

BEFORE THE NEVADA GAMING COMMISSION  
AND THE STATE GAMING CONTROL BOARD

\_\_\_\_\_  
In the Matter of

STRATOSPHERE CORPORATION

(Registration) \_\_\_\_\_

ORDER OF REGISTRATION

THIS MATTER came on regularly for hearing before the State Gaming Control Board ("Board") on March 6, 1996, and before the Nevada Gaming Commission ("Commission") on March 21, 1996, 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, have been filed:

a. The applications of Stratosphere Corporation for registration as a publicly traded corporation; for a finding of suitability as the sole stockholder of Stratosphere Gaming Corp.; for approval to pledge the common stock of Stratosphere Gaming Corp.; and for approval to place restrictions upon the transfer of, and to enter into agreements not to encumber, the common stock of Stratosphere Gaming Corp.;

b. The applications of Robert Edward Stupak and Grand Casinos, Inc., as stockholders and controlling stockholders of Stratosphere Corporation; and

c. The applications of Stratosphere Gaming Corp. for a nonrestricted gaming license; for licensure to receive a percentage of revenues from the Leroy's Horse and Sports Place participating sport pools and a percentage of race book and pari-mutuel wagering revenue from the Leroy's Horse and Sports Place operation of race book and pari-mutuel wagering activities at Stratosphere Tower; and for approval to guarantee securities and to hypothecate its assets.

2. THAT Stratosphere Corporation is registered as a publicly traded corporation and is found suitable as the sole stockholder of Stratosphere Gaming Corp.

3. THAT Grand Casinos, Inc. is found suitable, pursuant to NRS 463.643 and NGC Regulation 16.400, as a stockholder and a controlling stockholder of Stratosphere Corporation.

4. THAT Robert Edward Stupak is found suitable, pursuant to NRS 463.643 and NGC Regulation 16.400, as a stockholder and controlling stockholder of Stratosphere Corporation.

5. THAT Stratosphere Gaming Corp. is licensed to conduct nonrestricted gaming operations at the Stratosphere Tower, Hotel and Casino, 2000 Las Vegas Boulevard South, Las Vegas; and is licensed to receive a percentage of revenues from the Leroy's Horse and Sports Place participating sports pools and to receive a percentage of revenues from the race book and pari-mutuel wagering activities of the Leroy's Horse and Sports Place race book and pari-mutuel wagering operations at the Stratosphere Tower, 2000 Las Vegas Boulevard South, Las Vegas.

6. THAT Stratosphere Corporation is granted approval, pursuant to NRS 463.510(1), to pledge the common stock of Stratosphere Gaming Corp. to American Bank National Association, as secured party, pursuant to the fully executed Pledge Agreement dated March 9, 1995 ("Pledge Agreement"), in connection with the public offering by Stratosphere Corporation of \$203 million 14 1/4% First Mortgage Notes due 2002 with Contingent Interest, as more fully described in the Securities and Exchange Commission ("SEC") Form S-1

Registration Statement, as amended, (Registration No. 33-81286) (the "First Mortgage Notes") provided that:

a. The prior approval of the Commission must be obtained before any foreclosure or transfer of the possessory security interests in such common stock (except back to Stratosphere Corporation) and before any other resort to such common stock collateral or other enforcement of the security interests in such common stock may occur; and

b. Pursuant to NGC Regulations 15.510.1-3 and 8.030(4)(a), the common stock certificates of Stratosphere Gaming Corp. evidencing said pledges 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 or employees of the Board immediately upon request during normal business hours.

7. THAT the Pledge Agreement shall not be amended without the prior approval of the Chairman of the Board, or his designee. Such administrative approval may not be granted regarding amendments to the Pledge Agreement that increase the number of shares of common stock that are the subject of the pledge, or that change the identity of the secured party.

8. THAT Stratosphere Corporation is granted approval, pursuant to NGC Regulation 15.510.1-4(a), to place restrictions upon the transfer of, and to enter into an agreement not to encumber, the common stock of Stratosphere Gaming Corp. in connection with the issuance of the First Mortgage Notes.

9. THAT Stratosphere Gaming Corp. is granted approval, pursuant to NGC Regulation 16.100(3), to guarantee the First Mortgage Notes and to hypothecate its assets to secure the payment or performance of any obligation evidenced by the First Mortgage Notes.

10. THAT Stratosphere Corporation shall establish and maintain a compliance committee 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

compliance by Stratosphere Corporation, its subsidiaries and any affiliated entities, with the Nevada Gaming Control Act ("the Act"), as amended, the Commission's Regulations, as amended (the "Regulations"), and the laws and regulations of any other jurisdictions in which Stratosphere Corporation, its subsidiaries and any affiliated entities operate. The compliance committee 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, Stratosphere Corporation, 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 Stratosphere Corporation, under the provisions of the Act and Regulations.

11. THAT Stratosphere Corporation 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 Stratosphere Corporation, and Stratosphere Gaming Corp., their subsidiaries and their affiliated companies.

12. THAT pursuant to NRS 463.625, Stratosphere Corporation is exempted from compliance with NRS 463.585 through NRS 463.615, inclusive, and shall instead comply with NRS 463.635 through NRS 463.645, inclusive.

13. THAT Stratosphere Corporation is exempted from NGC Regulation 15 and shall instead comply with NGC Regulation 16.

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

ENTERED at Las Vegas, Nevada, this 21st day of March, 1996.