsidiaries relating to the affairs of Bally Manufacturing Corporation's Nevada gaming subsidiaries.

(e) Bally Manufacturing Corporation shall cause instructions to be given and enforced restricting its key employees, Officers, and any Directors in its Nevada gaming subsidiaries from having any communications with Richard Gillman relating to the affairs or operations of the Nevada licensed entities or the affairs of Bally's Grand, Inc. or Bally Manufacturing Corporation until such

time as Mr. Gillman's application has been favorably acted upon by the Nevada Gaming Commission.

(f) If during the period in which the Board is conducting the currently pending foreign gaming application into the suitability of the Bally Manufacturing Corporation subsidiaries, the State Gaming Control Board Chairman or his designee shall notify Bally Manufacturing Corporation of any area deemed to be of substantial concern, Bally Manufacturing Corporation shall immediately take such steps as are appropriate to address and correct such problems including, if necessary, the removal of personnel or changing procedures or the form or format of the conduct of such businesses or activities.

(g) Bally Manufacturing Corporation shall select an additional outside Director to serve on its Board of Directors who possesses demonstrated expertise and experience with Nevada gaming law and regulation.

(h) That the record keeping and reporting requirements of Bally Manufacturing Corporation's Compliance Committee shall be revised in a fashion administratively approved by the Board. The composition of Bally Manufacturing Corporation's Compliance Committee shall be reviewed and revised in a fashion administratively approved by the Board within such extended period of time as the Board Chairman may designate.

15. THE COMMISSION hereby, delegates to the Chairman of the State Gaming Control Board the authority to administratively approve and/or undertake the actions described in paragraph 14 above, as necessary.

16. THAT the existing Bally Manufacturing Corporation revolving fund may be used by the Board for the purpose of funding investigative reviews, conducted in the sole discretion of the Board, for monitoring the progress of the merger and related transactions.

17. THAT except as expressly modified by this Amendment No. 3 to Order of Registration or other Commission action, all other terms and conditions of the Order of Registration dated February 22, 1979, and both Amendments thereto, are hereby reaffirmed and made a part of this Amendment No. 3 to Order of Registration.

ENTERED at Las Vegas, Nevada this 17th day of April, 1986.

FOR THE COMMISSION:

Paul A. Bible, Chairman

Submitted by:

Geri L. Kowitt

Geri L. Kowitt  
Deputy Chief, Investigations  
Corporate Securities

APPROVED AS TO FORM:

BRIAN MCKAY  
ATTORNEY GENERAL

By

James C. Giudici

James C. Giudici  
Deputy Attorney General  
Gaming Division