

BEFORE THE NEVADA GAMING COMMISSION
AND THE STATE GAMING CONTROL BOARD

In the Matter of
BALLY MANUFACTURING CORPORATION
(Registration)

REVISED ORDER OF REGISTRATION

THIS MATTER came on regularly for hearing before the State Gaming Control Board on April 2, 1987, and before the Nevada Gaming Commission on April 16, 1987 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) Pursuant to stipulation and agreement between the Board and the Registrant, the Order of Registration of Bally Manufacturing Corporation and all amendments thereto should be amended and restated to clarify said Order.

2) The following orders pertaining to Bally Manufacturing Corporation are superceded by this Revised Order of Registration:

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| Orders Granting State Gaming License (2) | March 21, 1975 |
| Order Granting Approval of Application to Pledge Stock | June 24, 1976 |
| Order of Registration | February 22, 1979 |
| Amendment No. 1 to Order of Registration | June 21, 1979 |
| Amendment No. 2 to Order of Registration | December 16, 1982 |

Amendment No. 3 to Order of Registration

April 17, 1986

Amendment No. 4 to Order of Registration

August 21, 1986

Order

December 31, 1986

Amendment No. 5 to Order of Registration

March 19, 1987

3) Bally Manufacturing Corporation is registered as a publicly traded corporation and found suitable as sole shareholder of Bally Distributing of Nevada, Inc., and Bally's Intermediate Sub, Inc.

4) Bally Distributing of Nevada, Inc. is licensed as a manufacturer, distributor and operator of a slot machine route.

5) 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.

6) 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%)

7) Bally's Sub, Inc. is registered as an intermediary holding company and found suitable as sole shareholder of Bally's Grand, Inc. a registered publicly traded corporation.

8) The terms and conditions of the Revised Order of Registration pertaining to Bally's Grand, Inc., entered this date, are incorporated herein by reference.

9) Bally Manufacturing Corporation is granted approval to continue nonrestricted gaming operations and to be a manufacturer, distributor and operator of a slot machine route in the State of Nevada through its affiliated companies, Grand Resorts, Inc., Reno Resorts, Inc., and Bally Distributing of Nevada, Inc., subject to the reporting requirements set forth in Exhibit A which is attached to this order and incorporated herein by reference, while participating in gaming activities in Atlantic City, New Jersey.

10) The current activities of Scientific Games, Inc., a subsidiary of Bally Manufacturing Corporation, both in connection with sales activities and services provided to governmentally-operated lotteries in other jurisdictions do not constitute "involvement in foreign gaming" as contemplated by the Nevada Foreign Gaming Act, NRS 463.680-.720. Accordingly, Bally Manufacturing Corporation shall not be required to obtain the prior approval of the Commission in order to allow Scientific Games, Inc. to participate in said activities.

11) Except as permitted by NRS 463.690(2) or as provided herein, neither Bally Manufacturing Corporation nor any person controlling, controlled by or under common control with Bally Manufacturing Corporation shall have any involvement in gaming or parimutuel wagering outside the State of Nevada without

having first obtained the approval of the Nevada Gaming Commission.

12) The registration of Bally Manufacturing Corporation as a publicly traded corporation 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 in Nevada gaming law and regulation.

b) Bally Manufacturing Corporation shall maintain in full force and effect an Internal Reporting System in 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 administrative approval by 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 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 business with, and shall not conduct any 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, to have been convicted of or granted immunity from a prosecution for, any crime relating to gambling, 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:

(i) Five (5) years have elapsed since the grant of immunity, or the completion of sentence and/or conviction, which ever 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 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 Gerardo Catena, or 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 subsidiaries

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 the meeting.

13) Bally Manufacturing Corporation shall continue to maintain a \$25,000 revolving fund with the Board. Without limiting the generality of the foregoing the Board shall have the right, without notice, to draw upon the funds of said account for the payment of the costs and expenses incurred by the Board and its staff for monitoring and investigative reviews of Bally Manufacturing Corporation's business affairs, associations and affiliations, to confirm compliance with this Order and all applicable foreign, federal, state and local laws.

14) 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) Bally Manufacturing Corporation is exempted from Reg. 15, except for the provisions of Reg. 15.585.3-1, Reg. 15.585.3-2, and Reg. 15.585.4-1, and

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shall instead comply with the provision of Reg. 16.

16) THE COMMISSION hereby expressly finds that the exemptions hereinabove granted are consistent with the State policy set forth in NRS 463.0129 and NRS 463.489(2).

17) This Revised Order of Registration is intended to restate and clarify the Order of Registration and amendments thereto previously entered by the Commission pertaining to Bally Manufacturing Corporation.

ENTERED at Las Vegas, Nevada this 16th day of April, 1987.

FOR THE COMMISSION:



John F. O'Reilly, Chairman

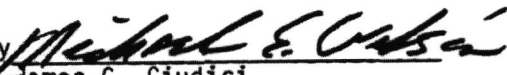
Submitted by:



Geri L. Kowitt
Deputy Chief, Investigations
Corporate Securities

APPROVED AS TO FORM:

BRIAN MCKAY
ATTORNEY GENERAL

By 

James C. Giudici
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