FORM 8-K

Current report filing

Filing Date: **1996-08-26** | Period of Report: **1996-08-19**
SEC Accession No. 0000083394-96-000011

FILER

GRIFFIN GAMING & ENTERTAINMENT INC

CIK:**83394**| IRS No.: **590763055** | State of Incorp.:**DE** | Fiscal Year End: **1231**
Type: **8-K** | Act: **34** | File No.: **001-04748** | Film No.: **96620441**
SIC: **7990** Miscellaneous amusement & recreation

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 19, 1996

GRIFFIN GAMING & ENTERTAINMENT, INC.
(Exact name of registrant as specified in its charter)

Delaware	1-4748	59-0763055
(State or other jurisdiction of incorporation)	(Commission file number)	(IRS employer identification number)

1133 Boardwalk Atlantic City, New Jersey	08401
(Address of principal executive offices)	(Zip code)

Registrant's telephone number,
including area code: (609) 344-6000

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Item 5. Other Events

On August 19, 1996, Griffin Gaming & Entertainment, Inc. ("GGE") entered into an Agreement and Plan of Merger (the "Merger Agreement") with Sun International Hotels Limited ("SIHL") and Sun Merger Corp., a wholly owned subsidiary of SIHL. Under the Merger Agreement, through a stock-for-stock merger, GGE will be merged with and into a wholly owned subsidiary of SIHL (the "Merger"). Each share of GGE Common Stock will be exchanged for .4324 Ordinary Shares of SIHL. SIHL's Ordinary Shares closed at $51.875 on Friday, August 16, 1996, implying a purchase price of $22.43 for each share of GGE Common Stock. If the average share price of SIHL's Ordinary Shares (determined during a pricing period preceding the closing of the Merger) falls below $47.41, the exchange ratio will be adjusted upward so that, except under certain circumstances, each share of GGE Common Stock will be exchanged for $20.50 of SIHL's Ordinary Shares. If the average share price of SIHL's Ordinary Shares falls below $41.625, SIHL can terminate the Merger Agreement unless GGE elects to go forward with the Merger at a fixed exchange ratio whereby each share of GGE Common Stock will be exchanged for .4925 Ordinary Shares of SIHL.

Each share of GGE's Class B Common Stock, which was issued and trades on the American Stock Exchange as part of a unit with $1,000 principal amount of Resorts International Hotel Financing, Inc. 11.375% Junior Mortgage Notes due 2004 (the "Junior Notes"), will be exchanged for .1928 Ordinary Shares of SIHL, implying a purchase price of $10 per share, which fraction will continue to trade as a unit with the Junior Notes.

GGE's Board of Directors has, and GGE is informed that SIHL's Board of Directors has, unanimously approved the Merger. The Merger is subject to certain customary conditions, including approval of the New Jersey Casino Control Commission. The transaction will also require a shareholder vote by the

shareholders of GGE and SIHL.

In connection with the Merger Agreement, SIHL has entered into an agreement with an affiliate of Merv Griffin, the Chairman of the Board of GGE, who controls in excess of 25% of the outstanding shares of GGE Common Stock. This agreement provides, among other things, that Mr. Griffin will vote such shares for the Merger and that, upon consummation of the Merger, an affiliate of Mr. Griffin will enter into a new license and services agreement with GGE and its subsidiary which owns and operates Merv Griffin's Resorts Casino Hotel in Atlantic City, New Jersey.

Also in connection with the Merger Agreement, GGE has entered into an agreement with Sun International Investments Limited ("SIIL"), the holder of a majority of the Ordinary Shares

of SIHL, which agreement provides, among other things, that SIIL will vote its Ordinary Shares so as to amend the charter of SIHL in order to enable SIHL to consummate the Merger.

Item 7(c). Exhibits

The following exhibits are filed as part of this report:

Exhibit Number	Exhibit
(2)(a)	Agreement and Plan of Merger, dated August 19, 1996, among Sun International Hotels Limited, Sun Merger Corp. and Griffin Gaming & Entertainment, Inc.
(2)(b)	Stockholder Agreement, dated August 19, 1996, among Sun International Hotels Limited and the various Stockholders of Griffin Gaming & Entertainment, Inc. set forth therein.
(2)(c)	Stockholder Agreement, dated August 19, 1996, between Griffin Gaming & Entertainment, Inc. and Sun International Investments Limited.

Certain disclosure schedules prepared by GGE and SIHL setting forth certain exceptions to their respective representations and warranties are not filed herewith. GGE

agrees to furnish them to the Securities and Exchange Commission supplementally upon request.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GRIFFIN GAMING & ENTERTAINMENT, INC.
(Registrant)

/s/ Matthew B. Kearney
Matthew B. Kearney
Executive Vice President - Finance
(Authorized Officer of

Registrant and Chief
Financial Officer)

Date: August 23, 1996

GRIFFIN GAMING & ENTERTAINMENT, INC.

Form 8-K dated August 19, 1996

EXHIBIT INDEX

Exhibit Number	Exhibit	Page Number in Form 8-K
(2)(a)	Agreement and Plan of Merger, dated August 19, 1996, among Sun International Hotels	

EXHIBIT(2)(a)

AGREEMENT AND PLAN OF MERGER

Dated as of August 19, 1996,

Among

SUN INTERNATIONAL HOTELS LIMITED

SUN MERGER CORP.

And

GRIFFIN GAMING & ENTERTAINMENT, INC.

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General Provisions

AGREEMENT AND PLAN OF MERGER dated as of August 19, 1996, among Sun International Hotels Limited, a corporation organized and existing under the laws of the Commonwealth of the Bahamas ("Parent"), Sun Merger Corp., a Delaware corporation and a wholly owned subsidiary of Parent ("Sub"), and Griffin Gaming & Entertainment, Inc., a Delaware corporation (the "Company").

WHEREAS the respective Boards of Directors of Parent, Sub and the Company, and Parent acting as the sole stockholder of Sub, have approved the merger of the Company with and into Sub (the "Merger"), upon the terms and subject to the conditions set forth in this Agreement, whereby (i) each issued and outstanding share of Common Stock, par value $.01 per share, of the Company ("Company Common Stock"), other than shares owned directly or indirectly by Parent or the Company, will be converted into the right to receive the Merger Consideration (as defined in Section 2.01(c)) and (ii) each issued and outstanding share of Class B Common Stock, par value $.01 per share, of the Company ("Company Class B Common Stock") which was issued, and trades, as a unit (the "Units") with the Company's 11.375% Junior Mortgage Notes due 2004 (the "Junior Mortgage Notes"), other than shares forming a part of Units owned directly or indirectly by Parent or the Company, will be converted into the right to receive the Class B Consideration (as defined in Section 2.01(d));

WHEREAS, as a condition of the willingness of Parent to enter into this Agreement, those stockholders of the Company (the "Company Significant Stockholders") listed on Schedule A attached to the Company Stockholder Agreement (as defined below) have entered into the Stockholder Agreement dated as of the date hereof (the "Company Stockholder Agreement") with Parent, which provides, among other things, that, subject to the terms and conditions thereof, each Company Significant Stockholder will vote its shares of Company Common Stock in favor of the Merger and the approval and adoption of this Agreement;

WHEREAS, as a condition of the willingness of the Company to enter into this Agreement, Sun International Investments Limited (the "Parent Significant Stockholder") has entered into the Stockholder Agreement dated as of the date hereof (the "Parent Stockholder Agreement", and,

together with the Company Stockholder Agreement, the "Stockholder Agreements") with the Company, which provides, among other things, that, subject to the terms and conditions thereof, the Parent Significant Stockholder will vote its Ordinary Shares, $.001 par value per share, of Parent (the "Ordinary Shares") in favor of certain amendments to Parent's Articles of Association necessary to comply with the New Jersey Casino Control Act;

WHEREAS the Board of Directors of the Company has approved the terms of the Company Stockholder Agreement;

WHEREAS Parent, Sub and the Company desire to make certain representations, warranties, covenants and agreements in connection with the Merger and also to prescribe various conditions to the Merger; and

WHEREAS, for Federal income tax purposes, it is intended that the Merger shall qualify as a reorganization under the provisions of Section 368(a) of the Internal Revenue Code of 1986, as amended (the "Code");

NOW, THEREFORE, in consideration of the representations, warranties, covenants and agreements contained in this Agreement, the parties agree as follows:

ARTICLE I

The Merger

SECTION 1.01. The Merger. (a) Upon the terms and subject to the conditions set forth in this Agreement, and in accordance with the Delaware General Corporation Law (the "DGCL"), the Company shall be merged with and into Sub at the Effective Time (as defined in Section 1.03). Following the Effective Time, the separate corporate existence of the Company shall cease and Sub shall continue as the surviving corporation (the "Surviving Corporation") and shall succeed to and assume all the rights and obligations of the Company in accordance with the DGCL.

(b) At the election of Parent, any direct wholly owned subsidiary (as defined in Section 8.03) of Parent may be substituted for Sub as a constituent corporation in the Merger. In such event, the parties agree to execute an appropriate amendment to this Agreement in order to reflect

such substitution. Furthermore, at the election of Parent (the "DD Election"), the structure of the Merger (as set forth in this Section 1.01) will be changed in order to qualify the transaction as another form of tax-free incorporation transaction under Section 351 of the Code (and in the latter case the Company Common Stock will be converted into the right to receive common stock of a newly-formed corporation of which both Parent and the Company will become wholly owned subsidiaries and the Company Class B Common Stock shall remain outstanding, and otherwise on substantially the same terms as set forth in this Agreement). In the case of the DD Election, the parties agree to execute an appropriate amendment to this Agreement in order to reflect such change in structure.

SECTION 1.02. Closing. The closing of the Merger (the "Closing") will take place at 10:00 a.m. on a date to be specified by the parties (the "Closing Date"), which (subject to satisfaction or waiver of the conditions set forth in Sections 6.01, 6.02 and 6.03) shall be no later than the second business day after satisfaction or waiver of the conditions set forth in Section 6.01 and Section 6.02(e), at the offices of Cravath, Swaine & Moore, Worldwide Plaza, 825 Eighth Avenue, New York, New York 10019, unless another time, date or place is agreed to in writing by the parties hereto.

SECTION 1.03. Effective Time. Subject to the provisions of this Agreement, as soon as practicable on or after the Closing Date, the parties shall file a certificate of merger or other appropriate documents (in any such case, the "Certificate of Merger") executed in accordance with the

relevant provisions of the DGCL and shall make all other filings or recordings required under the DGCL. The Merger shall become effective at such time as the Certificate of Merger is duly filed with the Delaware Secretary of State, or at such other time as Sub and the Company shall agree should be specified in the Certificate of Merger (the time the Merger becomes effective being hereinafter referred to as the "Effective Time").

SECTION 1.04. Effects of the Merger. The Merger shall have the effects set forth in Section 259 of the DGCL.

SECTION 1.05. Certificate of Incorporation and By-laws. (a) The Certificate of Incorporation of Sub, as in effect immediately prior to the Effective Time, shall be amended as of the Effective Time to read as set forth in

Exhibit A and, as so amended, shall be the Certificate of Incorporation of the Surviving Corporation until thereafter changed or amended as provided therein or by applicable law.

(b) The By-laws of Sub as in effect at the Effective Time shall be the By-laws of the Surviving Corporation, until thereafter changed or amended as provided therein or by applicable law.

SECTION 1.06. Directors. The directors of Sub immediately prior to the Effective Time shall become the directors of the Surviving Corporation, until the earlier of their resignation or removal or until their respective successors are duly elected and qualified, as the case may be.

SECTION 1.07. Officers. The officers of the Company immediately prior to the Effective Time shall be the officers of the Surviving Corporation, until the earlier of their resignation or removal or until their respective successors are duly elected and qualified, as the case may

be.

ARTICLE II

Effect of the Merger on the Capital Stock of the Constituent Corporations; Exchange of Certificates

SECTION 2.01. Effect on Capital Stock. As of the Effective Time, by virtue of the Merger and without any action on the part of the holder of any shares of capital stock of the Company or Sub:

(a) Capital Stock of Sub. Each issued and outstanding share of common stock, par value $.01 per share, of Sub shall continue to be one validly issued and outstanding, fully paid and nonassessable share of common stock, par value $.01 per share, of the Surviving Corporation. Each certificate representing any such shares of Sub shall continue to represent the same number of shares of the Surviving Corporation

(b) Cancellation of Treasury Stock and Parent-Owned Stock. Each share of Company Common Stock or Company Class B Common Stock that is owned by the Company or by any subsidiary of the Company and each share of Company Common Stock or Company Class B Common

Stock that is owned by Parent, Sub or any other subsidiary of Parent shall automatically be cancelled and retired and shall cease to exist, and no consideration shall be delivered in exchange therefor.

(c) Conversion of Company Common Stock. Subject to Section 2.02(e), each issued and outstanding share of Company Common Stock (other than shares to be cancelled in accordance with Section 2.01(b)) shall be converted into the right to receive the Conversion

Number (as defined below) of a fully paid and nonassessable Ordinary Share (the "Merger Consideration"). Subject to the proviso to Section 7.01(h), the "Conversion Number" means .4324; provided, however, if the average of the closing sales prices of one Ordinary Share as reported on the New York Stock Exchange ("NYSE") Composite Transactions List (as reported in the Wall Street Journal or, if not reported thereby, any other authoritative source) for each of the 15 consecutive trading days immediately preceding the fifth trading day prior to the Effective Time (the "Average Market Price") is less than $47.41, then the Conversion Number shall be the quotient, rounded to the fourth decimal place, obtained by dividing 20.5 by the Average Market Price. As of the Effective Time, all such shares of Company Common Stock shall no longer be outstanding and shall automatically be cancelled and retired and shall cease to exist, and each holder of a certificate representing any such shares of Company Common Stock shall cease to have any rights with respect thereto, except the right to receive the Merger Consideration and any cash in lieu of fractional Ordinary Shares to be issued or paid in consideration therefor upon surrender of such certificate in accordance with Section 2.02, without interest.

(d) Conversion of Company Class B Common Stock. Each issued and outstanding share of Company Class B Common Stock (other than shares to be cancelled in accordance with Section 2.01(b)) shall be converted into the right to receive .1928 of a fully paid and nonassessable Ordinary Share (the "Class B Consideration"). As of the Effective Time, all such shares of Company Class B Common Stock shall no longer be outstanding and shall automatically be cancelled and retired and shall cease to exist, and each holder of a certificate representing any such shares of Company Class B Common Stock shall cease to have any rights

with respect thereto, except the right to receive the Class B Consideration to be issued in consideration therefor upon surrender of such certificate in accordance with Section 2.02, without interest. As of the Effective Time, the fraction of an Ordinary Share into which a share of Company Class B Common Stock is converted shall be issued, and trade, as a unit with the related Junior Mortgage Note in lieu of such share of Company Class B Common Stock.

SECTION 2.02. Exchange of Certificates. (a) Exchange Agent. As of the Effective Time, Parent shall deposit with such bank or trust company as may be designated by Parent (the "Exchange Agent"), for the benefit of the holders of shares of Company Common Stock and Company Class B Common Stock, for exchange in accordance with this Article II, through the Exchange Agent, certificates representing the Ordinary Shares (such Ordinary Shares, together with any dividends or distributions with respect thereto with a record date after the Effective Time, and any cash payable in lieu of any fractional Ordinary Shares being hereinafter referred to as the "Exchange Fund") issuable pursuant to Section 2.01 in exchange for outstanding shares of Company Common Stock and Company Class B Common Stock.

(b) Exchange Procedures. As soon as reasonably practicable after the Effective Time, the Exchange Agent shall mail to each holder of record of a certificate or certificates which immediately prior to the Effective Time represented outstanding shares of Company Common Stock (the "Common Certificates") or Company Class B Common Stock (the "Class B Certificates", and, together with the Common Certificates, the "Certificates") whose shares were converted into the right to receive the Merger Consideration or the Class B Consideration, as applicable, pursuant to Section 2.01, (i) a letter of transmittal (which shall specify that delivery shall be effected, and risk of loss and title to the Certificates shall pass, only upon delivery of the Certificates to the Exchange Agent and shall be in such form and have such other provisions as Parent may reasonably specify) and (ii) instructions for use in effecting the surrender of the Certificates in exchange for the Merger Consideration or the Class B Consideration, as applicable. Upon surrender of a Certificate for cancellation to the Exchange Agent or to such other agent or agents as may be appointed by Parent, together with such letter of transmittal, duly executed, and such other documents as may reasonably be required by the Exchange

Agent (including, in the case of Class B Certificates, the related Junior Mortgage Notes), the holder of such Certificate shall be entitled to receive in exchange therefor (i) in the case of Common Certificates, a certificate representing that number of whole Ordinary Shares and cash, if any, which such holder has the right to receive pursuant to the provisions of this Article II, and (ii) in the case of Class B Certificates, a certificate representing that number of fractional Ordinary Shares and cash, if any, which such holder has the right to receive pursuant to the provisions of this Article II, together with the Junior Mortgage Notes surrendered with such Class B Certificates and, in each case, the Certificate so surrendered shall forthwith be cancelled. In the event of a transfer of ownership of Company Common Stock or Units which is not registered in the transfer records of the Company, a certificate representing the proper number of Ordinary Shares may be issued to a person (as defined in Section 8.03) other than the person in whose name the Certificate so surrendered is registered, if such Certificate shall be properly endorsed or otherwise be in proper form for transfer and the person requesting such payment shall pay any transfer or other taxes required by reason of the issuance of Ordinary Shares to a person other than the registered holder of such Certificate or establish to the satisfaction of Parent that such tax has been paid or is not applicable. Until surrendered as contemplated by this Section 2.02, each Certificate shall be deemed at any time after the Effective Time to represent only the right to receive upon such surrender the Merger Consideration or the Class B Consideration, as applicable, and cash, if any, which the holder thereof has the right to receive in respect of such Certificate pursuant to the provisions of this Article II. No interest will be paid or will accrue on any cash payable to holders of Certificates pursuant to the provisions of this Article II.

(c) Distributions with Respect to Unexchanged Shares. No dividends or other distributions with respect to

Ordinary Shares with a record date after the Effective Time shall be paid to the holder of any unsurrendered Certificate with respect to the Ordinary Shares represented thereby, and no cash payment in lieu of fractional shares shall be paid to any such holder pursuant to Section 2.02(e), and all such dividends, other distributions and cash in lieu of fractional Ordinary Shares shall be paid by Parent to the Exchange Agent and shall be included in the Exchange Fund, in each case until the surrender of such Certificate in

accordance with this Article II. Subject to the effect of applicable laws, following surrender of any such Certificate, there shall be paid to the holder of the certificate representing whole (or, in the case of Class B Certificates, fractional) Ordinary Shares issued in exchange therefor, without interest, (i) at the time of such surrender, the amount of any cash payable in lieu of a fractional Ordinary Share to which such holder is entitled pursuant to Section 2.02(e), in the case of Common Certificates, and the amount of dividends or other distributions with a record date after the Effective Time theretofore paid with respect to such whole (or, in the case of Class B Certificates, fractional) Ordinary Shares, and (ii) at the appropriate payment date, the amount of dividends or other distributions with a record date after the Effective Time but prior to such surrender and with a payment date subsequent to such surrender payable with respect to such whole (or, in the case of Class B Certificates, fractional) Ordinary Shares.

(d) No Further Ownership Rights in Company Common Stock or Company Class B Common Stock. All Ordinary Shares issued upon the surrender for exchange of Certificates in accordance with the terms of this Article II (including any cash paid pursuant to this Article II) shall be deemed to have been issued (and paid) in full satisfaction of all rights pertaining to the shares of Company Common Stock or Company Class B Common Stock, as applicable, theretofore

represented by such Certificates, subject, however, to the Surviving Corporation's obligation to pay any dividends or make any other distributions with a record date prior to the Effective Time which may have been declared or made by the Company on such shares of Company Common Stock or Company Class B Common Stock, as applicable, in accordance with the terms of this Agreement or prior to the date of this Agreement and which remain unpaid at the Effective Time, and there shall be no further registration of transfers on the stock transfer books of the Surviving Corporation of the shares of Company Common Stock or Company Class B Common Stock which were outstanding immediately prior to the Effective Time. If, after the Effective Time, Certificates are presented to the Surviving Corporation or the Exchange Agent for any reason, they shall be cancelled and exchanged as provided in this Article II, except as otherwise provided by law.

(e) No Fractional Shares. (i) No certificates or scrip representing fractional Ordinary Shares shall be

issued upon the surrender for exchange of Common Certificates, no dividend or distribution of Parent shall relate to such fractional share interests and such fractional share interests will not entitle the owner thereof to vote or to any rights of a shareholder of Parent.

(ii) Notwithstanding any other provision of this Agreement, each holder of shares of Company Common Stock exchanged pursuant to the Merger who would otherwise have been entitled to receive a fraction of an Ordinary Share (after taking into account all Common Certificates delivered by such holder) shall receive, in lieu thereof, cash (without interest) in an amount equal to such fractional part of an Ordinary Share multiplied by the closing sales price of one Ordinary Share on the NYSE Composite Transactions List (as reported by the Wall Street Journal or, if not reported thereby, any other authoritative source)

on the Closing Date.

(f) Termination of Exchange Fund. Any portion of the Exchange Fund which remains undistributed to the holders of the Certificates for six months after the Effective Time shall be delivered to Parent, upon demand, and any holders of the Certificates who have not theretofore complied with this Article II shall thereafter look only to Parent for payment of their claim for the Merger Consideration or the Class B Consideration, as applicable, and any cash or dividends or distributions payable to such holders pursuant to this Article II.

(g) No Liability. None of Parent, Sub, the Company or the Exchange Agent shall be liable to any person in respect of any Ordinary Shares (or any dividends or distributions with respect thereto or with respect to any shares of Company Common Stock or Company Class B Common Stock, as applicable, theretofore represented by any Certificate) or any cash from the Exchange Fund delivered to a public official pursuant to any applicable abandoned property, escheat or similar law. If any Certificate shall not have been surrendered prior to seven years after the Effective Time (or immediately prior to such earlier date on which any Merger Consideration or Class B Consideration, as applicable, or any cash or other dividends or distributions payable to the holder of such Certificate pursuant to this Article II would otherwise escheat to or become the property of any Governmental Entity (as defined in Section 3.01(d))), any such Merger Consideration or Class B Consideration, as applicable, or cash or other dividends or distributions

shall, to the extent permitted by applicable law, become the property of the Surviving Corporation, free and clear of all claims or interest of any person previously entitled thereto.

(h) Investment of Exchange Fund. The Exchange

Agent shall invest any cash included in the Exchange Fund, as directed by Parent, on a daily basis. Any interest and other income resulting from such investments shall be paid to Parent. In the event the Exchange Fund shall realize a loss on any such investment, Parent shall deposit additional cash in the Exchange Fund to the extent necessary to satisfy its obligation to distribute cash to the holders of Company Common Stock in lieu of fractional shares as set forth in Section 2.02(e) or cash dividends or other distributions as set forth in Section 2.02(c).

ARTICLE III

Representations and Warranties

SECTION 3.01. Representations and Warranties of the Company. Except as set forth with respect to a specifically identified representation and warranty on the Disclosure Schedule delivered by the Company to Parent prior to the execution of this Agreement (the "Company Disclosure Schedule"), the Company represents and warrants to Parent and Sub as follows:

(a) Organization, Standing and Corporate Power. Each of the Company and each of its Significant Subsidiaries (as defined in Section 8.03) is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is incorporated and has the requisite corporate power and authority to carry on its business as now being conducted. Each of the Company and each of its Significant Subsidiaries is duly qualified or licensed to do business and is in good standing in each jurisdiction in which the nature of its business or the ownership or leasing of its properties makes such qualification or licensing necessary, other than in such jurisdictions where the failure to be so qualified or licensed or to be in good standing individually or in the aggregate would not have a material adverse effect (as defined in Section 8.03) on the Company. The Company has delivered to Parent prior to the

execution of this Agreement complete and correct copies of its certificate of incorporation and by-laws and the certificates of incorporation and by-laws (or comparable organizational documents) of its Significant Subsidiaries, in each case as amended to date.

(b) Subsidiaries. The Company Disclosure Schedule sets forth a true and complete list of each subsidiary of the Company. All the outstanding shares of capital stock of each subsidiary of the Company have been validly issued and are fully paid and nonassessable and are owned by the Company, by another subsidiary of the Company or by the Company and another such subsidiary, free and clear of all pledges, claims, liens, charges, encumbrances and security interests of any kind or nature whatsoever (collectively, "Liens"). Except for the capital stock of its subsidiaries, the Company does not own, directly or indirectly, any capital stock or other ownership interest in any corporation, limited liability company, partnership, joint venture or other entity.

(c) Capital Structure. The authorized capital stock of the Company consists of 100,000,000 shares of Company Common Stock, 120,000 shares of Company Class B Common Stock and 10,000,000 shares of Preferred Stock, par value $.01 per share, of the Company ("Company Preferred Stock"). At the close of business on August 15, 1996, (i) 7,941,035 shares of Company Common Stock were issued and outstanding, (ii) 35,000 shares of Company Class B Common Stock were issued and outstanding, (iii) no shares of Company Preferred Stock were issued and outstanding, (iv) 0 shares of Company Common Stock and 12,899 shares of Company Class B Common Stock were held by the Company in its treasury or by subsidiaries of the Company, (v) 1,240,362 shares of Company Common Stock were reserved for issuance pursuant to the Stock Plans (as defined in Section 5.06(a)), (vi) 933,370 shares of Company Common Stock were reserved for issuance upon exercise of all outstanding warrants of the Company (the "Company Warrants") and (vii) 208,354 shares of Company Common Stock were reserved for issuance upon settlement of Other Class 3C Claims, as defined in the Company's plan of reorganization which was effected in 1990. Except as set forth above, at the close of business on

August 15, 1996, no shares of capital stock or other voting securities of the Company were issued, reserved

for issuance or outstanding. There are no outstanding stock appreciation rights or rights (other than the Employee Stock Options (as defined in Section 5.06(a)) to receive shares of Company Common Stock on a deferred basis granted under the Stock Plans or otherwise. The Company Disclosure Schedule sets forth a complete and correct list, as of August 15, 1996, of the holders of all Employee Stock Options, the number of shares subject to each such option and the exercise prices thereof. All outstanding shares of capital stock of the Company are, and all shares which may be issued pursuant to the Stock Plans and the Company Warrants will be, when issued, duly authorized, validly issued, fully paid and nonassessable and not subject to preemptive rights. There are no bonds, debentures, notes or other indebtedness of the Company having the right to vote (or convertible into, or exchangeable for, securities having the right to vote) on any matters on which stockholders of the Company may vote; provided, however, that shares of the Company Class B Common Stock trade as a unit with the Junior Mortgage Notes and the holders of such shares are entitled to vote on the election of certain directors to the Board of Directors of the Company. Except as set forth above and except for the Company's obligation to issue shares of Company Class B Common Stock upon the issuance of additional Junior Mortgage Notes, there are no outstanding securities, options, warrants, calls, rights, commitments, agreements, arrangements or undertakings of any kind to which the Company or any of its subsidiaries is a party or by which any of them is bound obligating the Company or any of its subsidiaries to issue, deliver or sell, or cause to be issued, delivered or sold, additional shares of capital stock or other voting securities of the Company or of any of

its subsidiaries or obligating the Company or any of its subsidiaries to issue, grant, extend or enter into any such security, option, warrant, call, right, commitment, agreement, arrangement or undertaking. Except for the provisions set forth in the Amended and Restated Certificate of Incorporation of the Company with respect to the redemption of the securities of the Company pursuant to the provisions of the New Jersey Casino Control Act and additional provisions regarding the redemption of shares of Company Class B Stock, there are no outstanding contractual obligations of the Company or any of its subsidiaries to repurchase, redeem or otherwise acquire any shares of capital stock

of the Company or any of its subsidiaries. There are no outstanding contractual obligations of the Company to vote or to dispose of any shares of the capital stock of any of its subsidiaries.

(d) Authority; Noncontravention. The Company has all requisite corporate power and authority to enter into this Agreement and, subject to the Company Stockholder Approval (as defined in Section 3.01(m)) with respect to the Merger, to consummate the transactions contemplated by this Agreement. The execution and delivery of this Agreement by the Company and the consummation by the Company of the transactions contemplated by this Agreement have been duly authorized by all necessary corporate action on the part of the Company, subject, in the case of the Merger, to the Company Stockholder Approval. This Agreement has been duly executed and delivered by the Company and constitutes a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms. The execution and delivery of this Agreement does not, and the consummation of the transactions contemplated by this Agreement and compliance with the provisions of this Agreement will

not, conflict with, or result in any violation of, or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any obligation or to loss of a material benefit under, or result in the creation of any Lien upon any of the properties or assets of the Company or any of its subsidiaries under, (i) the Amended and Restated Certificate of Incorporation or By-laws of the Company or the comparable charter or organizational documents of any of its subsidiaries, (ii) subject to the governmental filings and other matters referred to in the following sentence, any loan or credit agreement, note, bond, mortgage, indenture, lease or other agreement, instrument, permit, concession, franchise or license applicable to the Company or any of its subsidiaries or any of their respective properties or assets or (iii) subject to the governmental filings and other matters referred to in the following sentence, any judgment, order, decree, statute, law, ordinance, rule or regulation applicable to the Company or any of its subsidiaries or any of their respective properties or assets, other than, in the case of clauses (ii) and (iii), any such conflicts, violations, defaults, rights

or Liens that individually or in the aggregate would not (x) have a material adverse effect on the Company, (y) impair the ability of the Company to perform its obligations under this Agreement in any material respect or (z) delay in any material respect or prevent the consummation of any of the transactions contemplated by this Agreement or the Company Stockholder Agreement. No consent, approval, order or authorization of, or registration, declaration or filing with, any Federal, state or local government or any court, administrative or regulatory agency or commission or other governmental authority or agency (a "Governmental Entity"), is required by the Company or

any of its subsidiaries in connection with the execution and delivery of this Agreement by the Company or the consummation by the Company of the transactions contemplated by this Agreement, except for (1) the filing of a premerger notification and report form by the Company under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"); (2) the filing with the Securities and Exchange Commission (the "SEC") of (A) a proxy statement (such proxy statement, as amended or supplemented from time to time, the "Proxy Statement") relating to the Company Stockholders Meeting (as defined in Section 5.01(b)), and (B) such reports under Section 13(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as may be required in connection with this Agreement and the transactions contemplated by this Agreement; (3) the approval by the New Jersey Casino Control Commission under the New Jersey Casino Control Act and the rules and regulations promulgated thereunder; (4) the filing of the Certificate of Merger with the Delaware Secretary of State and appropriate documents with the relevant authorities of other states in which the Company is qualified to do business; (5) such filings with Governmental Entities as may be required to satisfy the applicable requirements of state securities or "blue sky" laws in connection with the transactions contemplated by this Agreement; (6) filings under the New Jersey Industrial Site Recovery Act; (7) the filing of International Capital Form S of the U.S. Department of the Treasury; and (8) such filings with and approvals of the American Stock Exchange ("ASE") to permit the Units and the Junior Mortgage Notes to continue to be listed on the ASE.

(e) SEC Documents; Undisclosed Liabilities. The

Company has filed all required reports, schedules, forms, statements and other documents with the SEC since January 1, 1995 (the "SEC Documents"). As of their respective dates, the SEC Documents complied in all material respects with the requirements of the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act, as the case may be, and the rules and regulations of the SEC promulgated thereunder applicable to such SEC Documents, and none of the SEC Documents when filed contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. Except to the extent that information contained in any SEC Document has been revised or superseded by a later-filed SEC Document, none of the SEC Documents contains any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The financial statements of the Company included in the SEC Documents comply as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto, have been prepared in accordance with generally accepted accounting principles (except, in the case of unaudited statements, as permitted by Form 10-Q of the SEC) applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto) and fairly present the consolidated financial position of the Company and its consolidated subsidiaries as of the dates thereof and the consolidated results of their operations and cash flows for the periods then ended (subject, in the case of unaudited statements, to normal year-end audit adjustments). Except as set forth in the Filed SEC Documents (as defined in Section 3.01(g)), and, except for liabilities and obligations incurred since June 30, 1996 in the ordinary course of business consistent with past practice, neither the Company nor any of its subsidiaries has any liabilities or obligations of any nature (whether accrued, absolute, contingent or otherwise) required by generally accepted accounting principles to be recognized or disclosed on a

consolidated balance sheet of the Company and its consolidated subsidiaries or in the notes thereto and which, individually or in the aggregate, could reasonably be expected to have a material adverse effect on the Company.

(f) Information Supplied. None of the information supplied or to be supplied by the Company specifically for inclusion or incorporation by reference in (i) the registration statement on Form F-4 to be filed with the SEC by Parent in connection with the issuance of Ordinary Shares in the Merger (the "Form F-4") will, at the time the Form F-4 is filed with the SEC, at any time it is amended or supplemented or at the time it becomes effective under the Securities Act, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading or (ii) the Proxy Statement will, at the date it is first mailed to the Company's stockholders or at the time of the Company Stockholders Meeting, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading. The Proxy Statement will comply as to form in all material respects with the requirements of the Exchange Act and the rules and regulations thereunder, except that no representation or warranty is made by the Company with respect to statements made or incorporated by reference therein based on information supplied by Parent or Sub specifically for inclusion or incorporation by reference in the Proxy Statement.

(g) Absence of Certain Changes or Events. Except as disclosed in the SEC Documents filed and publicly available prior to the date of this Agreement (the "Filed SEC Documents"), since the date of the most recent audited financial statements included in the Filed SEC Documents, the Company has conducted its business only in the ordinary course, and there has not

been (i) any material adverse change (as defined in Section 8.03) in the Company, (ii) any declaration, setting aside or payment of any dividend or other distribution (whether in cash, stock or property) with respect to any of the Company's capital stock, (iii) any split, combination or reclassification of any

of its capital stock or any issuance or the authorization of any issuance of any other securities in respect of, in lieu of or in substitution for shares of its capital stock, (iv) (x) any granting by the Company or any of its subsidiaries to any executive officer or other key employee of the Company or any of its subsidiaries of any increase in compensation, except for normal increases in the ordinary course of business consistent with past practice or as required under any employment agreement in effect as of the date of the most recent audited financial statements included in the Filed SEC Documents, or (y) any granting by the Company or any of its subsidiaries to any such executive officer or key employee of any increase in severance or termination pay, except as was required under any employment, severance or termination agreement in effect as of the date of the most recent audited financial statements included in the Filed SEC Documents, (v) any damage, destruction or loss, whether or not covered by insurance, that has or could reasonably be expected to have a material adverse effect on the Company, (vi) except insofar as may have been disclosed in the Filed SEC Documents or required by a change in generally accepted accounting principles, any change in accounting methods, principles or practices by the Company materially affecting its assets, liabilities or business or (vii) any other action taken which would have constituted a breach of Section 4.01(a) (other than Section 4.01(a)(iii)) had it been in effect.

(h) Litigation. Except as disclosed in the Filed SEC Documents, there is no suit, action or proceeding pending or, to the knowledge of the Company, threatened against or affecting the Company or any of its subsidiaries that individually or in the aggregate could reasonably be expected to (i) have a material adverse effect on the Company, (ii) impair the ability of the Company to perform its obligations under this Agreement in any material respect or (iii) delay in any material respect or prevent the consummation of any of the transactions contemplated by this Agreement or the Company Stockholder Agreement, nor is there any judgment, decree, injunction, rule or order of any Governmental Entity or arbitrator outstanding against the Company or any of its subsidiaries having, or which, insofar as reasonably can be foreseen, in the

future would have, any effect referred to in clause (i), (ii) or (iii) above.

(i) Absence of Changes in Benefit Plans. Except as disclosed in the Filed SEC Documents, since the date of the most recent audited financial statements included in the Filed SEC Documents, there has not been any adoption or amendment in any material respect by the Company or any of its subsidiaries of any collective bargaining agreement or any bonus, pension, profit sharing, deferred compensation, incentive compensation, stock ownership, stock purchase, stock option, phantom stock, retirement, vacation, severance, disability, death benefit, hospitalization, medical or other plan, arrangement or understanding (whether or not legally binding) providing benefits to any current or former employee, officer or director of the Company or any of its subsidiaries (collectively, "Benefit Plans"). Without limiting the foregoing, except as disclosed in the Filed SEC Documents, since the date of

the most recent audited financial statements included in the Filed SEC Documents, there has not been any change in any actuarial or other assumption used to calculate funding obligations with respect to any Pension Plan (as defined below), or in the manner in which contributions to any Pension Plan are made or the basis on which such contributions are determined. Except as disclosed in the Filed SEC Documents, there exist no employment, consulting, severance, termination or indemnification agreements, arrangements or understandings between the Company or any of its subsidiaries and any current or former employee, officer or director of the Company or any of its subsidiaries.

(j) ERISA Compliance. (i) The Company Disclosure Schedule contains a list of each "employee pension benefit plan" (as defined in Section 3(2) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")) (a "Pension Plan"), each "employee welfare benefit plan" (as defined in Section 3(1) of ERISA) (a "Welfare Plan"), and each other plan arrangement or policy (written or oral) relating to stock options, stock purchases, compensation, deferred compensation, severance, fringe benefits or other employee benefits, in each case maintained, contributed to or required to be maintained or contributed to by the Company, any of its subsidiaries or any other

person or entity that, together with the Company, is treated as a single employer under Section 414(b), (c), (m) or (o) of the Code (each, a "Commonly Controlled Entity") which is currently in effect for the benefit of any current or former employees, agents, officers, directors or independent contractors of the Company or any of its subsidiaries (collectively, "Benefit Plans"). None of the Benefit Plans, other than any Benefit Plan that is a "multiemployer plan" as defined

in Section 4001(a)(3) of ERISA (a "Multiemployer Plan"), are subject to Title IV of ERISA. No Commonly Controlled Entity has, within the past five years prior to the date of this Agreement, maintained or contributed to a plan which was subject to Title IV of ERISA other than a Multiemployer Plan. The Company has delivered (or will deliver as soon as practicable after the date of execution of this Agreement) to Parent true, complete and correct copies of (w) each Benefit Plan (or, in the case of unwritten Benefit Plans, descriptions thereof), (x) the two most recent annual reports on Form 5500 filed with the Internal Revenue Service with respect to each Benefit Plan (if any such report was required), (y) the most recent summary plan description for each Benefit Plan for which such summary plan description is required and (z) each currently effective trust agreement, insurance or group annuity contract and each other funding or financing arrangement relating to any Benefit Plan.

(ii) Each Benefit Plan has been administered in material compliance with its terms, the applicable provisions of ERISA, the Code and all other applicable laws and the terms of all applicable collective bargaining agreements. The Company has not received notice of any investigations by any governmental agency, termination proceedings or other claims (except routine claims for benefits payable under the Benefit Plans), suits or proceedings against any Benefit Plan or asserting any rights or claims to benefits under any Benefit Plan.

(iii) Each Pension Plan that is intended to be a tax-qualified plan has been the subject of a determination letter from the Internal Revenue Service to the effect that such Pension Plan and related trust is qualified and exempt from Federal income taxes under Sections 401(a) and 501(a), respectively, of the Code; no such determination letter has been revoked, and, to

the best knowledge of the Company, revocation has not been threatened; and such Pension Plan has not been amended since the effective date of its most recent determination letter in any respect that would adversely affect its qualification. The Company has delivered (or will deliver as soon as practicable after the date of this Agreement) to Parent a copy of the most recent determination letter received with respect to each Pension Plan for which such a letter has been issued, as well as a copy of any pending application for a determination letter. No event has occurred that could subject any Pension Plan to tax under Section 511 of the Code.

(iv) (1) Neither the Company nor any of its subsidiaries has engaged in a "prohibited transaction" (as defined in Section 4975 of the Code or Section 406 of ERISA) that involves the assets of any Benefit Plan that is reasonably likely to subject the Company, any of its subsidiaries, any employee of the Company or its subsidiaries or, to the best knowledge of the Company, a non-employee trustee, non-employee administrator or other non-employee fiduciary of any trust created under any Benefit Plan to the tax or penalty on prohibited transactions imposed by Section 4975 of the Code; and (2) none of the Company, any of its subsidiaries or, to the best knowledge of the Company, any non-employee trustee, non-employee administrator or other non-employee fiduciary of any Benefit Plan has breached the fiduciary duty provisions of ERISA or any other applicable law.

(v) No Commonly Controlled Entity has incurred any liability to a Pension Plan (other than for contributions not yet due to a Defined Benefit Plan and other than for the payment of premiums to the Pension Benefit Guaranty Corporation not yet due), which liability, to the extent currently due, has not been fully paid as of the date hereof or has not been accrued on the Company's financial statements.

(vi) No Commonly Controlled Entity has announced an intention to withdraw, but has not yet completed withdrawal, from a Multiemployer Plan; and no action has been taken by any Commonly Controlled Entity to withdraw from a Multiemployer Plan. The Company Disclosure Schedule also lists for each Benefit Plan that is a Multiemployer Plan either the Company's best estimate of the amount of withdrawal liability that

would be incurred if each Commonly Controlled Entity were to make a complete withdrawal from such plan as of the Closing Date and the amount of "unfunded vested benefits" (within the meaning of Section 4211 of ERISA) as of the end of the most recently completed plan year and as of the date of this Agreement or a statement of the number of employees of the Company and its Commonly Controlled Entities who are currently eligible to participate therein.

(vii) No Commonly Controlled Entity has withdrawn from any Multiemployer Plan where such withdrawal has resulted in any "withdrawal liability" (as defined in Section 4201 of ERISA) for which any Commonly Controlled Entity has any liability which has not been fully paid.

(viii) Except as specifically provided in this Agreement, no employee of the Company or any of its subsidiaries will be entitled to any additional benefits or any acceleration of the time of payment or vesting of any benefits under any Benefit Plan or under any employment, severance, termination or compensation agreement or as a result of the transactions contemplated by this Agreement.

(ix) Except as provided in this Agreement, no compensation payable by the Company or any of its subsidiaries to any of their employees under any existing contract, Benefit Plan or other employment arrangement or understanding would be subject to disallowance under Section 162(m) of the Code.

(k) Taxes. (i) The Company, each subsidiary of the Company, and each consolidated, combined or affiliated group of which the Company or any subsidiary of the Company is or has been a member, each has timely filed or caused to be filed, with the appropriate

Taxing Authorities (as defined in Section 8.03), within the time and in the manner prescribed by law, all material consolidated and separate Tax Returns (as defined in Section 8.03) required to be filed by or on behalf of it and each such Tax Return was complete and correct in all material respects at the time of filing.

(ii) All material Taxes (as defined in Section 8.03) required to be shown on a consolidated or separate Tax return of the Company and each subsidiary

of the Company (collectively, "Covered Taxes") have been duly and timely paid.

(iii) No Liens for Taxes exist with respect to any assets or properties of the Company or any subsidiary of the Company, except for statutory Liens for Taxes not yet due.

(iv) No material Tax Returns with respect to Covered Taxes are under audit or examination by any Taxing Authority, and no written or unwritten notice of such an audit or examination has been received by the Company or any affiliate (as defined in Section 8.03) of the Company. Each material deficiency resulting from any audit or examination relating to Covered Taxes by any Taxing Authority has been paid, except for deficiencies being contested in good faith. No material issues were raised in writing by the relevant Taxing Authority during any audit or examination relating to Covered Taxes, and no issues relating to Covered Taxes which could reasonably be expected to have a material adverse effect on the Company during a Post-Closing Tax Period (as defined in Section 8.03) were raised in writing by any Taxing Authority during any audit or examination relating to other Taxes of the Company or any affiliate of the Company.

(v) The Company Disclosure Schedule lists each state, county, local, municipal or foreign jurisdiction in which the Company or any subsidiary of the Company files, has ever filed, is required to file or has been required to file a material Tax Return (other than a Tax Return with respect to which the applicable statute of limitations has expired).

(vi) There is no agreement or other document extending, or having the effect of extending, the period of assessment or collection of any material amount of Covered Taxes and no power of attorney with respect to any material amount of Covered Taxes has been executed or filed with any Taxing Authority.

(vii) The Company Disclosure Schedule lists each non-federal consolidated, combined, unitary or affiliated group for purposes of filing Tax Returns or paying Taxes of which the Company or any subsidiary of the Company is or has been a member, the jurisdiction in which such consolidated, combined, unitary or

affiliated group has filed or has been required to file a Tax Return that includes the Company or any subsidiary of the Company, or the income, assets or activities of any subsidiary of the Company, and the parent corporation and/or other person that is or was responsible for filing such Tax Returns.

(viii) Each subsidiary of the Company has been included as a member of the consolidated group, within the meaning of Treas. Reg. Section 1.1502-1(h), of which the Company is the common parent for purposes of filing Federal tax returns for such consolidated group.

(ix) Neither the Company nor any subsidiary of the Company shall be required to include in a Post-Closing Tax Period a material amount of taxable income

attributable to income that accrued in a Pre-Closing Tax Period but was not recognized in any Pre-Closing Tax Period as a result of the installment method of accounting, the completed contract method of accounting, the long-term contract method of accounting, the cash method of accounting or Section 481 of the Code or comparable provisions of state, local or foreign Tax law.

(l) No Excess Parachute Payments. Except as provided in this Agreement, any amount that could be received (whether in cash or property or the vesting of property) as a result of any of the transactions contemplated by this Agreement by any employee, officer, director or independent contractor of Company or any of its affiliates who is a "disqualified individual" (as such term is defined in proposed Treasury Regulation Section 1.280G-1) under any employment, severance or termination agreement, other compensation arrangement or Benefit Plan currently in effect would not be characterized as an "excess parachute payment" (as such term is defined in Section 280G(b)(1) of the Code).

(m) Voting Requirements. The affirmative vote of the holders of a majority of the outstanding shares of the Company Common Stock and, to the extent required under applicable law, the Company Class B Common Stock (voting as a separate class) at the Company Stockholders Meeting (the "Company Stockholder Approval") is the only vote of the holders of any class or series of the Company's capital stock necessary to

approve and adopt this Agreement and the transactions contemplated by this Agreement.

(n) State Takeover Statutes. The Board of Directors of the Company has approved the terms of this

Agreement and the Company Stockholder Agreement and the consummation of the Merger and the other transactions contemplated by this Agreement and the Company Stockholder Agreement, and such approval is sufficient to render inapplicable to the Merger and the other transactions contemplated by this Agreement and the Company Stockholder Agreement the provisions of Section 203 of the DGCL. To the best of the Company's knowledge, no other state takeover statute or similar statute or regulation applies or purports to apply to the Merger, this Agreement, the Company Stockholder Agreement or any of the transactions contemplated by this Agreement or the Company Stockholder Agreement and no provision of the certificate of incorporation, by-laws or other governing instruments of the Company or any of its subsidiaries would, directly or indirectly, restrict or impair the ability of Parent or any of its subsidiaries to vote, or otherwise to exercise the rights of a stockholder with respect to, shares of the Company and its subsidiaries that may be acquired or controlled directly or indirectly by Parent.

(o) Labor Matters. Neither the Company nor any of its subsidiaries is the subject of any suit, action or proceeding which is pending or, to the best knowledge of the Company, threatened, asserting that the Company or any of its subsidiaries has committed an unfair labor practice (within the meaning of the National Labor Relations Act or applicable state statutes) or seeking to compel the Company or any of its subsidiaries to bargain with any labor organization as to wages and conditions of employment, in any such case, that is reasonably expected to result in a material liability of the Company and its subsidiaries. No strike or other labor dispute involving the Company or any of its subsidiaries is pending or, to the best knowledge of the Company, threatened, except for any such actual or threatened strike or other labor dispute arising after the date of this Agreement which, individually or in the aggregate, would not have a material adverse effect on the Company. To the best knowledge of the Company, there is no activity

involving any employees of the Company or any of its subsidiaries seeking to certify a collective bargaining unit or engaging in any other organizational activity, except for any such activity which would not have a material adverse effect on the Company.

(p) Brokers. No broker, investment banker, financial advisor or other person, other than Morgan Stanley & Co. Incorporated, the fees and expenses of which will be paid by the Company, is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the transactions contemplated by this Agreement or the Stockholder Agreements based upon arrangements made by or on behalf of the Company or any of its subsidiaries. The Company has furnished to Parent true and complete copies of all agreements under which any such fees or expenses may be payable and all indemnification and other agreements related to the engagement of the persons to whom such fees may be payable.

(q) Opinion of Financial Advisor. The Company has received the opinion of Morgan Stanley & Co. Incorporated, dated the date of this Agreement, to the effect that, as of such date, the Merger Consideration is fair to the Company's stockholders from a financial point of view, a photocopy of which signed opinion has been delivered to Parent.

(r) Compliance with Applicable Laws. (i) Each of the Company and each of its subsidiaries has in effect all Federal, state and local governmental approvals, authorizations, certificates, filings, franchises, licenses, notices, permits and rights ("Permits") necessary for it to own, lease or operate its properties and assets and to carry on its business as now conducted, and there has occurred no default under any such Permit, except for the lack of Permits and for defaults under Permits which lack or default could not, individually or in the aggregate, reasonably be expected to result in a material adverse effect on the Company. Except as disclosed in the Filed SEC Documents, each of the Company and each of its subsidiaries are in compliance with all applicable statutes, laws, ordinances, rules, regulations,

judgments, decrees and orders of any Governmental Entity, except for possible noncompliance that could not, individually or in the aggregate, reasonably be

expected to result in a material adverse effect on the Company.

(ii) Each of the Company and each of its subsidiaries is in compliance with all applicable Gaming Laws, except for possible noncompliance that could not, individually or in the aggregate, reasonably be expected to result in a material adverse effect on the Company. The term "Gaming Laws" means, with respect to any person, any Federal, state or local statute, law, ordinance, rule, regulation, permit, consent, approval, license, judgment, order, decree, injunction or other authorization governing or relating to the current or contemplated casino and gaming activities and operations of such person and its subsidiaries, including the New Jersey Casino Control Act and the rules and regulations promulgated thereunder.

(iii) Neither the Company nor any subsidiary of the Company nor any director or officer of the Company or any subsidiary of the Company has received any written claim, demand, notice, complaint, court order or administrative order from any Governmental Entity since May 3, 1994 (the "Consummation Date"), asserting that a license of it or them, as applicable, under any Gaming Laws should be revoked or suspended.

(iv) Each of the Company and its subsidiaries is, and has been, and each of the Company's former subsidiaries, while a subsidiary of the Company, was in compliance with all applicable Environmental Laws, except for possible noncompliance that could not, individually or in the aggregate, reasonably be

expected to have a material adverse effect on the Company. The term "Environmental Laws" means any Federal, state, local or foreign statute, ordinance, rule, regulation, permit, consent, approval, license, judgment, order, decree, injunction or authorization relating to: (A) Releases (as defined in 42 U.S.C. Section 9601(22)) or threatened Releases of Hazardous Materials (as hereinafter defined) into the natural environment or workplace, (B) the generation, treatment, storage, disposal, use, handling, management, manufacturing, transportation or shipment of, or exposure to, a Hazardous Material or (C) the preservation of, or the encroachment on, the natural environment (including the Federal Water Pollution Control Act, the New Jersey

Freshwater Wetlands Act and the New Jersey Coastal Area Facilities Review Act).

(v) Neither the Company nor any subsidiary of the Company has received any claim, demand, notice, complaint, court order, administrative order or request for information from any Governmental Entity or private party in the past five years, alleging violation of, or asserting any noncompliance with or liability under or potential liability under, any Environmental Laws which violation, noncompliance or liability could, individually or in the aggregate, reasonably be expected to result in a material adverse effect on the Company.

(vi) During the period of ownership or operation by the Company and its subsidiaries of any of their current or previously owned or leased properties, there have been no Releases of Hazardous Materials in, on, under or affecting such properties and none of the Company or its subsidiaries have disposed of any Hazardous Materials or any other substance in a manner that has led, or could reasonably be anticipated to

lead to a Release except in each case for those Releases which individually or in the aggregate are not reasonably likely to have a material adverse effect on the Company. Prior to the period of ownership or operation by the Company and its subsidiaries of any of their respective current or previously owned or leased properties, to the best knowledge of the Company, no Hazardous Materials were generated, treated, stored, disposed of, used, handled, managed or manufactured at or transported, shipped or disposed of from, such current or previously owned or leased properties, and there were no Releases of Hazardous Materials in, on, under or affecting any such property or any surrounding site, except in each case for those actions or omissions which individually or in the aggregate would not be reasonably likely to have a material adverse effect on the Company. The term "Hazardous Material" means (1) hazardous or toxic substances or wastes as defined under any Environmental Law, (2) petroleum, including crude oil and any fractions thereof, (3) natural gas, synthetic gas and any mixtures thereof, (4) asbestos and/or asbestos-containing material or (5) polychlorinated biphenyls (PCBs) or materials containing PCBs and any material regulated as a medical waste or infectious waste.

(vii) To the Company's knowledge, there are no underground storage tanks or asbestos-containing materials located in, at or under any of the facilities or real property owned, leased or operated by the Company or any subsidiary of the Company, the presence of which could, individually or in the aggregate, reasonably be expected to result in a material adverse effect on the Company.

(viii) The Company Disclosure Schedule identifies the most current environmental audits, assessments or studies completed within the last five years that are

in the possession of the Company or any subsidiary of the Company with respect to the material facilities or real property owned, leased or operated by the Company or any subsidiary of the Company. The Company has furnished to Parent complete and correct copies of all such audits, assessments and studies.

(s) Contracts; Debt Instruments. (i) Except for this Agreement and as disclosed in the Filed SEC Documents, there are no contracts or agreements that are material to the business, properties, assets, condition (financial or otherwise), results of operations or prospects of the Company and its subsidiaries taken as a whole. Neither the Company nor any of its subsidiaries is in violation of or in default under (nor does there exist any condition which upon the passage of time or the giving of notice would cause such a violation of or default under) any loan or credit agreement, note, bond, mortgage, indenture, lease, permit, concession, franchise, license or any other contract, agreement, arrangement or understanding to which it is a party or by which it or any of its properties or assets is bound, except for violations or defaults that could not, individually or in the aggregate, reasonably be expected to result in a material adverse effect on the Company.

(ii) Set forth on the Company Disclosure Schedule is (x) a list of all loan or credit agreements, notes, bonds, mortgages, indentures and other agreements and instruments pursuant to which any indebtedness of the Company or any of its subsidiaries in an aggregate principal amount in excess of $1,000,000 is outstanding or may be incurred and (y) the respective principal amounts currently outstanding thereunder. For purposes of this Agreement, "indebtedness" shall mean, with

respect to any person, without duplication, (A) all

obligations of such person for borrowed money, or with respect to deposits or advances of any kind to such person, or upon which interest charges are customarily paid, (B) all obligations of such person evidenced by bonds, debentures, notes or similar instruments, (C) all obligations of such person under conditional sale or other title retention agreements relating to property purchased by such person, (D) all obligations of such person issued or assumed as the deferred purchase price of property or services (excluding obligations of such person to creditors for materials, inventory, services and supplies incurred in the ordinary course of such person's business), (E) all capitalized lease obligations of such person, (F) all obligations of others secured by any Lien on property or assets owned or acquired by such person, whether or not the obligations secured thereby have been assumed, (G) all obligations of such person under interest rate or currency hedging transactions (valued at the termination value thereof), (H) all letters of credit issued for the account of such person and (I) all guarantees and arrangements having the economic effect of a guarantee of such person of any indebtedness of any other person.

(t) Intellectual Property. The Company and its subsidiaries own, or are validly licensed or otherwise have the right to use, all patents, patent rights, trademarks, trademark rights, trade names, trade name rights, service marks, service mark rights, copyrights and other proprietary intellectual property rights and computer programs (collectively, "Intellectual Property Rights") which are material to the conduct of the business of the Company or any of its subsidiaries. The Company Disclosure Schedule sets forth a description of all Intellectual Property Rights which are material to the conduct of the business of the Company or any of its subsidiaries. Except as set forth in the Company Disclosure Schedule, no claims are pending or, to the knowledge of the Company, threatened that the Company or any of its subsidiaries is infringing or otherwise adversely affecting the rights of any person with regard to any Intellectual Property Right. To the knowledge of the Company, except as set forth in the Company Disclosure Schedule, no person is infringing the rights of the Company or any of its

subsidiaries with respect to any Intellectual Property Right.

(u) Title to Properties; Assets Other than Real Property Interests. (i) The Company Disclosure Schedule sets forth a complete list of all real property and interests in real property owned or leased by the Company or any of its subsidiaries and indicates whether such property is owned or leased (each such owned property, an "Owned Property" and each such leased property, a "Leased Property", and collectively, the "Real Property"). Except as set forth in the Company Disclosure Schedule, the Company or one of its subsidiaries has good and marketable title to each Owned Property, or a valid leasehold interest in each Leased Property, in each case free and clear of all liens (as defined in Section 8.03), except for easements, covenants, or restrictions of record that, individually or in the aggregate, do not and will not materially interfere with its ability to conduct its business at such Real Property as currently conducted. Except as set forth in the Company Disclosure Schedule, each of the lessors (under each such lease) and the Company or its subsidiary, as the case may be has complied in all respects with the terms of all leases relating to the Leased Property, except for any such noncompliance that, individually or in the aggregate, does not and will not materially interfere with its ability to conduct its business at such Leased Property as currently conducted, and there are no defaults thereunder, or conditions that if left unchanged could result in a default thereunder, and all such leases are in full force and effect. The Company enjoys peaceful and undisturbed possession under all such leases.

(ii) Each of the Company and each of its subsidiaries has good and valid title to all its properties and assets, in each case free and clear of all Liens, except (A) mechanics', carriers', workmen's, repairmen's or other similar Liens arising or incurred in the ordinary course of business, (B) Liens arising

under conditional sales contracts and equipment leases with third parties entered into in the ordinary course of business, (C) Liens for taxes which are not due and payable or which may thereafter be paid without penalty, (D) Liens which secure debt that is reflected as a liability on the balance sheet of the Company and its consolidated subsidiaries as of June 30, 1996,

contained in the Filed SEC Documents and the existence of which is indicated in the notes thereto and (E) other imperfections of title or encumbrances, if any, which do not, individually or in the aggregate, materially impair the continued use and operation of the assets to which they relate in the business of the Company and its subsidiaries. This paragraph (ii) does not relate to Real Property or interests in Real Property, such items being the subject of paragraph (i) above.

(v) Insurance. Since the Consummation Date, the Company and its subsidiaries have obtained and maintained in full force and effect insurance with responsible and reputable insurance companies or associations in such amounts, on such terms and covering such risks, including fire and other risks insured against by extended coverage, as is reasonably prudent, and since the Consummation Date each has maintained in full force and effect public liability insurance, insurance against claims for personal injury or death or property damage occurring in connection with any of the activities of the Company or its subsidiaries or any of any properties owned, occupied or controlled by the Company or its subsidiaries, in such amount as reasonably deemed necessary by the Company or its subsidiaries.

(w) Additional Real Estate Representations. (i) The occupancies and uses of the Real Property

identified as "Material Real Property" in Section 3.01(w) of the Company Disclosure Schedule (the "Material Real Property"), as well as the development, construction, management, maintenance, servicing and operation of such Real Property, comply in all material respects with all applicable laws, ordinances, rules, regulations, orders and requirements of all Governmental Entities having jurisdiction and are not in violation of any thereof in any manner reasonably likely, individually or in the aggregate, to have a material adverse effect on the use, value or operation of the Real Property to which it relates; and the certificate(s) of occupancy, if required by applicable law, and all other licenses and permits required by law for the proper use and operation of such Real Property are in full force and effect. All approvals, consents, permits, utility installations and connections, curb cuts and street openings required for the development,

construction, maintenance, operation and servicing of the Material Real Property as currently used by the Company have been granted, effected, or performed and completed (as the case may be), and all fees and charges therefor have been fully paid. Neither the Company nor any subsidiary of the Company has received written notice of any violations, suits, orders, decrees or judgments relating to the violation of any applicable law, ordinance, rule or regulation relating to zoning, building use and occupancy, traffic, fire, health, sanitation, air pollution, ecological, environmental or other laws or regulations, against, or with respect to, the Material Real Property.

(ii) There is access between each Owned Property or Leased Property and public roads adequate to serve the Company's current use of each such Real Property and there are no pending or, to the Company's knowledge, threatened proceedings that could have the

effect of impairing or restricting such access in any material respect. There are sufficient parking spaces on Material Real Property as currently used to comply with all applicable provisions of any agreements to which such Real Property is subject, local zoning requirements and all other applicable laws and governmental requirements. The material improvements upon the Material Real Property contain no asbestos and the roof, foundation, sprinkler mains, structural, mechanical and HVAC systems and masonry walls in any of the material improvements upon the Material Real Property are in good working condition and order and no significant repairs thereof are required, and all periodic maintenance has been done and is being done which is consistent with commercially reasonable maintenance standards for real property of similar size and age in the vicinity of such Real Property.

(iii) This Section 3.01(w) does not relate to Environmental Laws, such items being the subject of Section 3.01(r) above.

SECTION 3.02. Representations and Warranties of Parent and Sub. Except as set forth with respect to a specifically identified representation and warranty on the Disclosure Schedule delivered by Parent to the Company prior to the execution of this Agreement (the

"Parent Disclosure Schedule"), Parent and Sub represent and warrant to the Company as follows:

(a) Organization, Standing and Corporate Power. Each of Parent and Sub is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction in which it was organized and has the requisite corporate power and authority to carry on its

business as now being conducted. Each of Parent and Sub is duly qualified or licensed to do business and is in good standing in each jurisdiction in which the nature of its business or the ownership or leasing of its properties makes such qualification or licensing necessary, other than in such jurisdictions where the failure to be so qualified or licensed or to be in good standing individually or in the aggregate would not have a material adverse effect on Parent. Parent has delivered to the Company complete and correct copies of its Articles of Association and By-laws and the Certificate of Incorporation and By-laws of Sub, in each case as amended to the date hereof.

(b) Capital Structure. As of the date of this Agreement, the authorized capital stock of Parent consists of 250,000,000 Ordinary Shares and 100,000,000 preference shares, par value $.001 per share ("Preference Shares"). At the close of business on August 15, 1996, (i) 29,051,842 Ordinary Shares were issued and outstanding, (ii) no Preference Shares were issued and outstanding, (iii) no Ordinary Shares were held by Parent in its treasury and (iv) 2,000,000 Ordinary Shares were reserved for issuance pursuant to Parent's Stock Option Plan (the "Parent Stock Plan"). Except as set forth above, at the close of business on August 15, 1996, no shares of capital stock or other voting securities of Parent were issued, reserved for issuance or outstanding. All outstanding shares of capital stock of Parent are, and all shares which may be issued pursuant to this Agreement will be, when issued, duly authorized, validly issued, fully paid and nonassessable and not subject to preemptive rights. As of the date of this Agreement, there are no bonds, debentures, notes or other indebtedness of Parent having the right to vote (or convertible into, or exchangeable for, securities having the right to vote) on any matters on which shareholders of Parent may vote. Except as set forth above or as otherwise contemplated by this Agreement, as of the date of this

Agreement, there are no outstanding securities, options, warrants, calls, rights, commitments, agreements, arrangements or undertakings of any kind to which Parent is a party or by which it is bound obligating Parent to issue, deliver or sell, or cause to be issued, delivered or sold, additional shares of capital stock or other voting securities of Parent or obligating Parent to issue, grant, extend or enter into any such security, option, warrant, call, right, commitment, agreement, arrangement or undertaking. As of the date of this Agreement, there are no outstanding contractual obligations of Parent to repurchase, redeem or otherwise acquire any shares of capital stock of Parent. As of the date of this Agreement, the authorized capital stock of Sub consists of 1,000 shares of common stock, par value $.01 per share, 100 of which have been validly issued, are fully paid and nonassessable and are owned by Parent free and clear of any Lien.

(c) Authority; Noncontravention. Parent and Sub have all requisite corporate power and authority to enter into this Agreement and, subject to the Parent Shareholder Approval (as defined in Section 3.02(g)), to consummate the transactions contemplated by this Agreement. The execution and delivery of this Agreement and the consummation of the transactions contemplated by this Agreement by Parent and Sub, as the case may be, have been duly authorized by all necessary corporate action on the part of Parent and Sub, subject, in the case of Parent, to the Parent Shareholder Approval. This Agreement has been duly executed and delivered by Parent and Sub and constitutes a valid and binding obligation of each such party, enforceable against such party in accordance with its terms. The execution and delivery of this Agreement does not, and the consummation of the transactions contemplated by this Agreement and compliance with the provisions of this Agreement will not, conflict with, or result in any violation of, or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any obligation or to loss of a material benefit under, or result in the creation of any Lien upon any of the properties or assets of Parent, Sub or any of Parent's other subsidiaries under, (i) the Articles of Association or By-laws of Parent or the comparable charter or

organizational documents of Sub or any such other subsidiary, (ii) subject to the governmental filings and other matters referred to in the following sentence, any loan or credit agreement, note, bond, mortgage, indenture, lease or other agreement, instrument, permit, concession, franchise or license applicable to Parent, Sub or such other subsidiary or any of their respective properties or assets or (iii) subject to the governmental filings and other matters referred to in the following sentence, any judgment, order, decree, statute, law, ordinance, rule or regulation applicable to Parent, Sub or such other subsidiary or any of their respective properties or assets, other than, in the case of clauses (ii) and (iii), any such conflicts, violations, defaults, rights or Liens that individually or in the aggregate would not (x) have a material adverse effect on Parent, (y) impair the ability of Parent and Sub to perform their respective obligations under this Agreement in any material respect or (z) delay in any material respect or prevent the consummation of any of the transactions contemplated by this Agreement or the Parent Stockholder Agreement. No consent, approval, order or authorization of, or registration, declaration or filing with, any Governmental Entity is required by Parent or Sub in connection with the execution and delivery of this Agreement or the consummation by Parent or Sub, as the case may be, of any of the transactions contemplated by this Agreement, except for (1) the filing of a premerger notification and report form by Parent under the HSR Act; (2) the filing with the SEC of the Form F-4 and the filing or furnishing with or to the SEC of such reports under Section 13 of the Exchange Act as may be required in connection with this Agreement, the Stockholder Agreements and the transactions contemplated by this Agreement and the Stockholder Agreements; (3) the approval by the New

Jersey Casino Control Commission under the New Jersey Casino Control Act and the rules and regulations promulgated thereunder; (4) the filing of the Certificate of Merger with the Delaware Secretary of State and appropriate documents with the relevant authorities of other states in which the Company is qualified to do business; (5) such filings with Governmental Entities as may be required to satisfy the applicable requirements of state securities or "blue sky" laws in connection with the transactions contemplated by this Agreement; (6) such filings with

and approvals of the NYSE and the ASE to permit the Ordinary Shares that are to be issued in the Merger and under the Stock Plans to be listed on the NYSE and the Units to continue to be listed on the ASE; (7) Form BE-13 and related forms to be filed with the U.S. Department of Commerce; and (8) such filings and approvals as may be required solely by reason of the Company's (as opposed to any third party's) participation in the transactions contemplated by this Agreement.

(d) SEC Documents. Parent has filed all reports, schedules, forms, statements and other documents required to be filed with the SEC since January 1, 1995 (including any Reports on Form 6-K, the "Parent SEC Documents"). As of their respective dates, the Parent SEC Documents complied in all material respects with the requirements of the Securities Act or the Exchange Act, as the case may be, and the rules and regulations of the SEC promulgated thereunder applicable to such Parent SEC Documents, and none of the Parent SEC Documents when filed contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not

misleading. Except to the extent that information contained in any Parent SEC Document has been revised or superseded by a later-filed Parent SEC Document, none of the Parent SEC Documents contains any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The financial statements of Parent included in the Parent SEC Documents comply as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto, have been prepared in accordance with generally accepted accounting principles (except, in the case of unaudited statements, as permitted by the rules and regulations of the SEC) applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto) and fairly present the consolidated financial position of Parent and its consolidated subsidiaries as of the dates thereof and the consolidated results of their operations and cash flows

for the periods then ended (subject, in the case of unaudited statements, to normal year-end audit adjustments). Except as set forth in the Filed Parent SEC Documents (as defined in Section 3.02(f)), and except for liabilities and obligations incurred since March 31, 1996, in the ordinary course of business consistent with past practice, neither Parent nor any of its subsidiaries has any liabilities or obligations of any nature (whether accrued, absolute, contingent or otherwise) required by generally accepted accounting principles to be recognized or disclosed on a consolidated balance sheet of Parent and its consolidated subsidiaries or in the notes thereto and which, individually or in the aggregate, could reasonably be expected to have a material adverse

effect on Parent.

(e) Information Supplied. None of the information supplied or to be supplied by Parent or Sub specifically for inclusion or incorporation by reference in (i) the Form F-4 will, at the time the Form F-4 is filed with the SEC, at any time it is amended or supplemented or at the time it becomes effective under the Securities Act, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, or (ii) the Proxy Statement will, at the date the Proxy Statement is first mailed to Company stockholders or at the time of the Company Stockholders Meeting, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading. The Form F-4 will comply as to form in all material respects with the requirements of the Securities Act and the rules and regulations promulgated thereunder, except that no representation or warranty is made by Parent or Sub with respect to statements made or incorporated by reference in the Form F-4 based on information supplied by the Company specifically for inclusion or incorporation by reference therein.

(f) Absence of Certain Changes or Events. Except as disclosed in the Parent SEC Documents filed (or furnished to the SEC) and publicly available prior to the date of this Agreement (the "Filed Parent SEC

Documents"), since the date of the most recent audited financial statements included in the Filed Parent SEC Documents, Parent has conducted its business only in the ordinary course, and there has not been (i) any

material adverse change in Parent, (ii) any split, combination or reclassification of any of its capital stock or any issuance or the authorization of any issuance of any other securities in respect of, in lieu of or in substitution for shares of its capital stock or (iii) any damage, destruction or loss, whether or not covered by insurance, that has or is likely to have a material adverse effect on Parent.

(g) Voting Requirements. The affirmative vote at the Parent Shareholders Meeting (as defined in Section 5.01(c)) of the holders of a majority of the voting power of the outstanding Ordinary Shares entitled to vote generally in an annual election of directors (the "Parent Shareholder Approval") is the only vote of the holders of any class or series of Parent's capital stock necessary to approve and adopt the amendments to Parent's Articles of Association that are necessary to comply with the New Jersey Casino Control Act and no other vote of holders of any class or series of Parent's capital stock is necessary to approve the transactions contemplated by this Agreement.

(h) Brokers. No broker, investment banker, financial advisor or other person, other than Bear, Stearns & Co. Inc., the fees and expenses of which will be paid by Parent, is entitled to any broker's, finders, financial advisor's or other similar fee or commission in connection with the transactions contemplated by this Agreement or the Stockholder Agreements based upon arrangements made by or on behalf of Parent or Sub.

(i) Interim Operations of Sub. Sub was formed solely for the purpose of engaging in the transactions contemplated hereby and has engaged in no other business other than incident to its creation and this Agreement and the transactions contemplated hereby.

(j) Permits. To the actual knowledge of Parent, there is no fact or circumstance which would reasonably be expected to prevent or materially delay the obtaining of any consent or approval by Parent which is

required to be obtained by Parent in connection with this Agreement. The Parent Disclosure Schedule identifies the filings made by Parent with the New Jersey Casino Control Commission as of the date hereof in connection with its licensing efforts in New Jersey.

(k) Litigation. Except as disclosed in the Filed Parent SEC Documents, there is no suit, action or proceeding pending or, to the knowledge of Parent, threatened against or affecting Parent or any of its subsidiaries that individually or in the aggregate could reasonably be expected to (i) have a material adverse effect on Parent, (ii) impair the ability of Parent to perform its obligations under this Agreement in any material respect or (iii) delay in any material respect or prevent the consummation of any of the transactions contemplated by this Agreement or the Parent Stockholder Agreement, nor is there any judgment, decree, injunction, rule or order of any Governmental Entity or arbitrator outstanding against Parent or any of its subsidiaries having, or which, insofar as reasonably can be foreseen, in the future would have, any effect referred to in clause (i), (ii) or (iii) above.

(l) Compliance with Applicable Laws. (i) Each of Parent and each of its subsidiaries has in effect all Permits necessary for it to own, lease or operate its properties and assets and to carry on its business as now conducted, and there has occurred no default under any such Permit, except for the lack of Permits and for defaults under Permits which lack or default could not, individually or in the aggregate, reasonably be expected to result in a material adverse effect on Parent. Except as disclosed in the Filed Parent SEC Documents, each of Parent and each of its subsidiaries are in compliance with all applicable statutes, laws, ordinances, rules, regulations, judgments, decrees and orders of any Governmental Entity, except for possible noncompliance that could not, individually or in the aggregate, reasonably be expected to result in a material adverse effect on Parent.

(ii) Each of Parent and each of its subsidiaries

is in compliance with all applicable Gaming Laws, except for possible noncompliance that could not, individually or in the aggregate, reasonably be

expected to result in a material adverse effect on Parent.

(iii) Neither Parent nor any subsidiary of Parent nor any director or officer of Parent or any subsidiary of Parent has received any written claim, demand, notice, complaint, court order or administrative order from any Governmental Entity since the Consummation Date, asserting that a license of it or them, as applicable, under any Gaming Laws should be revoked or suspended.

ARTICLE IV

Covenants Relating to Conduct of Business

SECTION 4.01. Conduct of Business. (a) Conduct of Business by the Company. During the period from the date of this Agreement to the Effective Time, the Company shall, and shall cause its subsidiaries to, carry on their respective businesses in the usual, regular and ordinary course in substantially the same manner as heretofore conducted and in compliance in all material respects with all applicable laws and regulations and, to the extent consistent therewith, use all reasonable efforts to preserve intact their current business organizations, keep available the services of their current officers and employees and preserve their relationships with customers, suppliers, licensors, licensees and others having business dealings with them to the end that their goodwill and ongoing businesses shall not be impaired at the Effective Time. Without limiting the generality of the foregoing, during the

period from the date of this Agreement to the Effective Time without the prior consent of Parent, the Company shall not, and shall not permit any of its subsidiaries to:

(i) (x) declare, set aside or pay any dividends on, or make any other distributions in respect of, any of its capital stock, other than dividends and distributions by a direct or indirect wholly owned subsidiary of the Company to its parent, (y) split, combine or reclassify any of its capital stock or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for shares of its capital stock or (z) purchase, redeem or otherwise acquire any shares of capital stock of the Company or any of its subsidiaries or any other securities thereof

or any rights, warrants or options to acquire any such shares or other securities;

(ii) issue, deliver, sell, pledge or otherwise encumber any shares of its capital stock, any other voting securities or any securities convertible into, or any rights, warrants or options to acquire, any such shares, voting securities or convertible securities, including, subject to Section 5.16, any of the Units that are owned by the Company or by any subsidiary of the Company (other than the issuance of Company Common Stock upon the exercise of Employee Stock Options outstanding on the date of this Agreement and in accordance with their present terms);

(iii) amend its certificate of incorporation, by-laws or other comparable charter or organizational documents;

(iv) acquire or agree to acquire (x) by merging or consolidating with, or by purchasing a substantial portion of the assets of, or by any other manner, any

business or any corporation, limited liability company, partnership, joint venture, association or other business organization or division thereof, or (y) any assets that individually or in the aggregate are material to the Company and its subsidiaries taken as a whole;

(v) sell, lease, license, mortgage or otherwise encumber or subject to any Lien or otherwise dispose of any of its properties or assets, except in the ordinary course of business consistent with past practice;

(vi) (x) issue any additional Junior Mortgage Notes, (y) except as set forth in Section 4.01(a) of the Company Disclosure Schedule, incur any indebtedness or (z) make any loans, advances or capital contributions to, or investments in, any other person, other than to the Company or any direct or indirect wholly owned subsidiary of the Company;

(vii) make or agree to make any capital expenditure except for (A) capital expenditures in respect of projects other than the Chalfonte Project (as defined in Section 4.01(a) of the Company Disclosure Schedule) as set forth in the Company's capital expenditure budget for 1996 delivered to Parent prior to the date

of this Agreement, and in the case of capital expenditures for 1997, in accordance with the Company's capital expenditure budget for 1997, which shall be prepared on a reasonable basis consistent with such 1996 budget, and (B) capital expenditures in respect of the Chalfonte Project (other than the Chalfonte Garage (as defined in Section 5.18) and other than capital expenditures for work completed on the Chalfonte Project prior to the date of this Agreement but not yet paid for by the Company as set forth in Section 4.01(a) of the Company Disclosure Schedule) during the times

and in the amounts set forth below:

(w) from September 1, to September 30, 1996, up to $900,000.00; (x) from October 1, to October 31, 1996, up to $800,000.00; (y) from November 1, to November 30, 1996, up to $700,000.00; from December 1, to December 31, 1996, up to $600,000.00; and during each calendar month in 1997, up to $600,000.00;

(viii) make any material Tax election or settle or compromise any material Tax liability;

(ix) except in the ordinary course of business or except as would not reasonably be expected to have a material adverse effect on the Company, modify, amend or terminate any material contract or agreement to which the Company or any subsidiary is a party or waive, release or assign any material rights or claims thereunder;

(x) pay, discharge or satisfy any claims, liabilities or obligations (absolute, accrued, asserted or unasserted, contingent or otherwise), other than the payment, discharge or satisfaction, in the ordinary course of business consistent with past practice or in accordance with their terms, of liabilities reflected or reserved against in, or contemplated by, the most recent consolidated financial statements (or the notes thereto) of the Company included in the Filed SEC Documents or incurred after the date of such financial statements in the ordinary course of business consistent with past practice, or waive the benefits of, or agree to modify in any manner, any confidentiality, standstill or similar agreement to which the Company or any of its subsidiaries is a party;

(xi) make any material change to its accounting methods, principles or practices, except as may be required by generally accepted accounting principles; or

(xii) except as required to comply with applicable law and as disclosed in Section 4.01(a) of the Company Disclosure Schedule, (v) adopt, enter into, terminate or amend any Benefit Plan or other arrangement for the benefit or welfare of any director, officer or current or former employee, (w) increase in any manner the compensation or fringe benefits of, or pay any bonus to, any director, officer or employee (except for normal increases or bonuses in the ordinary course of business consistent with past practice), (x) pay any benefit not provided for under any Benefit Plan, (y) except as permitted in clause (w), grant any awards under any bonus, incentive, performance or other compensation plan or arrangement or Benefit Plan (including the grant of stock options, stock appreciation rights, stock based or stock related awards, performance units or restricted stock, or the removal of existing restrictions in any Benefit Plans or agreement or awards made thereunder) or (z) take any action to fund or in any other way secure the payment of compensation or benefits under any employee plan, agreement, contract or arrangement or Benefit Plan); or

(xiii) authorize, or commit or agree to take, any of the foregoing actions.

(b) Conduct of Business by Parent. During the period from the date of this Agreement to the Effective Time, Parent shall not, and shall not permit any of its subsidiaries to:

(i) (x) declare, set aside or pay any dividends on, or make any other distributions in respect of, the Ordinary Shares or (y) split, combine or reclassify the Ordinary Shares or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for the Ordinary Shares; or

(ii) authorize, or commit or agree to take, any of the foregoing actions.

(c) Other Actions. The Company and Parent shall not, and shall not permit any of their respective subsidiaries

to, take any action that would, or that could reasonably be expected to, result in (i) any of the representations and warranties of such party set forth in this Agreement that are qualified as to materiality becoming untrue, (ii) any of such representations and warranties that are not so qualified becoming untrue in any material respect or (iii) any of the conditions set forth in Article VI not being satisfied, except actions expressly permitted by Section 4.02 that could have the effect specified in clause (iii) of this sentence.

(d) Advice of Changes. The Company and Parent shall promptly advise the other party orally and in writing of (i) any representation or warranty made by it contained in this Agreement that is qualified as to materiality becoming untrue or inaccurate in any respect or any such representation or warranty that is not so qualified becoming untrue or inaccurate in any material respect, (ii) the failure by it to comply with or satisfy in any material respect any covenant, condition or agreement to be complied with or satisfied by it under this Agreement or (iii) any change or event having, or which, insofar as can reasonably be foreseen, would have, a material adverse effect on such party and its subsidiaries taken as a whole or on the truth of their respective representations and warranties or the ability of the conditions set forth in Article VI to be satisfied; provided, however, that no such notification shall affect the representations, warranties, covenants or agreements of the parties or the conditions to the obligations of the parties under this Agreement.

SECTION 4.02. No Solicitation. (a) The Company shall not, nor shall it permit any of its subsidiaries to, nor shall it authorize or permit any officer, director or employee of or any investment banker, attorney or other advisor or representative of, the Company or any of its subsidiaries to, (i) solicit, initiate or encourage the submission of any takeover proposal (as defined in Section 8.03) or (ii) participate in any discussions or negotiations regarding, or furnish to any person any information with

respect to, or take any other action to facilitate the making of any proposal that constitutes, or may reasonably be expected to lead to, any takeover proposal; provided, however, that if, at any time prior to the receipt of the Company Stockholder Approval, in the opinion of the Board of Directors of the Company after consultation with outside counsel, such failure to so act would be inconsistent with its fiduciary duties to the Company's stockholders under

applicable law, the Company may, in response to an unsolicited takeover proposal, and subject to compliance with Section 4.02(c), (x) furnish information with respect to the Company pursuant to a customary confidentiality agreement to any person making such proposal and (y) participate in negotiations regarding such proposal. Without limiting the foregoing, it is understood that any violation of the restrictions set forth in the preceding sentence by any officer, director or employee of the Company or any of its subsidiaries, whether or not such person is purporting to act on behalf of the Company or any of its subsidiaries or otherwise, shall be deemed to be a breach of this Section 4.02(a) by the Company.

(b) Except as set forth in this Section 4.02(b), neither the Board of Directors of the Company nor any committee thereof shall (x) withdraw or modify, or propose to withdraw or modify, in a manner adverse to Parent or Sub, the approval or recommendation by such Board of Directors or any such committee of this Agreement or the Merger, (y) approve or recommend or propose to approve or recommend, any takeover proposal or (z) enter into any agreement with respect to any takeover proposal. Notwithstanding the foregoing, if in the opinion of the Board of Directors of the Company, after consultation with outside counsel, failure to do so would be inconsistent with its fiduciary duties to the Company's stockholders under applicable law, the Board of Directors of the Company may (subject to the terms of this and the following sentences) withdraw or

modify its approval or recommendation of this Agreement or the Merger, approve or recommend a competitive proposal (as defined in Section 8.03), or enter into an agreement with respect to a competitive proposal, in each case at any time after the second business day following Parent's receipt of written notice (a "Notice of Competitive Proposal") advising Parent that the Board of Directors of the Company has received a competitive proposal, specifying the material terms and conditions of such competitive proposal and identifying the person making such competitive proposal; provided that the Company shall not enter into an agreement with respect to a competitive proposal unless the Company shall have furnished Parent with written notice no later than 12:00 noon two business days in advance of any date that it intends to enter into such agreement. In addition, if the Company proposes to enter into an agreement with respect to any takeover proposal, it shall concurrently with entering into such agreement pay, or cause to be paid, to

Parent the Expenses and the Termination Fee (each as defined in Section 5.09(b)).

(c) In addition to the obligations of the Company set forth in paragraphs (a) and (b) of this Section 4.02, the Company promptly shall advise Parent of any request for information or of any takeover proposal, the identity of the person making any such request or takeover proposal and all the material terms and conditions thereof. The Company will keep Parent fully informed of the status and details (including amendments or proposed amendments) of any such request or takeover proposal.

ARTICLE V

Additional Agreements

SECTION 5.01. Preparation of the Form F-4 and the Proxy Statement; Stockholders Meetings. (a) As soon as practicable following the date of this Agreement, the Company and Parent shall prepare and the Company shall file with the SEC the Proxy Statement and Parent shall prepare and file with the SEC the Form F-4, in which the Proxy Statement will be included as a prospectus. Each of the Company and Parent shall use all reasonable efforts to have the Form F-4 declared effective under the Securities Act as promptly as practicable after such filing. The Company will use all reasonable efforts to cause the Proxy Statement to be mailed to the Company's stockholders, and Parent will use all reasonable efforts to cause an appropriate proxy or information statement to be mailed to Parent's shareholders, in each case as promptly as practicable after the Form F-4 is declared effective under the Securities Act. Each of the Company and Parent shall also take any action (other than qualifying to do business in any jurisdiction in which it is not now so qualified or filing a general consent to service of process) required to be taken under any applicable state securities or "blue sky" laws in connection with the issuance of Ordinary Shares in the Merger and under the Stock Plans and the Company shall furnish all information concerning the Company and the holders of the Company Common Stock and rights to acquire Company Common Stock pursuant to the Stock Plans as may be reasonably requested in connection with any such action.

(b) The Company will, as soon as practicable following the date of this Agreement, duly call, give notice

of, convene and hold a meeting of its stockholders (the "Company Stockholders Meeting") for the purpose of obtaining the Company Stockholder Approval. Without limiting the generality of the foregoing, the Company agrees that its obligations pursuant to the first sentence of this Section 5.01(b) shall not be affected by the commencement, public proposal, public disclosure or communication to the

Company of any takeover proposal. The Company will, through its Board of Directors, recommend to its stockholders the approval and adoption of this Agreement and the transactions contemplated hereby, except to the extent that the Board of Directors of the Company shall have withdrawn its recommendation of this Agreement or the Merger as permitted by Section 4.02(b).

(c) Parent will, as soon as practicable following the date of this Agreement, duly call, give notice of, convene and hold a meeting of its shareholders (the "Parent Shareholders Meeting") for the purpose of obtaining the Parent Shareholder Approval. Parent will, through its Board of Directors, recommend to its shareholders the approval and adoption of the amendments to its Articles of Association to add such provisions as may be necessary to comply with the New Jersey Casino Control Act as a result of consummation of the transactions contemplated by this Agreement.

(d) The Company and Parent will use reasonable efforts to hold the Company Stockholders Meeting and the Parent Stockholders Meeting as soon as practicable after the date hereof.

(e) As of the date which is two business days prior to the date on which the Form F-4 is to become effective under the Securities Act, if Parent and the Company shall have reasonably concluded, based upon the advice of their respective proxy solicitation firms and other relevant facts and circumstances, that it is reasonably likely that any approval of the holders of Company Class B Common Stock that may be required under applicable law in connection with the transactions contemplated by this Agreement will not be obtained at the Company Stockholders Meeting, then, at the written request of the Company delivered to Parent on such date, Parent shall exercise the DD Option; provided, that Parent shall not be obligated to exercise the DD Option if it is reasonably likely that such exercise would result in a material adverse effect on Parent.

SECTION 5.02. Letters of the Company's Accountants. The Company shall use all reasonable efforts to cause to be delivered to Parent a letter of Ernst & Young LLP, the Company's independent public accountants, dated a date within two business days before the date on which the Form F-4 shall become effective and a letter of Ernst & Young LLP dated a date within two business days before the Closing Date, each addressed to Parent, in form and substance reasonably satisfactory to Parent and customary in scope and substance for letters delivered by independent public accountants in connection with registration statements similar to the Form F-4.

SECTION 5.03. Letters of Parent's Accountants. Parent shall use all reasonable efforts to cause to be delivered to the Company letters of Arthur Andersen, LLP, Arthur Andersen, chartered accountants, and Ernst & Young LLP, Parent's independent public accountants for the relevant periods prior to the date hereof, dated a date within two business days before the date on which the Form F-4 shall become effective and letters of Arthur Andersen, LLP, Arthur Andersen, chartered accountants and Ernst & Young LLP dated a date within two business days before the Closing Date, each addressed to the Company, in form and substance reasonably satisfactory to the Company and customary in scope and substance for letters delivered by independent public accountants in connection with registration statements similar to the Form F-4.

SECTION 5.04. Access to Information; Confidentiality. Subject to the Confidentiality Agreement (as defined below), the Company shall, and shall cause each of its subsidiaries to, afford to Parent and to the officers, employees, accountants, counsel, financial advisors and other representatives of Parent, reasonable access during normal business hours during the period prior to the Effective Time to all their properties, books, contracts, commitments, personnel and records and, during such period, the Company shall, and shall cause each of its subsidiaries to, furnish promptly to Parent (a) a copy of each report, schedule, registration statement and other document filed by it during such period pursuant to the requirements of Federal or state securities laws and (b) all other information concerning its business, properties and personnel as Parent may reasonably request. Parent will hold, and will cause officers, employees, accountants, counsel, financial advisors and other representatives and

affiliates to hold, any nonpublic information in accordance

with the terms of the Confidentiality Agreement dated as of August 9, 1996, between Parent and the Company (the "Confidentiality Agreement").

SECTION 5.05. Reasonable Efforts. (a) Upon the terms and subject to the conditions set forth in this Agreement, each of the parties agrees to use all reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, and to assist and cooperate with the other parties in doing, all things necessary, proper or advisable to consummate and make effective, in the most expeditious manner practicable, the Merger and the other transactions contemplated by this Agreement and the Stockholder Agreements, including (i) in the case of Parent, (1) the obtaining of all necessary approvals by the New Jersey Casino Control Commission under the New Jersey Casino Control Act and the rules and regulations promulgated thereunder required in connection with the Merger and this Agreement, (2) promptly filing a petition requesting "Interim Casino Authorization" pursuant to NJSA 5:12-95.12 et seq. (the "ICA Petition"), and (3) not withdrawing the ICA Petition or Parent's and Sub's application to the New Jersey Casino Control Commission for a permanent license under the New Jersey Casino Control Act, (ii) the obtaining of all necessary actions or nonactions, waivers, consents and approvals from other Governmental Entities and the making of all necessary registrations and filings (including filings with Governmental Entities, such as those referred to in Sections 3.01(d)(1)-(8) and 3.02(c)(1)-(8)) and the taking of all reasonable steps as may be necessary to obtain an approval or waiver from, or to avoid an action or proceeding by, any Governmental Entity, (iii) the obtaining of all necessary consents, approvals or waivers from third parties, (iv) the defending of any lawsuits or other legal proceedings, whether judicial or administrative, challenging this Agreement or the Stockholder Agreements or the

consummation of the transactions contemplated by this Agreement or the Stockholder Agreements, including seeking to have any stay or temporary restraining order entered by any court or other Governmental Entity vacated or reversed, and (v) the execution and delivery of any additional instruments necessary to consummate the transactions contemplated by, and to fully carry out the purposes of, this Agreement and the Stockholder Agreements; provided, however, that a party shall not be obligated to take any action pursuant to the foregoing if the taking of such action or the obtaining of any waiver, consent, approval or exemption is reasonably likely (x) to be materially

burdensome to such party and its subsidiaries taken as a whole or to impact in a materially adverse manner the economic or business benefits of the transactions contemplated by this Agreement or the Stockholder Agreements so as to render inadvisable the consummation of the Merger or (y) in the case of Parent, to result in the imposition of a condition or restriction of the type referred to in clause (ii), (iii), (iv) or (v) of Section 6.02(d);

(b) In connection with and without limiting the foregoing, the Company and its Board of Directors shall (i) take all action necessary to ensure that no state takeover statute or similar statute or regulation is or becomes applicable to the Merger, this Agreement, the Company Stockholder Agreement or any of the other transactions contemplated by this Agreement or the Company Stockholder Agreement and (ii) if any state takeover statute or similar statute or regulation becomes applicable to the Merger, this Agreement, the Company Stockholder Agreement or any other transaction contemplated by this Agreement or the Company Stockholder Agreement, take all action necessary to ensure that the Merger and the other transactions contemplated by this Agreement and the Stockholder Agreements may be consummated as promptly as practicable on the terms contemplated by this Agreement and the Stockholder

Agreements and otherwise to minimize the effect of such statute or regulation on the Merger and the other transactions contemplated by this Agreement and the Company Stockholder Agreement.

SECTION 5.06. Stock Options; Warrants. (a) As soon as practicable following the date of this Agreement, the Board of Directors of the Company (or, if appropriate, any committee administering the Stock Plans) shall adopt such resolutions or take such other actions as may be required to effect the following:

(i) adjust the terms of all outstanding (x) employee and director stock options to purchase shares of Company Common Stock ("Employee Stock Options") granted under the Company's Stock Option Plan, as amended and restated through the date hereof, (the "Stock Plans") whether vested or unvested, as necessary to provide that, at the Effective Time, each Employee Stock Option outstanding immediately prior to the Effective Time shall be deemed to constitute an option to acquire, on the same terms and conditions as were applicable under such Employee Stock Option,

including vesting (and, where applicable under the terms of such Employee Stock Option, accelerated vesting) and the rights of the holder under the terms of such Employee Stock Option, the same number of Ordinary Shares as the holder of such Employee Stock Option would have been entitled to receive pursuant to the Merger had such holder exercised such Employee Stock Option in full immediately prior to the Effective Time (the "Deemed Parent Share Amount"), at a price per Ordinary Share equal to (A) the aggregate exercise price for the shares of Company Common Stock otherwise purchasable pursuant to such Employee Stock Option divided by (B) the aggregate Deemed Parent Share Amount with respect to such Employee Stock Option (each, as so

adjusted, an "Adjusted Option"); provided, however, that in the case of any option to which Section 421 of the Code applies by reason of its qualification under any of Sections 422 through 424 of the Code ("qualified stock options"), the option price, the number of shares purchasable pursuant to such option and the terms and conditions of exercise of such option shall be determined in order to comply with Section 424 of the Code; and

(ii) subject to the consent of Parent, such consent not to be unreasonably withheld, make such other changes to the Stock Plans as the Company and Parent may determine appropriate to give effect to the Merger.

(b) The provisions in the Stock Plans and any other Benefit Plan providing for the issuance, transfer or grant of any capital stock of the Company or any interest in respect of any capital stock of the Company shall be deleted as of the Effective Time, and the Company shall use its best efforts to ensure that following the Effective Time no holder of an Employee Stock Option or any participant in any Stock Plan shall have any right thereunder to acquire any capital stock of the Company or Parent, except as provided in Section 5.06(a).

(c) As soon as practicable after the Effective Time, Parent shall deliver to the holders of Employee Stock Options appropriate notices setting forth such holders' rights pursuant to the respective Stock Plans and the agreements evidencing the grants of such Employee Stock Options shall continue in effect on the same terms and conditions (subject to the adjustments required by this Section 5.06 after giving effect to the Merger and the

provisions of paragraphs (a)(ii) and (f) of this Section 5.06). Parent shall comply with the terms of the Stock Plans and ensure, to the extent required by, and

subject to the provisions of, the Stock Plans, that the Employee Stock Options which qualified as qualified stock options prior to the Effective Time continue to qualify as qualified stock options after the Effective Time.

(d) Parent shall take such actions as are reasonably necessary for the assumption of the Stock Plans of the Company pursuant to Section 5.06(a), including the reservation, issuance and listing of Ordinary Shares as is necessary to effectuate the transactions contemplated by Section 5.06(a). As soon as reasonably practicable after the Effective Time, Parent shall prepare and file with the SEC a registration statement on Form S-8 with respect to Ordinary Shares subject to Employee Stock Options and shall use its best efforts to maintain the effectiveness of a registration statement or registration statements covering such Employee Stock Options (and maintain the current status of the prospectus or prospectuses contained therein) for so long as such Employee Stock Options remain outstanding.

(e) A holder of an Adjusted Option may exercise such Adjusted Option in whole or in part in accordance with its terms and the terms of the related Stock Plan by delivering a properly executed notice of exercise to Parent, together with the consideration therefor and the Federal withholding tax information, if any, required in accordance with the related Stock Plan.

(f) All restrictions or limitations on transfer and vesting with respect to Employee Stock Options awarded under the Stock Plans, to the extent that such restrictions or limitations shall not have already lapsed, shall remain in full force and effect with respect to such options after giving effect to the Merger and the assumption by Parent as set forth above.

(g) At the Effective Time, the Surviving Corporation shall assume the due and punctual observance and performance of the covenants and conditions of the Company Warrants pursuant to Section 3.1(i) thereof (as in effect on the date hereof).

SECTION 5.07. Benefit Plans. Except as provided in Section 5.06, Parent currently intends to cause the Surviving Corporation to maintain for a period of two years

after the Effective Time employee benefit plans, programs and policies for the employees of the Company and its subsidiaries which, in the aggregate, provide benefits that are no less favorable to those provided to them under such plans, programs and policies on the date hereof.

SECTION 5.08. Indemnification and Insurance. Parent and Sub agree that all rights to indemnification for acts or omissions occurring prior to the Effective Time now existing in favor of the current or former directors or officers of the Company and its subsidiaries as provided in their respective certificates of incorporation or by-laws (or comparable charter or organizational documents) shall survive the Merger and shall continue in full force and effect in accordance with their terms for a period of not less than six years from the Effective Time. Parent will cause to be maintained for a period of not less than six years from the Effective Time the Company's current directors' and officers' insurance and indemnification policy to the extent that it provides coverage for events occurring prior to the Effective Time ("D&O Insurance") for all persons who are directors and officers of the Company on the date of this Agreement, so long as the annual premium for such D&O Insurance is not in excess of 150% of the last annual premium paid prior to the date of this Agreement (the amount equal to such percentage of such last annual premium, the "Maximum Premium"); provided, however, that Parent may, in lieu of maintaining such existing D&O Insurance as provided above, cause coverage to be provided under any policy maintained for the benefit of Parent or any of its subsidiaries, so long as the terms thereof are no less advantageous to the intended beneficiaries thereof than the existing D&O Insurance. Parent and the Company agree that an annual premium in excess of the Maximum Premium would not be presumed to be reasonable and acceptable in accordance with Article V, Section I of the Amended and Restated Certificate of Incorporation of the Company. If the existing D&O Insurance expires, is terminated or cancelled during such six-year period, Parent will use all reasonable efforts to cause to be obtained as much D&O Insurance as can be obtained for the remainder of such period for an annualized premium not in excess of the Maximum Premium, on terms and conditions no less advantageous to the covered

persons than the existing D&O Insurance. The Company represents to Parent that the Maximum Premium is $1,297,500.

SECTION 5.09. Fees and Expenses. (a) Except as provided below in this Section 5.09, all fees and expenses

incurred in connection with the Merger, this Agreement, the Stockholder Agreements and the transactions contemplated by this Agreement and the Stockholder Agreements shall be paid by the party incurring such fees or expenses, whether or not the Merger is consummated, except that each of Parent and the Company shall bear and pay one-half of the costs and expenses incurred in connection with the filing, printing and mailing of the Form F-4, the Proxy Statement and Parent's proxy or information statement referred to in Section 5.01(a).

(b) The Company shall pay, or cause to be paid, in same day funds to Parent the sum of (x) all of Parent's reasonably documented out-of-pocket expenses in an amount up to but not to exceed $940,000.00 (the "Expenses") and (y) $9,400,000.00 (the "Termination Fee") upon demand if (i) Parent or Sub terminates this Agreement under Section 7.01(f); provided, however, that Parent shall be entitled to only the Expenses where Parent or Sub terminates this Agreement under Section 7.01(f)(i) or (iii); provided further, however, that if the Company subsequently consummates or enters into an agreement relating to a competitive proposal within 12 months of such termination, the Company shall also pay to Parent the Termination Fee, (ii) the Company terminates this Agreement pursuant to Section 7.01(c) or (iii) prior to any termination of this Agreement, a takeover proposal shall have been made and within 12 months of such termination, a transaction constituting a takeover proposal is consummated or the Company enters into an agreement with respect to, or approves or recommends a takeover proposal. The amount of Expenses so payable shall be the amount set forth in an

estimate delivered by Parent, subject to upward or downward adjustment (not to be in excess of the amount set forth in clause (x) above) upon delivery of reasonable documentation therefor.

(c) Unless Parent and the Company shall have reached the agreement described in Section 5.18, Parent shall pay, or cause to be paid, an amount equal to the ICA Amount (as defined below), in same day funds to the Company upon demand, if the Company or Parent terminates this Agreement under Section 7.01(d) or Section 7.01(e). "ICA Amount" shall mean $9,400,000.00 minus the aggregate capital expenditures made by the Company in respect of the Chalfonte Project from the date hereof to the date of such termination (other than capital expenditures for work completed on the Chalfonte Project prior to the date of this Agreement but

not yet paid for by the Company as set forth in Section 4.01(a) of the Company Disclosure Schedule).

SECTION 5.10. Public Announcements. Parent and Sub, on the one hand, and the Company, on the other hand, will consult with each other before issuing, and provide each other the opportunity to review and comment upon any press release or other public statements with respect to the transactions contemplated by this Agreement or the Stockholder Agreements, including the Merger, and shall not issue any such press release or make any such public statement prior to such consultation, except as may be required by applicable law, court process or by obligations pursuant to any listing agreement with any national securities exchange. The parties agree that the initial press release to be issued with respect to the transactions contemplated by this Agreement and the Stockholder Agreements shall be in the form heretofore agreed to by the parties.

SECTION 5.11. Affiliates. Prior to the Closing

Date, the Company shall deliver to Parent a letter identifying all persons who are, at the time the Merger is submitted for approval to the stockholders of the Company, "affiliates" of the Company for purposes of Rule 145 under the Securities Act. The Company shall use all reasonable efforts to cause each such person to deliver to Parent on or prior to the Closing Date a written agreement substantially in the form attached as Exhibit B. The Company shall not register, and shall instruct its transfer agent not to register, the transfer of any certificate representing Company Common Stock owned of record or beneficially by any Company Significant Stockholder, unless such transfer is made in compliance with the terms of the Company Stockholder Agreement.

SECTION 5.12. NYSE Listing. Parent shall use all reasonable efforts to cause the Ordinary Shares to be issued in the Merger as part of the Merger Consideration, upon exercise of Company Warrants and under the Stock Plans to be approved for listing on the NYSE, subject to official notice of issuance, prior to the Closing Date.

SECTION 5.13. Stockholder Litigation. The Company shall give Parent the opportunity to participate in the defense or settlement of any stockholder litigation against the Company and its directors relating to the transactions contemplated by this Agreement; provided,

however, that no such settlement shall be agreed to without Parent's consent, which consent shall not be unreasonably withheld.

SECTION 5.14. Title Policies; Title Insurance. At Parent's request and expense, as soon as reasonably practicable, the Company shall deliver to Parent, with respect to each parcel of Material Real Property, a policy of title insurance insuring that the Company is the owner in fee simple or of a valid and subsisting leasehold estate, as

applicable, in each parcel of Material Real Property, and its related improvements and fixtures in an amount not less than the current fair market value of such Real Property which policy shall (i) be issued by a title company acceptable to Parent, (ii) include such reinsurance arrangements (with provisions for direct access) as shall be reasonably acceptable to Parent, (iii) have been supplemented by such endorsements, or, where such endorsements are not available at commercially reasonable premium costs, and where opinions customarily are given with respect to such matters, reasonably acceptable opinion letters of special counsel, architects or other professionals, which counsel, architects or other professionals shall be acceptable to Parent, as shall be required by Parent (including endorsements or opinion letters on matters relating to nonimputation, public road access, contiguity (where appropriate), survey and so-called comprehensive coverage over covenants and restrictions), (iv) contain only such exceptions to title as are permitted by Section 3.01(u) and (w) be effective on the Closing Date.

SECTION 5.15. Surveys. At Parent's request and expense, the Company shall provide in respect of the Material Real Property, as soon as reasonably practicable, surveys (i) prepared by a surveyor or engineer licensed to perform surveys in the state where such Real Property is located (ii) dated not earlier than 30 days prior to the date of delivery thereof, (iii) certified by the surveyor in a manner reasonably acceptable to Parent and (iv) complying in all respects with the minimum detail requirements of the American Land Title Association, or local equivalent, as such requirements are in effect on the date of preparation of such survey.

SECTION 5.16. Class B Option. (a) The Company hereby grants to Parent an unconditional, irrevocable option to purchase, at any time or from time to time during the term of this Agreement, any or all of the Units that are

owned by the Company or by any subsidiary of the Company at the time or times of exercise of such option by Parent at a purchase price equal to the per unit closing price of such Units on the ASE Transaction List (as reported by the Wall Street Journal or, if not reported thereby, any other authoritative source) for the trading day immediately preceding the exercise date (the "Class B Option").

(b) The Class B Option may be exercised at any time or from time to time by Parent (or its designee which must be a direct or indirect wholly owned subsidiary of Parent), by delivery of written notice to the Company of such exercise, specifying the number of Units to be purchased and the place, time and date of the closing of such purchase. At such closing, the Company shall (or shall cause its subsidiary to) deliver to Parent or such designee a certificate or certificates evidencing all of the Units to be purchased, duly endorsed in blank or accompanied by an assignment duly endorsed in blank in proper form for transfer, against delivery by Parent or such designee of the aggregate purchase price for such Units, by wire transfer of same day funds to the account designated in writing by the Company.

(c) In the event that Parent shall exercise the Class B Option and this Agreement shall thereafter be terminated, Parent shall promptly thereafter execute and deliver to the Company an agreement, in form and substance reasonably satisfactory to Parent and the Company, to vote any Company Class B Common Stock directly or indirectly owned by Parent (i) in any election of directors in accordance with the recommendation of the Board of Directors of the Company and (ii) at the Company's request, in favor of any proposed amendment to the Company's certificate of incorporation and by-laws necessary to eliminate the Company Class B Common Stock or to eliminate the Class B Directors.

SECTION 5.17. Amendments to Junior Mortgage Notes Indenture. The Company hereby agrees to enter into any amendments to the indenture relating to the Junior Mortgage Notes as may be reasonably required in connection with the Merger and the transactions contemplated by this Agreement.

SECTION 5.18. Chalfonte Project Parking Garage. During the 60-day period following the date hereof, Parent and the Company shall use all reasonable efforts to reach mutual agreement on the site for the parking garage in respect of the Chalfonte Project (the "Chalfonte Garage"),

and the budget, schedule and specifications for the construction of the Chalfonte Garage.

SECTION 5.19. Supplemental Indenture. As soon as practicable on or after the Closing Date, Parent will cause the Surviving Corporation to execute and deliver the supplemental indenture required pursuant to Section 6.01(a)(1) of the Indenture dated as of September 14, 1990, among Resorts International, Inc., as issuer and Bank of New York, as trustee, with respect to $105,333,000 First Mortgage Non-Recourse Pass-Through Notes due June 30, 2000.

SECTION 5.20. ICA Election. If the relief requested by the ICA Petition shall not have been granted by January 31, 1997, the Company shall be entitled to elect to proceed with the construction of a parking garage in respect of the Chalfonte Project (the "ICA Election"), on such site and under such budget, schedule and specifications for the construction of such parking garage as the Company shall reasonably determine, and to make capital expenditures in connection therewith.

ARTICLE VI

Conditions Precedent

SECTION 6.01. Conditions to Each Party's Obligation To Effect the Merger. The respective obligation of each party to effect the Merger is subject to the satisfaction or waiver on or prior to the Closing Date of the following conditions:

(a) Company Stockholder Approval and Parent Shareholder Approval. The Company Stockholder Approval and the Parent Shareholder Approval shall have been obtained.

(b) HSR Act. The waiting period (and any extension thereof) applicable to the Merger under the HSR Act shall have been terminated or shall have expired.

(c) No Injunctions or Restraints. No statute, rule, regulation, executive order, decree, temporary restraining order, preliminary or permanent injunction or other order enacted, entered, promulgated, enforced

or issued by any court of competent jurisdiction or other Governmental Entity or other legal restraint or prohibition preventing the consummation of the Merger shall be in effect.

(d) Form F-4. The Form F-4 shall have become effective under the Securities Act and shall not be the subject of any stop order or proceedings seeking a stop order.

(e) NYSE and ASE Listings. The Ordinary Shares issuable to the Company's stockholders pursuant to this Agreement, upon exercise of Company Warrants and under the Stock Plans shall have been approved for listing on the NYSE, subject to official notice of issuance, and the Units shall continue to be approved for listing on the ASE.

SECTION 6.02. Conditions to Obligations of Parent and Sub. The obligations of Parent and Sub to effect the Merger are further subject to satisfaction or waiver of the following conditions:

(a) Representations and Warranties. The representations and warranties of the Company set forth in this Agreement that are qualified as to materiality shall be true and correct, and the representations and warranties of the Company set forth in this Agreement

that are not so qualified shall be true and correct in all material respects, in each case as of the date of this Agreement and as of the Closing Date as though made on and as of the Closing Date, except as otherwise contemplated by this Agreement, and Parent shall have received a certificate signed on behalf of the Company by the chief executive officer and the chief financial officer of the Company to such effect.

(b) Performance of Obligations of the Company. The Company shall have performed in all material respects all obligations required to be performed by it under this Agreement at or prior to the Closing Date, and Parent shall have received a certificate signed on behalf of the Company by the chief executive officer and the chief financial officer of the Company to such effect.

(c) Letters from Company Affiliates. Parent shall have received from each person identified in the

letter referred to in Section 5.11 an executed copy of an agreement substantially in the form attached as Exhibit B.

(d) No Litigation. There shall not be pending or threatened any suit, action or proceeding by any Governmental Entity, or any suit, action or proceeding by any other person which has a reasonable likelihood of success, in each case (i) challenging the acquisition by Parent or Sub of any shares of capital stock of the Company or the Surviving Corporation, seeking to restrain or prohibit the consummation of the Merger or any of the other transactions contemplated by this Agreement or the Stockholder Agreements or seeking to obtain from the Company, Parent or Sub any damages that are material in relation to the Company and its subsidiaries taken as a whole, (ii) seeking to prohibit

or limit the ownership or operation by the Company, Parent or any of their respective subsidiaries of any material portion of the business or assets of the Company, Parent or any of their respective subsidiaries, or to compel the Company, Parent or any of their respective subsidiaries to dispose of or hold separate any material portion of the business or assets of the Company, Parent or any of their respective subsidiaries, as a result of the Merger or any of the other transactions contemplated by this Agreement or the Stockholder Agreements, (iii) seeking to impose limitations on the ability of Parent or Sub to acquire or hold, or exercise full rights of ownership of, any shares of capital stock of the Company or the Surviving Corporation, including the right to vote the Company Common Stock, or common stock of the Surviving Corporation, on all matters properly presented to the stockholders of the Company or the Surviving Corporation, respectively, (iv) seeking to prohibit Parent or any of its subsidiaries from effectively controlling in any material respect the business or operations of the Company or its subsidiaries or (v) which otherwise could reasonably be expected to have a material adverse effect on the Company or Parent. In addition, there shall not be any statute, rule, regulation, judgment or order enacted, entered, enforced or promulgated that is reasonably likely to result, directly or indirectly, in any of the consequences referred to in clauses (ii) through (iv) above.

(e) Consents, Approvals and Authorizations, etc. All consents, approvals, orders or authorizations of any Governmental Entity, including approvals by the New Jersey Casino Control Commission under the New Jersey Casino Control Act and the rules and regulations promulgated thereunder and approvals under

the New Jersey Industrial Site Recovery Act, required in connection with the Merger or this Agreement or the Stockholder Agreements or the consummation of any of the transactions contemplated by this Agreement or the Stockholder Agreements shall have been obtained and shall be in full force and effect without the imposition of any conditions or restrictions of the type referred to in Section 6.02(d) (ii), (iii) or (iv), it being understood that receipt of the relief requested by the ICA Petition shall not satisfy this condition insofar as this condition relates to approvals under the New Jersey Casino Control Act.

(f) Tax Opinions. Parent shall have received from Cravath, Swaine & Moore, counsel to Parent, on the date of the Proxy Statement and on the Closing Date opinions, in each case dated as of such respective dates and stating that the Merger will be treated for Federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code and that Parent, Sub and the Company will each be a party to that reorganization within the meaning of Section 368(b) of the Code. In rendering such opinions, counsel for Parent shall be entitled to rely upon representations of officers of Parent, Sub and the Company reasonably satisfactory in form and substance to such counsel.

(g) Blue Sky. Parent shall have received all state securities or "blue sky" authorizations necessary to issue the Ordinary Shares issuable pursuant to this Agreement.

SECTION 6.03. Conditions to Obligation of the Company. The obligation of the Company to effect the Merger is further subject to satisfaction or waiver of the following conditions:

(a) Representations and Warranties. The representations and warranties of Parent and Sub set forth in this Agreement that are qualified as to materiality shall be true and correct, and the representations and

warranties of Parent and Sub set forth in this Agreement that are not so qualified shall be true and correct in all material respects, in each case as of the date of this Agreement and as of the Closing Date as though made on and as of the Closing Date, except as otherwise contemplated by this Agreement, and the Company shall have received a certificate signed on behalf of Parent by an executive officer of Parent to such effect.

(b) Performance of Obligations of Parent and Sub. Parent and Sub shall have performed in all material respects all obligations required to be performed by them under this Agreement at or prior to the Closing Date, and the Company shall have received a certificate signed on behalf of Parent by an executive officer of Parent to such effect.

(c) Tax Opinions. The Company shall have received from Gibson, Dunn & Crutcher, counsel to the Company, on the date of the Proxy Statement and on the Closing Date opinions, in each case dated as of such respective dates and stating that the Merger will be treated for Federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code and that Parent, Sub and the Company will each be a party to that reorganization within the meaning of Section 368(b) of the Code. In rendering such opinions, counsel for the Company shall be entitled to rely upon representations of officers of Parent, Sub and the Company reasonably satisfactory in form and substance to such counsel.

ARTICLE VII

Termination, Amendment and Waiver

SECTION 7.01. Termination. This Agreement may be terminated at any time prior to the Effective Time, whether before or after the Company Stockholder Approval or the Parent Stockholder Approval:

(a) by mutual written consent of Parent, Sub and the Company; or

(b) by either Parent or the Company:

(i) if, upon a vote at a duly held Company Stockholders Meeting or any adjournment thereof at which the Company Stockholder Approval shall have been voted upon, the Company Stockholder Approval shall not have been obtained;

(ii) if the Merger shall not have been consummated on or before June 30, 1997, unless the failure to consummate the Merger is the result of a willful and material breach of this Agreement by the party seeking to terminate this Agreement; provided, however, that the passage of such period shall be tolled for any part thereof during which any party shall be subject to a nonfinal order, injunction, decree, ruling or action restraining, enjoining or otherwise prohibiting the consummation of the Merger or the calling or holding of the Company Stockholders Meeting or the Parent Shareholders Meeting;

(iii) if any Governmental Entity shall have issued an order, injunction, decree or ruling or taken any other action permanently enjoining, restraining or otherwise prohibiting the Merger and such order, injunction, decree, ruling or other action shall have become final and nonappealable; or

(iv) in the event of a breach by the other party of any representation, warranty, covenant or other agreement contained in this Agreement which (A) would give rise to the failure of a condition set forth in Section 6.02(a) or (b) or Section 6.03(a) or (b), as applicable, and (B) cannot be or has not been cured within 30 days

after the giving of written notice to the breaching party of such breach (a "Material Breach") (provided that the terminating party is not then in Material Breach of any representation, warranty, covenant or other agreement contained in this Agreement);

(c) by the Company in connection with entering into a definitive agreement in accordance with Section 4.02(b), provided it has complied with all provisions thereof, including the notice provisions therein, and that it makes simultaneous payment of the Termination Fee and the Expenses;

(d) by either Parent or the Company if the relief requested by the ICA Petition shall have been denied and such denial shall have become final and nonappealable;

(e) by either Parent or the Company if the New Jersey Casino Control Commission shall have denied Parent a permanent license under the New Jersey Casino Control Act and such denial shall have become final and nonappealable;

(f) by Parent if (i) the Board of Directors of the Company or any committee thereof shall have withdrawn or modified in a manner adverse to Parent or Sub its approval or recommendation of the Merger or this Agreement, or approved or recommended any takeover proposal, (ii) the Company shall have entered into any agreement with respect to any competitive proposal in accordance with Section 4.02(b), or (iii) the Board of Directors of the Company or any committee thereof shall have resolved to take any of the foregoing actions;

(g) by Parent if, upon a vote at a duly held Parent Shareholders Meeting or any adjournment thereof

at which the Parent Shareholder Approval shall have been voted upon, the Parent Shareholder Approval shall not have been obtained;

(h) by Parent if the Average Market Price is less than $41.625; provided, however, that Parent shall furnish the Company with written notice two NYSE trading days in advance of the date that it intends to terminate this Agreement pursuant to this Section 7.01(h) and, during such two trading day period, the Company shall be entitled to elect to go forward with the Merger and, if the Company shall timely make such election, Parent shall not terminate this Agreement pursuant to this Section 7.01(h) and the "Conversion Number" shall mean .4925; or

(i) by Parent if the Company shall have made the ICA Election.

SECTION 7.02. Effect of Termination. In the event of termination of this Agreement by either the Company or Parent as provided in Section 7.01, this Agreement shall forthwith become void and have no effect, without any liability or obligation on the part of Parent, Sub or the

Company, other than the provisions of Section 3.01(p), Section 3.02(h), the last sentence of Section 5.04, Section 5.09, Section 5.16(c), this Section 7.02 and Article VIII and except to the extent that such termination results from the willful and material breach by a party of any of its representations, warranties, covenants or agreements set forth in this Agreement.

SECTION 7.03. Amendment. This Agreement may be amended by the parties at any time before or after the Company Stockholder Approval or the Parent Shareholder Approval; provided, however, that after any such approval, there shall not be made any amendment that by law requires

further approval by the stockholders of the Company or the shareholders of Parent without the further approval of such stockholders or shareholders, as the case may be. This Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties.

SECTION 7.04. Extension; Waiver. At any time prior to the Effective Time, a party may (a) extend the time for the performance of any of the obligations or other acts of the other parties, (b) waive any inaccuracies in the representations and warranties of the other parties contained in this Agreement or in any document delivered pursuant to this Agreement or (c) subject to the proviso of Section 7.03, waive compliance by the other parties with any of the agreements or conditions contained in this Agreement. Any agreement on the part of a party to any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such party. The failure of any party to this Agreement to assert any of its rights under this Agreement or otherwise shall not constitute a waiver of such rights.

SECTION 7.05. Procedure for Termination, Amendment, Extension or Waiver. A termination of this Agreement pursuant to Section 7.01, an amendment of this Agreement pursuant to Section 7.03 or an extension or waiver pursuant to Section 7.04 shall, in order to be effective, require in the case of Parent, Sub or the Company, action by its Board of Directors or, except in the case of Sub or the Company with respect to any amendment to this Agreement, the duly authorized designee of its Board of Directors.

ARTICLE VIII

General Provisions

SECTION 8.01. Nonsurvival of Representations and Warranties. None of the representations and warranties in this Agreement or in any instrument delivered pursuant to this Agreement shall survive the Effective Time. This Section 8.01 shall not limit any covenant or agreement of the parties which by its terms contemplates performance after the Effective Time.

SECTION 8.02. Notices. All notices, requests, claims, demands and other communications under this Agreement shall be in writing and shall be deemed given if delivered personally, telecopied (which is confirmed) or sent by overnight courier (providing proof of delivery) to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

(a) if to Parent or Sub, to

Sun International Hotels Limited
Badgemore House
Gravel Hill
Henley-on-Thames, RG94NR
England
Telecopy No.: 011-441-491 576526

Attention: Charles D. Adamo, Esq.

with a copy to:

Cravath, Swaine & Moore
825 Eighth Avenue
New York, NY 10019
Telecopy No.: (212) 474-3700

Attention: Peter S. Wilson, Esq.; and

(b) if to the Company, to

Griffin Gaming & Entertainment, Inc
1133 Boardwalk
Atlantic City, NJ 08401
Telecopy No.: (609) 345-3260

Attention: Thomas E. Gallagher

with a copy to:

Gibson, Dunn & Crutcher LLP
200 Park Avenue
New York, NY 10166-0193
Telecopy No.: (212) 351-4035

Attention: Steven R. Finley, Esq.

SECTION 8.03. Definitions. For purposes of this Agreement:

(a) an "affiliate" of any person means another person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such first person;

(b) "competitive proposal" means (x) a bona fide takeover proposal to acquire, directly or indirectly, for consideration consisting of cash and/or securities, more than 50% of the shares of Company Common Stock then outstanding or all or substantially all the assets of the Company, and (y) otherwise on terms which the Board of Directors of the Company determines in its good faith reasonable judgment to be more favorable to the Company's stockholders than the Merger (taking into account any improvements to the Merger proposed by Parent);

(c) "indebtedness" has the meaning assigned thereto in Section 3.01(s)(ii);

(d) in respect of Real Property only, "lien" means any conditional sale agreement, lease, sublease, option, easement, right-of-way, encroachment, encumbrance, hypothecation, lien, mortgage, pledge, reservation, restriction, security interest, title retention or other security arrangement, or any adverse right or interest, charge or claim of any nature whatsoever of, on, or with respect to any asset, property or property interest; provided, however, that the term "lien" shall not include (i) liens for water

and sewage charges and current taxes not yet due and payable or being contested in good faith,
(ii) mechanics', carriers', workers', repairers', materialmens', warehousemens' and other similar liens arising or incurred in the ordinary course of business

or (iii) all encumbrances approved in writing by the other party hereto;

(e) "material adverse change" or "material adverse effect" means, when used in connection with the Company or Parent, any change or effect (or any development that, insofar as can reasonably be foreseen, is likely to result in any change or effect) that is materially adverse to the business, properties, assets, condition (financial or otherwise), results of operations or prospects of such party and its subsidiaries taken as a whole;

(f) "person" means an individual, corporation, partnership, limited liability company, joint venture, association, trust, unincorporated organization or other entity;

(g) "Post-Closing Tax Period": means all taxable periods beginning after the Closing Date and the portion beginning on the day after the Closing Date of any taxable period that includes (but does not begin on) such day.

(h) a "Significant Subsidiary" of the Company means each of GGRI, Inc., Resorts International Hotel, Inc., Resorts International Hotel Financing, Inc., Griffin Entertainment, Inc. and any other subsidiary of the Company that would constitute a Significant Subsidiary within the meaning of Rule 1-02 of Regulation S-X of the SEC;

(i) a "subsidiary" of any person means another person, an amount of the voting securities or other voting ownership or voting partnership interests of which is sufficient to elect at least a majority of its Board of Directors or other governing body (or, if there are no such voting securities or interests, 50% or more of the equity interests of which) is owned directly or indirectly by such first person;

(j) "takeover proposal" means any proposal or offer from any person relating to any direct or indirect acquisition or purchase of a material amount of assets of the Company or any of its subsidiaries or of over 20% of any class of equity securities (other than acquisitions of stock by institutional investors in the ordinary course of business) of the Company or

any of its subsidiaries or any tender offer or exchange offer that if consummated would result in any person beneficially owning 20% or more of any class of equity securities of the Company or any of its subsidiaries or which would require approval under any Gaming Law, or any merger, consolidation, business combination, sale of substantially all assets, recapitalization, liquidation, dissolution or similar transaction involving the Company or any of its subsidiaries other than the transactions contemplated by this Agreement, or any other transaction the consummation of which would reasonably be expected to impede, interfere with, prevent or materially delay the Merger or which would reasonably be expected to dilute materially the benefits to Parent of the transactions contemplated hereby;

(k) "Taxes" mean all Federal, state, local, foreign and other governmental taxes, assessments, duties, fees, levies or similar charges of any kind,

including all sales, payroll, employment and other withholding taxes, and including all obligations under any tax sharing agreement, tax indemnity obligation or similar written or unwritten agreement, arrangement or practice, and including all interest, penalties and additions imposed with respect to such amounts;

(l) "Tax Return" means any return (including information returns), report, declaration or statement relating to Taxes, including any schedule or attachment thereto or amendment thereof; and

(m) "Taxing Authority" means any governmental or quasi-governmental body exercising any Taxing authority or Tax regulatory authority.

SECTION 8.04. Interpretation. When a reference is made in this Agreement to an Article, Section or Exhibit, such reference shall be to an Article or Section of, or an Exhibit to, this Agreement unless otherwise indicated. The table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words "include", "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation". The words "hereof", "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a

whole and not to any particular provision of this Agreement. All terms defined in this Agreement shall have the defined meanings when used in any certificate or other document made or delivered pursuant hereto unless otherwise defined therein. The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such term. Any agreement, instrument or statute defined or referred to herein or in any agreement

or instrument that is referred to herein means such agreement, instrument or statute as from time to time amended, modified or supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of statutes) by succession of comparable successor statutes and references to all attachments thereto and instruments incorporated therein. References to a person are also to its permitted successors and assigns and, in the case of an individual, to his or her heirs and estate, as applicable.

SECTION 8.05. Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties.

SECTION 8.06. Entire Agreement; No Third-Party Beneficiaries. This Agreement (including the documents and instruments referred to herein) and the Confidentiality Agreement (a) constitute the entire agreement, and supersede all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter of this Agreement and (b) except for the provisions of Article II, Section 5.06 and Section 5.08, are not intended to confer upon any person other than the parties any rights or remedies.

SECTION 8.07. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, regardless of the laws that might otherwise govern under applicable principles of conflicts of laws thereof.

SECTION 8.08. Assignment. Neither this Agreement nor any of the rights, interests or obligations under this Agreement shall be assigned, in whole or in part, by operation of law or otherwise by any of the parties without the prior written consent of the other parties, except that

Sub may assign, in its sole discretion, any of or all its rights, interests and obligations under this Agreement to Parent or to any direct or indirect wholly owned subsidiary of Parent, but no such assignment shall relieve Sub of any of its obligations under this Agreement. Any assignment in violation of the preceding sentence shall be void. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of, and be enforceable by, the parties and their respective successors and assigns.

SECTION 8.09. Enforcement. The parties agree that irreparable damage would occur and that the parties would not have any adequate remedy at law in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement in any Federal court located in the State of Delaware or in Delaware state court, this being in addition to any other remedy to which they are entitled at law or in equity. In addition, each of the parties hereto (a) consents to submit itself to the personal jurisdiction of any Federal court located in the State of Delaware or any Delaware state court in the event any dispute arises out of this Agreement or any of the transactions contemplated by this Agreement, (b) agrees that it will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court and (c) agrees that it will not bring any action relating to this Agreement or any of the transactions

contemplated by this Agreement in any court other than a Federal court sitting in the State of Delaware or a Delaware state court.

IN WITNESS WHEREOF, Parent, Sub and the Company have caused this Agreement to be signed by their respective officers thereunto duly authorized, all as of the date first written above.

SUN INTERNATIONAL HOTELS LIMITED,

by
/s/Charles D. Adamo
Name: Charles D. Adamo
Title: Executive Vice President, General Counsel

SUN MERGER CORP.,

by
/s/Charles D. Adamo
Name: Charles D. Adamo
Title: Vice President, Secretary

GRIFFIN GAMING & ENTERTAINMENT, INC.,

by
/s/Thomas E. Gallagher
Name: Thomas E. Gallagher
Title: President and Chief Executive Officer

EXHIBIT A

AMENDED AND RESTATED

CERTIFICATE OF INCORPORATION

OF

SUN MERGER CORP.

ARTICLE I

The name of the corporation (hereinafter called the "Corporation") is Sun Merger Corp.

ARTICLE II

The address of the Corporation's registered office in the State of Delaware is Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, Delaware.

The name of the registered agent at such address is The Corporation Trust Company.

ARTICLE III

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

ARTICLE IV

The total number of shares of all classes of stock that the Corporation shall have authority to issue is

1,000 shares of Common Stock having the par value of $.01 per share.

ARTICLE V

The name and mailing address of the incorporator is Matthew H. Kluger, 825 Eighth Avenue, 46th Floor, New York, New York 10019.

ARTICLE VI

In furtherance and not in limitation of the powers conferred upon it by law, the Board of Directors of the Corporation is expressly authorized to adopt, amend or repeal the By-laws of the Corporation.

ARTICLE VII

Unless and except to the extent that the By-laws of the Corporation so require, the election of directors of the Corporation need not be by written ballot.

ARTICLE VIII

To the fullest extent from time to time permitted by law, no director of the Corporation shall be personally liable to any extent to the Corporation or its stockholders for monetary damages for breach of his fiduciary duty as a director.

ARTICLE IX

This Certificate of Incorporation shall be subject to the New Jersey Casino Control Act, N.J.S.A. 5:12-1 et

seq., and the rules and regulations of the New Jersey Casino Control Commission (the "Commission") as they currently exist or as they hereinafter may be amended (the "Act"), including without limitation the following:

A. The securities of the Corporation shall always be subject to redemption by the Corporation, by action of the Board of Directors, if, in the judgment of the Board of Directors, such action should be taken, pursuant to Section 151(b) of the General Corporation Law of Delaware or any other applicable provision of law, to the extent necessary to prevent the loss or secure the reinstatement of any government-issued license or franchise held by the Corporation or any Subsidiary (as defined in Paragraph E of this Article IX) to conduct any portion of the business of the Corporation or such Subsidiary, which license or franchise is conditioned upon some or all of the holders of the Corporation's securities possessing prescribed qualifications. In the event a holder of the Corporation's securities is found not to possess such prescribed qualifications by the Commission pursuant to the Act (a "Disqualified Holder"), such Disqualified Holder shall

indemnify the Corporation for any and all direct or indirect costs, including attorneys' fees, incurred by the Corporation as a result of such holder's continuing ownership or failure to divest promptly.

B. Except as is otherwise expressly provided in instruments containing the terms of the Corporation's securities, which instruments have been approved by the Commission, so long as the Corporation shall remain a publicly traded holding company as defined in the Act, in accordance with N.J.S.A. 5:12-82(d)(7) and (9), all securities of the Corporation shall be held subject to the condition that if a holder thereof is found to be a Disqualified Holder, such holder shall dispose of his interest in the Corporation within 120 days following the Corporation's receipt of notice (the "Notice Date") of the holder's disqualification. Promptly following its receipt of notice from the Commission that a holder of securities of the Corporation has been found disqualified, the Corporation shall either deliver such written notice personally to the Disqualified Holder, mail it to such Disqualified Holder at the address shown on the Corporation's books and records, or use any other reasonable means to provide notice. Failure of the Corporation to provide notice to a Disqualified

Holder after making reasonable efforts to do so shall not preclude the Corporation from exercising its rights.

If any Disqualified Holder fails to dispose of his securities within 120 days of the Notice Date, the Corporation may redeem such securities at the lesser of (i) the lowest closing sale price of such securities between the Notice Date and the date 120 days after the Notice Date, or (ii) such holder's original purchase price.

C. So long as the Corporation shall remain a privately-held intermediary company as defined in the Act, in accordance with N.J.S.A. 5:12-82(d)(7), (8) and (10), the Commission shall have the right of prior approval with regard to transfers of securities, shares, and other interests in the Corporation and the Corporation shall have the absolute right to redeem at the market price or purchase price, whichever is the lesser, any security, share or other interest in the Corporation in accordance with the Act.

D. So long as the Corporation shall remain an intermediary company as defined in the Act, in accordance with N.J.S.A. 5:12-105(e), commencing on the date the Commission serves notice on the Corporation that a security holder has been found disqualified, it shall be unlawful for the Disqualified Holder to (i) receive any dividends or interest upon any such securities of the Corporation held by

such holder; (ii) exercise, directly or through any trustee or nominee, any right conferred by such securities; or (iii) receive any remuneration in any form, for services rendered or otherwise, from any Subsidiary of the Corporation that holds a casino license.

E. For purpose of this Article IX, the term "Subsidiary" shall have the meaning set forth in N.J.S.A. 5:12-47.

EXHIBIT B

Form of Company Affiliate Letter

Gentlemen:

The undersigned, a holder of shares of Common Stock, par value $.01 per share ("Company Stock"), of Griffin Gaming & Entertainment, Inc., a Delaware corporation

(the "Company"), is entitled to receive in connection with the merger (the "Merger") of the Company with and into Sun Merger Corp., a Delaware corporation, securities (the "Parent Securities") of Sun International Hotels Limited ("Parent"). The undersigned acknowledges that the undersigned may be deemed an "affiliate" of the Company within the meaning of Rule 145 ("Rule 145") promulgated under the Securities Act of 1933 (the "Act"), although nothing contained herein should be construed as an admission of such fact.

If in fact the undersigned were an affiliate under the Act, the undersigned's ability to sell, assign or transfer the Parent Securities received by the undersigned in exchange for any shares of Company Stock pursuant to the Merger may be restricted unless such transaction is registered under the Act or an exemption from such registration is available. The undersigned understands that such exemptions are limited and the undersigned has obtained advice of counsel as to the nature and conditions of such exemptions, including information with respect to the applicability to the sale of such securities of Rules 144 and 145(d) promulgated under the Act.

The undersigned hereby represents to and covenants with the Company that the undersigned will not sell, assign or transfer any of the Parent Securities received by the undersigned in exchange for shares of Company Stock pursuant to the Merger except (i) pursuant to an effective registration statement under the Act or (ii) in a transaction which, in the opinion of independent counsel reasonably satisfactory to Parent (the reasonable fees of which counsel will be paid by Parent) or as described in a "no-action" or interpretive letter from the Staff of the Securities and Exchange Commission (the "SEC"), is not required to be registered under the Act.

The undersigned further represents to and covenants with the Company that the undersigned has not, within the preceding 30 days, sold, transferred or otherwise

disposed of any shares of Company Stock held by it and that

it will not sell, transfer or otherwise dispose of any Parent Securities received by it in the Merger until after such time as results covering at least 30 days of combined operations of the Company and Parent have been published by Parent, in the form of a quarterly earnings report, an effective registration statement filed with the SEC, a report to the SEC on Form 20-F or 6-K, or any other public filing or announcement which includes such combined results of operations.

In the event of a sale or other disposition by the undersigned of Parent Securities pursuant to Rule 145, the undersigned will supply Parent with evidence of compliance with such Rule, in the form of a letter in the form of Annex I hereto and the opinion of counsel or no-action letter referred to above. The undersigned understands that Parent may instruct its transfer agent to withhold the transfer of any Parent Securities disposed of by the undersigned, but that upon receipt of such evidence of compliance the transfer agent shall effectuate the transfer of the Parent Securities sold as indicated in the letter.

The undersigned acknowledges and agrees that appropriate legends will be placed on certificates representing Parent Securities received by the undersigned in the Merger or held by a transferee thereof, which legends will be removed by delivery of substitute certificates upon receipt of an opinion in form and substance reasonably satisfactory to Parent from independent counsel reasonably satisfactory to Parent (the reasonable fees of which counsel will be paid by Parent) to the effect that such legends are no longer required for purposes of the Act.

The undersigned acknowledges that (i) the undersigned has carefully read this letter and understands the requirements hereof and the limitations imposed upon the distribution, sale, transfer or other disposition of Parent Securities and (ii) the receipt by Parent of this letter is an inducement and a condition to Parent's obligations to consummate the Merger.

Very truly yours,

Dated:

ANNEX I
TO EXHIBIT B

[Name]

On , the undersigned sold the securities ("Securities") of Sun International Hotels Limited ("Parent") described below in the space provided for that purpose (the "Securities"). The Securities were received by the undersigned in connection with the merger of Griffin Gaming & Entertainment, Inc. with and into Sun Merger Corp.

Based upon the most recent report or statement filed by Parent with the Securities and Exchange Commission, the Securities sold by the undersigned were within the prescribed limitations set forth in paragraph (e) of Rule 144 promulgated under the Securities Act of 1933, as amended (the "Act").

The undersigned hereby represents that the Securities were sold in "brokers' transactions" within the meaning of Section 4(4) of the Act or in transactions directly with a "market maker" as that term is defined in Section 3(a)38 of the Securities Exchange Act of 1934, as amended. The undersigned further represents that the undersigned has not solicited or arranged for the solicitation of orders to buy the Securities, and that the undersigned has not made any payment in connection with the offer or sale of the Securities to any person other than to the broker who executed the order in respect of such sale.

Very truly yours,

[Space to be provided for description of securities]

EXHIBIT (2)(b)

STOCKHOLDER AGREEMENT dated as of August 19, 1996, among SUN INTERNATIONAL HOTELS LIMITED, a corporation organized and existing under the laws of the Commonwealth of the Bahamas ("Parent"), and the individual and the other party listed on Schedule A attached hereto (each, a "Stockholder" and, collectively, the "Stockholders").

WHEREAS Parent, Sun Merger Corp., a Delaware corporation and a wholly owned subsidiary of Parent ("Sub"), and Griffin Gaming & Entertainment, Inc., a Delaware corporation (the "Company"), propose to enter into an Agreement and Plan of Merger dated as of the date hereof (as the same may be amended or supplemented from time to time, including any amendment pursuant to Section 1.01 thereof, the "Merger Agreement") providing for the merger of the Company with and into Sub (the "Merger") upon the terms and subject to the conditions set forth in the Merger Agreement; and

WHEREAS each Stockholder owns (beneficially and of record) (i) the number of shares of Common Stock, par value $.01 per share, of the Company (the "Common Stock") set forth opposite its name on Schedule A attached hereto (such shares of Common Stock owned of record, together with any other shares of Common Stock acquired by such Stockholder after the date hereof and during the term of this Agreement being collectively referred to herein as the "Subject Shares") and (ii) options issued under the 1994 Stock Option Plan (the "Options") and warrants (the "Warrants") to acquire the number of shares of Common Stock, if any, set forth opposite its name on Schedule A attached hereto, and each Stockholder desires that the Company, Parent and Sub enter into the Merger Agreement; and

WHEREAS, as a condition to its willingness to enter into, and to cause Sub to enter into, the Merger Agreement, Parent has requested that the Stockholders enter

into this Agreement.

NOW, THEREFORE, to induce Parent and Sub to enter into, and in consideration of Parent and Sub entering into, the Merger Agreement, and in consideration of the premises and the representations, warranties and agreements contained herein, the parties hereto agree as follows:

SECTION 1. Definitions. Capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Merger Agreement.

SECTION 2. Representations and Warranties of the Stockholders. Each Stockholder hereby, severally and not jointly, represents and warrants to Parent in respect of itself as follows:

(a) The Stockholder has all requisite power and authority to enter into this Agreement and to consummate the transactions contemplated hereby. This Agreement has been duly authorized, executed and delivered by the Stockholder and constitutes a valid and binding obligation of the Stockholder enforceable in accordance with its terms. The execution and delivery of this Agreement do not, and the consummation of the transactions contemplated hereby and compliance with the terms hereof will not, conflict with, or result in any violation of, or default (with or without notice or lapse of time or both) under any provision of, any trust agreement, loan or credit agreement, note, bond, mortgage, indenture, lease or other agreement, instrument, permit, concession, franchise, license, judgment, order, notice, decree, statute, law, ordinance, rule or regulation applicable to the Stockholder or to any of the Stockholder's property or assets. If the Stockholder is married and any of the Stockholder's Subject Shares, Options or Warrants

constitute community property or otherwise need spousal or other approval for this Agreement to be legal, valid and binding, this Agreement has been duly authorized, executed and delivered by, and constitutes a valid and binding agreement of, the Stockholder's spouse or the person giving such other approval, enforceable against such spouse or person in accordance with its terms.

(b) The Stockholder is the record and beneficial owner of, and has good and marketable title to, the Subject Shares and the Options and Warrants, if any, set forth opposite its name on Schedule A attached hereto, free and clear of any claims, liens, encumbrances, security interests and other restrictions on rights of disposition whatsoever. As of the date hereof, the Stockholder does not own, of record or beneficially, any shares of capital stock of the Company other than the Subject Shares and the shares of

Common Stock subject to any Options or Warrants set forth opposite its name on Schedule A attached hereto. The Stockholder has the sole right to vote such Subject Shares, and none of such Subject Shares is subject to any voting trust or other agreement, arrangement or restriction with respect to the voting of such Subject Shares, except as contemplated by this Agreement.

(c) No broker, investment banker, financial adviser or other person is entitled to any broker's, finder's, financial adviser's or other similar fee or commission in respect of this Agreement or in connection with the transactions contemplated hereby based upon arrangements made by or on behalf of the Stockholder.

SECTION 3. Representations and Warranties of Parent. Parent hereby represents and warrants to the

Stockholders that Parent has all requisite corporate power and authority to enter into this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by Parent, and the consummation of the transactions contemplated hereby, have been duly authorized by all necessary corporate action on the part of Parent. This Agreement has been duly executed and delivered by Parent and constitutes a valid and binding obligation of Parent enforceable in accordance with its terms.

SECTION 4. Agreements to Vote; Grant of Irrevocable Proxy; Appointment of Proxy. Until the termination of this Agreement in accordance with Section 11, each Stockholder, severally and not jointly, agrees as follows:

(a) At any meeting of stockholders of the Company or at any adjournment thereof or in any other circumstances upon which its vote, consent or other approval is sought, the Stockholder shall vote (or cause to be voted) the Stockholder's Subject Shares (i) in favor of the Merger, the approval and adoption of the Merger Agreement and the approval of the terms of the Merger Agreement and each of the other transactions contemplated by the Merger Agreement and (ii) against (A) any merger agreement or merger (other than the Merger Agreement and the Merger), consolidation, combination, sale of substantial assets, reorganization, recapitalization, dissolution, liquidation or winding up of or by the Company or any

other takeover proposal as such term is defined in Section 8.03 of the Merger Agreement (a "Takeover Proposal") or (B) any amendment of the Company's Amended and Restated Certificate of Incorporation or by-laws or other proposal or transaction involving the Company or any of its subsidiaries, which amendment or other proposal or transaction would in any manner

impede, frustrate, prevent or nullify the Merger, the Merger Agreement or any of the other transactions contemplated by the Merger Agreement or change in any manner the voting rights of any class of capital stock of the Company. Subject to Section 13, the Stockholder further agrees not to commit or agree to take any action inconsistent with the foregoing.

(b) The Stockholder represents that any proxies heretofore given in respect of the Stockholder's Subject Shares are not irrevocable, and that any such proxies are hereby revoked.

(c) Upon Parent's request, the Stockholder hereby agrees to irrevocably grant to, and appoint, Parent, and any person who may hereafter be designated by Parent as permitted under applicable law, and each of them individually, the Stockholder's proxy and attorney-in-fact (with full power of substitution), for and in the name, place and stead of the Stockholder, to vote the Stockholder's Subject Shares, or grant a consent or approval in respect of such Subject Shares, in favor of or against, as the case may be, the matters set forth in Section 4(a), and to execute and deliver an appropriate instrument irrevocably granting such proxy, provided that Parent has obtained all approvals as may be necessary in connection with the granting of such proxy to comply with the New Jersey Casino Control Act.

(d) The Stockholder hereby affirms that any irrevocable proxy granted pursuant to Section 4(c) will be given in connection with the execution of the Merger Agreement, and that such irrevocable proxy will be given to secure the performance of the duties of the Stockholder under this Agreement. The Stockholder hereby further affirms that, if granted pursuant to such Section, the irrevocable proxy will be coupled with an interest and may under no circumstances be revoked. If so granted, the Stockholder hereby ratifies and confirms all that such irrevocable proxy

may lawfully do or cause to be done by virtue thereof. Such irrevocable proxy, if and when executed, is intended to be irrevocable in accordance with the provisions of Section 212(e) of the Delaware General Corporation Law.

SECTION 5. Covenants of the Stockholders. Until the termination of this Agreement in accordance with Section 11, each Stockholder, severally and not jointly, agrees as follows:

(a) Except as provided in the immediately succeeding sentence, the Stockholder agrees not to (i) sell, transfer, pledge, assign or otherwise encumber or dispose of (including by gift) (collectively, "Transfer"), or enter into any contract, option or other arrangement (including any profit sharing arrangement) with respect to the Transfer of, the Subject Shares, any Option or Warrant or any shares of Common Stock subject to any Option or Warrant to any person other than pursuant to the terms of the Merger, (ii) enter into any voting arrangement, whether by proxy, power-of-attorney, voting agreement, voting trust or otherwise, in connection with, directly or indirectly, any Takeover Proposal or (iii) exercise any Option or Warrant, in whole or in part, and agrees not to commit or agree to take any of the foregoing actions. Notwithstanding the foregoing, the Stockholder shall have the right, for estate planning purposes, to Transfer Subject Shares to a transferee following the due execution and delivery to Parent by each transferee of a legal, valid and binding counterpart to this Agreement.

(b) Subject to the terms of Section 13, the Stockholder shall not, nor shall it permit any director, officer, employee, investment banker, attorney or other adviser or representative of the Stockholder to, (i) solicit, initiate or encourage the submission of any Takeover Proposal or (ii) participate in any discussions or negotiations regarding, or furnish to any person any information with respect to, or take any other action to facilitate any inquiries or the making of any proposal that constitutes, or may reasonably be expected to lead to, any Takeover Proposal.

(c) Until after the Merger is consummated or the Merger Agreement is terminated pursuant to its terms, the Stockholder shall use all reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, and to assist and cooperate with the other parties in doing, all things necessary, proper or advisable to consummate and make effective, in the most expeditious manner practicable, the Merger and the other transactions contemplated by the Merger Agreement.

(d) The Stockholder shall execute and deliver the letter contemplated by Section 5.11 of the Merger Agreement.

(e) (i) In the event that the Merger Agreement shall have been terminated under circumstances where Parent is or may become entitled to receive the Termination Fee, the Stockholder shall pay to Parent on demand an amount equal to 50% of all profit (determined in accordance with Section 5(e)(ii)) of the Stockholder from the consummation of any Takeover Proposal that is consummated within one year of such termination or with respect to which a definitive agreement is executed within one year of such termination.

(ii) For purposes of this Section 5(e), the profit of the Stockholder from any Takeover Proposal shall equal (A) the aggregate consideration received by the Stockholder, directly or indirectly, pursuant to or in connection with such Takeover Proposal, valuing any non-cash consideration (including any residual interest in the Company) at its fair market value on the date of such consummation plus (B) the fair

market value, on the date of disposition, of all Subject Shares, Options and Warrants of the Stockholder or shares of Common Stock acquired by the Stockholder upon exercise of any Option or Warrant disposed of after the termination of the Merger Agreement and prior to the date of such consummation less (C) the fair market value of the aggregate consideration that would have been issuable or payable to the Stockholder if it had received the Merger Consideration pursuant to the Merger Agreement as originally executed, valued as of immediately prior to the first public

announcement of the termination of, or the intention of Parent or the Company to terminate, the Merger Agreement, as if the Merger had been consummated on the date of such public announcement.

(iii) In the event that (x) prior to the Effective Time, a Takeover Proposal shall have been made and (y) the Effective Time shall have occurred and Parent for any reason shall have increased the amount of Merger Consideration payable over that set forth in the Merger Agreement in effect on the date hereof (the "Original Merger Consideration"), the Stockholder shall pay to Parent on demand an amount in cash equal to the product of (i) the sum of the number of Subject Shares of the Stockholder and the number of shares of Common Stock subject to Options and Warrants held by the Stockholder as of the Effective Time and (ii) 50% of the excess, if any, of (A) the per share cash consideration or the per share fair market value of any non-cash consideration, as the case may be, received by the Stockholder pursuant to the Merger Agreement, as amended, determined as of the Effective Time, over

(B) the fair market value of the Original Merger Consideration determined as of the time of the first increase in the amount of the Original Merger Consideration.

(iv) For purposes of this Section 5(e), the fair market value of any non-cash consideration consisting of:

(A) securities listed on a national securities exchange or traded on the NASDAQ/NMS shall be equal to the average closing price per share of such security as reported on such exchange or NASDAQ/NMS for the five trading days after the date of valuation; and

(B) consideration which is other than cash or securities of the form specified in clause (A) of this Section 5(e)(iv) shall be determined by a nationally

recognized independent investment banking firm mutually agreed upon by the parties within 10 business days of the event requiring selection of such banking firm; provided, however, that if the parties are unable to agree within two business days after the date of such event as to the investment banking firm, then the parties shall each select one firm, and those firms shall select a third investment banking firm, which third firm shall make such

determination; provided further, that the fees and expenses of such investment banking firm shall be borne equally by Parent, on the one hand, and the Stockholders, on the other hand. The determination of the investment banking firm shall be binding upon the parties.

(v) Any payment of profit under this Section 5(e) may be paid (x) in cash, by wire transfer of same day funds to an account designated by Parent, or (y) through a mutually agreed transfer of securities, to the extent such transfer is permitted by applicable law and the transfer of such securities to Parent would not adversely impact Parent or the value of such securities, by delivery of such securities, suitably endorsed for transfer, to Parent or its designee.

SECTION 6. Stop Transfer; Legend. The Company agrees with, and covenants to, Parent that the Company shall not register the transfer of any certificate representing any Stockholder's Subject Shares, unless such transfer is made to Parent or Sub or otherwise in compliance with this Agreement. Each Stockholder agrees that the Stockholder will tender to the Company, within five business days after the date hereof, any and all certificates representing the Stockholder's Subject Shares and the Company will inscribe or cause to be inscribed upon such certificates the following legend: "The shares of Common Stock, par value $0.01 per share, of Griffin Gaming & Entertainment, Inc. represented by this certificate are subject to a Stockholder

Agreement dated as of August 19, 1996, and may not be sold, transferred, pledged, assigned or otherwise encumbered or disposed of, except in accordance therewith. Copies of such

Agreement may be obtained at the principal executive offices of Griffin Gaming & Entertainment, Inc.

SECTION 7. Termination of License and Services Agreement. The License and Services Agreement dated as of September 17, 1992, as amended, among, The Griffin Group Inc., the Company and Resorts International Hotel, Inc., is hereby terminated, effective as of the Effective Time, and no payments shall be required to be made by any party thereto with respect to such termination. Parent, the Company and The Griffin Group Inc. agree that at the Closing, The Griffin Group Inc., the Surviving Corporation and Resorts International Hotel, Inc. will enter into a License and Services Agreement substantially in the form attached hereto as Exhibit A (the "New License Agreement"). In the event the Stockholders are required to make any payments under Section 5(e), each Stockholder shall pay to Parent on demand 50% of the amount equal to the excess of (a) any consideration received by such Stockholder, directly or indirectly, in respect of employment, services, licenses or other agreements or arrangements over (b) the consideration, if any, that would have been received by such Stockholder pursuant to the New License Agreement (valuing any non-cash consideration in accordance with Section 5(e)(ii)).

SECTION 8. Further Assurances. Each Stockholder will, from time to time, execute and deliver, or cause to be executed and delivered, such additional or further consents, documents, proxies and other instruments and take such further actions as Parent or Sub may reasonably request for the purpose of effectively carrying out the transactions contemplated by this Agreement.

SECTION 9. Assignment. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties hereto without the prior written consent of the other parties, except that Parent may assign, in its sole discretion, any or all of its rights, interests and obligations hereunder to any direct or indirect wholly owned subsidiary of Parent. Any assignment in violation of the foregoing shall be void. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of and be enforceable by the parties hereto and their respective successors and assigns.

SECTION 10. Public Announcements. Each Stockholder will consult with Parent before issuing, and provide Parent with the opportunity to review and comment upon, any press release or other public statements with respect to the transactions contemplated by this Agreement, including the Merger, and shall not issue any such press release or make any such public statement prior to such consultation, except as may be required by applicable law or court process.

SECTION 11. Termination. This Agreement shall terminate upon the earlier of (a) July 31, 1997 or (b) the Effective Time; provided, however, that if the Company is not in breach of any of its obligations under the Merger Agreement and none of the Stockholders are in breach of any of their obligations under this Agreement, this Agreement shall terminate at the time the Merger Agreement is terminated (i) pursuant to Section 7.01(a) thereof, (ii) by the Company pursuant to Section 7.01(b)(iv), 7.01(d) or 7.01(e) thereof or (iii) by Parent pursuant to Section 7.01(g) or 7.01(h) thereof. Notwithstanding the foregoing, Section 5(e) and the last sentence of Section 7 shall survive the consummation of the Merger or the termination of the Merger Agreement.

SECTION 12. Miscellaneous.

(a) Amendments. This Agreement may not be amended except by an instrument in writing signed by each of the parties hereto.

(b) Notices. All notices and other communications hereunder shall be in writing and shall be deemed given if delivered personally, telecopied (which is confirmed) or sent by overnight courier (providing proof of delivery) to Parent in accordance with Section 8.02 of the Merger Agreement and to the Stockholders at their respective addresses set forth on Schedule A attached hereto (or at such other address for a party as shall be specified by like notice).

(c) Interpretation. When a reference is made in this Agreement to a Section, such reference shall be to

a Section of this Agreement unless otherwise indicated. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Wherever the words "include", "includes" or "including"

are used in this Agreement, they shall be deemed to be followed by the words "without limitation".

(d) Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties.

(e) Entire Agreement; No Third-Party Beneficiaries. This Agreement (including the documents and instruments referred to herein) (i) constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof and (ii) is not intended to confer upon any person other than the parties hereto any rights or remedies hereunder.

(f) Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware regardless of the laws that might otherwise govern under applicable principles of conflicts of law thereof.

(g) Severability. If any term, provision, covenant or restriction herein, or the application thereof to any circumstance, shall, to any extent, be held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions herein

and the application thereof to any other circumstances, shall remain in full force and effect, shall not in any way be affected, impaired or invalidated, and shall be enforced to the fullest extent permitted by law, and the parties hereto shall reasonably negotiate in good faith a substitute term or provision that comes as close as possible to the invalidated or unenforceable term or provision, and that puts each party in a position as nearly comparable as possible to the position each such party would have been in but for the finding of invalidity or unenforceability, while remaining valid and enforceable.

(h) Enforcement. The parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in

accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement in any court of the United States located in the State of Delaware or in a Delaware state court, this being in addition to any other remedy to which they are entitled at law or in equity. In addition, each of the parties hereto (i) consents to submit such party to the personal jurisdiction of any Federal court located in the State of Delaware or any Delaware state court in the event any dispute arises out of this Agreement or any of the transactions contemplated hereby, (ii) agrees that such party will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court, (iii) agrees that such party will not bring any action relating to this Agreement or the transactions contemplated hereby in any court other than a Federal court sitting in the state of Delaware or a Delaware state court and

(iv) waives any right to trial by jury with respect to any claim or proceeding related to or arising out of this Agreement or any of the transactions contemplated hereby.

SECTION 13. Stockholder Capacity. No person executing this Agreement who is or becomes during the term hereof a director or officer of the Company makes any agreement herein in his capacity as such director or officer. Each Stockholder signs solely in his capacity as the record holder and beneficial owner of such Stockholder's Subject Shares or Options or Warrants and nothing herein shall limit or affect any actions taken by a Stockholder in his capacity as an officer or director of the Company to the extent specifically permitted by the Merger Agreement.

IN WITNESS WHEREOF, each of Parent and the Stockholder that is a corporation has caused this Agreement to be signed by its officer thereunto duly authorized and each other Stockholder has signed this Agreement, all as of the date first written above.

SUN INTERNATIONAL HOTELS LIMITED,

By: /s/ Charles D. Adamo
Name: Charles D. Adamo
Title: Executive Vice President, General Counsel

ATLANTIC RESORTS HOLDINGS, INC.

By: /s/ Lawrence Cohen
Name: Lawrence Cohen
Title: Vice President

/s/ Merv Griffin
Merv Griffin

IN WITNESS WHEREOF, each of the Company, The Griffin Group Inc., and Resorts International Hotel, Inc. consent to the provisions of Section 7 hereof, and the Company consents to the provisions of Section 6 hereof, all as of the date first written above.

GRIFFIN GAMING & ENTERTAINMENT, INC.,

By: /s/ Thomas E. Gallagher
Name:
Title: President and CEO

THE GRIFFIN GROUP INC.,

By: /s/ Lawrence Cohen
Name: Lawrence Cohen
Title: Vice President

RESORTS INTERNATIONAL HOTEL, INC.,

By: /s/ Matthew B. Kearney
Name:
Title:

SCHEDULE A

Name and Address of Stockholder	Number of Shares of Common Stock Owned of Record	Number of Shares of Common Stock Subject to Options	Number of Shares of Common Stock Subject to Warrants	Number of Shares of Common Stock Beneficially Owned
Atlantic Resorts Holdings, Inc. c/o The Griffin Group, Inc. 780 Third Avenue New York, NY 10017	2,125,108	0	746,696	2,871,804
Merv Griffin c/o The Griffin Group, Inc. 780 Third Avenue New York, NY 10017	0	0	0	2,871,804

EXHIBIT A

LICENSE AND SERVICES AGREEMENT

THIS LICENSE AND SERVICES AGREEMENT is made and entered into as of _____, 1997, by and among THE GRIFFIN GROUP INC., 780 Third Avenue, New York, New York 10017 ("Group") for the name, likeness and services of Merv Griffin, GRIFFIN GAMING & ENTERTAINMENT, INC., a Delaware corporation, 1133 Boardwalk, Atlantic City, New Jersey 08401 [or Survivor Corporation] ("GGE"), and RESORTS INTERNATIONAL HOTEL, INC., a New Jersey corporation, 1133 Boardwalk, Atlantic City, New Jersey 08401 ("RIH") (references herein to "the Company" shall mean both GGE and RIH).

In consideration of the mutual covenants, representations, warranties, agreements and obligations herein contained and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereby agree as follows:

1. Scope of License. (a) Group grants to the Company for the term of this Agreement, the non-exclusive license to utilize the name and likeness of Merv Griffin ("Name and Likeness") in connection with print advertisements, radio and television commercials, and in connection with limited merchandising, all for the sole purpose of advertising and promoting (i) the Company's Casino Hotel in Atlantic City, New Jersey (the "Atlantic City Property"), (ii) the Atlantis Resort and Casino on Paradise Island, the Bahamas, and (iii) the

Mohegan Sun Casino located in Connecticut managed by an affiliate of Sun International Hotels, Ltd. (all such properties hereinafter collectively referred to as the "Casino Properties"), subject to the terms, conditions and limitations provided herein.

(b) The Company shall not use the Name or Likeness in any company or business name or in any way other than as expressly authorized herein. Specifically, but without limitation, neither the Merv Griffin name nor likeness shall be used in any manner in connection with any products, services, programs, plans, ideas, promotions or tie-ins except only as may be expressly approved by Group in the manner contemplated by Section 8 hereof and then only for purposes of advertising and promoting the Casino Properties.

(c) The Company shall have the non-exclusive right during the term of this Agreement to use the shows and gaming concepts created by Group or Merv Griffin as set forth on Schedule A annexed hereto ("Shows and Concepts") at the Atlantic City Property.

2. Services. (a) Group agrees to provide to the Company, for the term of this Agreement, on a pay or play basis, the non-exclusive services of Merv Griffin, subject to the performance by the Company of each and all of its obligations under this Agreement and in particular the indemnification and insurance obligations contemplated by Sections 5 and 6 hereof, as a host, producer, presenter and featured performer relative to various shows to be presented at the Casino Properties, to furnish marketing and consulting services, to participate in radio, television and print advertisements, and to serve as spokesperson for the Company, all such services to be subject to Merv Griffin's availability in respect of other professional or business matters and to any personal matters. Merv Griffin shall not, however, be required to make more than two (2) radio commercials and two (2) television commercials during each contract year of this Agreement with respect to the Casino Properties. All photo sessions, tapings and appearances for radio and television commercials shall be scheduled at a mutually convenient time to Merv Griffin. Group shall, in addition, approve the makeup and wardrobe person to be used for Merv Griffin on any television commercial (the cost of which shall be paid solely by the Company).

(b) In connection with all of the services set forth above and elsewhere herein and subject to reimbursement for certain costs and expenses as expressly set forth herein, Group shall provide such personnel in addition to Merv Griffin, and provide such overhead expenses, as are necessary to carry out its duties hereunder.

3. Term. The rights and license granted hereunder shall be effective as of the date hereof and shall continue in force (unless earlier terminated in accordance with the provisions of this Agreement) until September 16, 2001.

4. Compensation. Upon the execution of this Agreement, GGE is paying to Group the amount of $10,973,000, which amount represents compensation in the amount of $2,546,000 for the services hereunder for the period September 17, 1997 to September 16, 1998, $2,673,000 for the services hereunder for the period September 17, 1998 to September 16, 1999, $2,807,000 for the services hereunder for the period September 17, 1999 to September 16, 2000, and $2,947,000 for the services hereunder for the period September 17, 2000 to September 16, 2001. Group acknowledges payment under the Prior License Agreement (as defined in Section 19 hereof) for the period from the date hereof to September 16, 1997.

5. Indemnification; Insurance. (a) The Company hereby indemnifies and agrees to defend and hold harmless forever Group, and its officers, directors, shareholders, employees, agents and representatives, and Merv Griffin against any and all claims, demands, losses, costs and expenses (including attorneys' fees), investigations, damages, judgments, penalties, and liabilities of any kind or nature whatsoever, directly or indirectly arising out of, resulting from, relating to or connected with (i) any use of the Name and Likeness by the Company or any person or entity obtaining the right to use the Name and Likeness directly or indirectly

from the Company, or (ii) any breach of, or alleged breach of, or action which is inconsistent with, any representation, warranty or covenant of the Company hereunder, or (iii) any actual or alleged damage or any injury resulting from, occurring on the premises of, relating to or in any way connected with the Casino Properties or its promotions, or (iv) any actual or alleged inaccuracies or misrepresentations in connection with the use of the Name and Likeness by the Company. The Company shall promptly upon receipt of notice of any such claim engage counsel approved by Group (which approval shall not be unreasonably withheld) and defend such claim at the Company's

sole cost and expense (which cost and expense must be reasonable); or, if the Company shall fail or refuse to do so, Group, at its option, may engage counsel and defend such claim at the Company's sole cost and expense, which cost and expense the Company shall pay to Group within five (5) business days upon being invoiced therefor.

(b) The Company agrees, at its sole cost and expense, to deliver to Group on or before execution of this Agreement and to maintain during the term of this Agreement and for any applicable statute of limitations period thereafter (but in no event less than six (6) years after the term of this Agreement) an endorsement naming Group and Merv Griffin, individually, as named insureds on all insurance policies covering the Company including, without limitation, with respect to comprehensive public liability and personal injury insurance, each such policy in amounts no less than Two Million Dollars ($2,000,000.00) per occurrence and an umbrella coverage of no less than Twenty Five Million Dollars ($25,000,000.00) against all such liability. The Company will submit to Group certified copies, signed by a legal representative of the insurance company, of fully paid policies of insurance as specified above naming Group and Merv Griffin, individually, each as an insured party, and requiring that the insurer shall not terminate or materially modify such instance without written notice to Group and Merv Griffin, individually, at least sixty (60) days in advance thereof. Without limiting any rights or remedies of Group or Merv Griffin hereunder, all rights granted hereunder to the Company will terminate automatically upon any failure by the Company to maintain the insurance required hereby.

6. Directors and Officers Indemnification. (a) The Company shall indemnify Merv Griffin and any officer, director or employee of Group who at any time during the term of this Agreement serves as an officer or director of GGE or any subsidiary or affiliate thereof (each an "Indemnitee" and collectively "Indemnitees") to the fullest extent permitted by Delaware law in effect as the date hereof against all costs, expenses, liabilities and losses (including, without limitation, attorneys' fees, judgments, fines, penalties, ERISA excise taxes and amounts paid in settlement) reasonably incurred by an Indemnitee in connection with a Proceeding. For the purpose of this Section 6, a "Proceeding" shall mean any action, suit or proceeding by reason of the fact that such person is or was an officer, director or employee of GGE or any subsidiary or affiliate hereof or is or was serving as an officer, director, member, employee, trustee or agent of any other entity at the request of GGE.

(b) The Company shall advance to each Indemnitee all reasonable costs and expenses incurred by such Indemnitee in connection with a Proceeding within 20 days after such receipt by the Company of a written request for such advance. Such request shall include an itemized list of the costs and expenses and an undertaking by such Indemnitee to repay the amount of such advance if it shall ultimately be determined that he is not entitled to be indemnified against such costs and expenses.

(c) No Indemnitee shall be entitled to indemnification under this Section 6 unless such Indemnitee meets the standard of conduct specified in the Delaware General Corporation Law. Notwithstanding the foregoing, to the extent permitted by law neither Section 145 (d) of the Delaware General Corporation Law nor any similar provision shall apply to indemnification under this Section 6, so that if an Indemnitee in fact meets the applicable standard of conduct, he shall be entitled to such indemnification whether or not GGE (whether by the board of directors, the shareholders, independent legal counsel or other party) determines that indemnification is proper because such Indemnitee has met such applicable standard of conduct. Neither the failure of GGE to have made such a determination prior to the commencement by an Indemnitee of any suit or arbitration proceeding seeking indemnification nor a determination by GGE that such Indemnitee has not met such applicable standard of conduct shall create a presumption that such Indemnitee has not met the applicable standard of conduct.

(d) The Company shall not settle any proceeding or claim in any manner which would impose on any Indemnitee any penalty or limitation without such Indemnitee's prior written consent. Neither the Company nor any Indemnitee will unreasonable withhold its or his consent to any proposed settlement.

(e) GGE shall maintain beginning with the date hereof and continuing for a period of six (6) years following the expiration or termination of this Agreement directors' and officers' liability insurance policies as in effect on the date hereof or replacement policies substantially equivalent in amount and scope of coverage and shall include and maintain in its Certificate of Incorporation and Bylaws directors' and officers' liability indemnification provisions not less favorable than those in effect on the date hereof.

7. Copyright, Trademark, Goodwill. (a)

Except as otherwise expressly provided in Section 1 of this Agreement, the Company has no rights in and shall not apply for, register, use or claim any rights in any copyright, trademark, service mark, trade name or business name incorporating the Name and Likeness or any element thereof or in any of the Shows and Concepts. The Company acknowledges and agrees that the concept, format, music and scripts of such Shows and Concepts

are the property of Group. The Company further agrees to offer to Group at the conclusion of its use of the Shows and Concepts any and all sets, costumes, gamewalls, recorded music, and other materials customarily returned by the Company to a producer of such creative properties.

(b) The Company understands and agrees that this license is non-exclusive and that Group and Merv Griffin in its and his sole discretion has the right to utilize the rights described herein and to grant other licenses in and to such rights on any terms and conditions it or he deems appropriate. The Company acknowledges that the use of the Name and Likeness outside the scope of this Agreement is an infringement of Group's or Merv Griffin's right, title and interest in and to the Name and Likeness, and the Company expressly covenants that during the term of this Agreement, and after the expiration or termination hereof, the Company shall not, directly or indirectly, commit any act of infringement of such Name and Likeness or take any other action in derogation thereof.

(c) The Company recognizes the great value of the publicity and goodwill associated with the Name and Likeness, that the Name and Likeness have acquired a secondary meaning in the mind of the public whereby the Name and Likeness are identified exclusively with Group and Merv Griffin and, in such connection, the Company acknowledges that such goodwill exclusively belongs to Group and Merv Griffin except only to the limited extent of the specific rights granted to the Company hereunder.

8. Approvals. The Company agrees that each use of the Name and Likeness, whenever practicable, shall be subject to the prior written approval of Group, which shall not, however, be unreasonably withheld. The Company agrees, whenever practicable, to furnish Group for its prior written approval, the complete text and layout and all artwork and graphics of all print advertisements, promotional material and any other publicity, a list of the publications in which such advertisements or publicity may be issued, the complete script of any radio commercial, and complete script and storyboard for any television commercial in which the Name and Likeness will be used or embodied, in each case before any use of the Name and Likeness in

connection therewith. Each radio and television commercial shall be played in full for Group's written approval prior to any public broadcast thereof, which approval shall not be unreasonably withheld. Any proposed change in any approved item must be resubmitted for the prior written approval of Group. Group shall have twenty (20) business days following receipt of any request for approval to approve or reject same; provided that Group shall be deemed to have approved such submission unless Group disapproves same in writing within such twenty (20) day period, and Group or Merv Griffin may agree to waive or shorten the required submission period on a case by case basis but any such agreement or waiver shall apply only to the submissions specified therein.

9. Additional Undertakings of the Company. The Company agrees and covenants that:

(a) It will not attack the title of Group in and to the Name and Likeness, nor will it attack the right of Group to grant the license granted hereunder or the legality of the terms hereof;

(b) It will not harm, misuse or bring into disrepute the Name and Likeness;

(c) It will utilize the Name and Likeness and otherwise conduct its business or cause the same to be done only in an ethical, lawful, first-class and high quality manner and in accordance with the terms and intent of this Agreement;

(d) It will not create any expense or incur any liability chargeable to Group; and

(e) It will comply with all applicable laws, regulations, ordinances and other requirements relating or pertaining to the advertising, promotion and operation of the Casino Properties; it will obtain all necessary permits, licenses and other consents for the operation of its business; and it will comply with the requests of any regulatory agencies which shall have jurisdiction over the Casino Properties.

10. Additional Representations and Warranties of the Company. GGE and RIH each represent and warrant that:

(a) GGE is a corporation duly organized, validly existing

and in good standing under the laws of the State of Delaware; RIH is a corporation duly organized, validly existing and in good standing under the laws of the State of New Jersey; each of GGE and RIH has full corporate power and authority to conduct its business as now being conducted and as contemplated hereby; is duly qualified to do business in each jurisdiction in which the nature of the business conducted by it requires such qualification; and holds all necessary licenses and permits from federal, state, county and local authorities for the proper conduct of said business;

(b) There is not outstanding or threatened any order, writ, injunction, decree or legal or administrative proceeding of any kind against or affecting either GGE or RIH which would impair the ability of either GGE or RIH to perform its obligations hereunder;

(c) Each of GGE and RIH is in compliance with all applicable federal, state, county and municipal laws, including any such laws which require the obtaining of licenses or permits to conduct it business; and

(d) Each of GGE or RIH has the unrestricted right, power and authority to enter into this Agreement and perform its obligations hereunder.

11. Representations and Warranties of Group. Group represents and warrants that:

(a) Group is a corporation duly organized, validly existing and in good standing under the laws of the State of Connecticut; has full power and authority to conduct its business as now being conducted and as contemplated hereby; is duly qualified to do business in each jurisdiction necessary in order for Group to fully perform under this Agreement; and holds all necessary licenses and permits from federal, state, county and local authorities for the proper conduct of said business;

(b) There is not outstanding or threatened any order, writ, injunction, decree or legal or administrative proceeding of any kind against or affecting Group which would impair Group's ability to perform its obligations hereunder;

(c) Group is in compliance with all applicable federal, state, county and municipal laws, including any such laws which require the obtaining of licenses or permits to conduct its business; and

(d) Group has the unrestricted right, power and authority to enter into this Agreement and perform its obligations hereunder.

12. Termination by Group.

(a) This Agreement shall terminate, at Group's option, and Merv Griffin may at his option terminate all of his obligations under this Agreement, upon written notice to the Company, without prejudice to any other rights or remedies which Group or Merv Griffin may have, whether under the provisions of this Agreement, in law, or in equity or otherwise, upon the occurrence of any one or more of the following events at any time during the term hereof:

(i) if any governmental agency shall determine that the advertising or promotion or operation of the Casino Properties is materially improper, and as a consequence thereof, any material fine, penalty, sanctions or liability should be imposed against the Company or any officer or director thereof; or

(ii) if the Company shall be unable to pay its debts when due, or shall make any assignment for the benefit of creditors, or shall file or permit to be filed any petition under the bankruptcy or insolvency laws of any jurisdiction or shall have or suffer a receiver or trustee to be appointed for its business or property, or be adjudicated a bankrupt or an insolvent, or an order for relief shall have been entered (whether voluntary or involuntary) under the federal Bankruptcy Code with respect to either GGE or RIH; or

(iii) if (notwithstanding any other provision hereof) as determined by Group in good faith there is a substantial likelihood of damage to the name or reputation of Group or Merv Griffin because of its or his association with the Company; or

(iv) if the Company breaches any of its other

material covenants, representations, warranties, conditions, agreements or obligations hereunder and shall fail to cure such breach within sixty (60) days following written notice of such breach.

Upon any such termination, Group shall be entitled to retain all monies paid to it hereunder, including under Section 4 hereof, and shall be entitled to be paid all amounts owing to it as of the date of termination.

(b) Upon the expiration of this Agreement or in the event of any termination of this Agreement on account of any of the matters set forth in this Section 12:

(i) the Company's representations, warranties, covenants and obligations, and the Company's indemnification of Group hereunder, shall survive such expiration or termination and the insurance provided for in Section 5(b) and Section 6 shall be maintained in full force and effect as therein provided;

(ii) The Company shall as soon as practicable and in no event later than 60 days following such termination immediately cease any and all use of the Name and Likeness in any manner whatsoever and shall in addition take the a actions specified in clauses (a) through (d) of Section 18 hereof;

(iii) All rights granted by Group hereunder shall revert to Group; and the Company shall reimburse Group or Merv Griffin for expenses incurred but not yet reimbursed, and pay any other compensation and benefits to which Merv Griffin may be entitled under any applicable plans, programs and agreements of the Company.

13. Termination by the Company. This Agreement shall terminate, at the Company's option, in the case of any event described in clause (a) of this Section 13 upon one hundred and twenty (120) days prior written notice to Group, in the case of any event described in clauses (b) through (f) of this Section 13 , upon 30 days prior written notice to Group, and in the case of any event described in clause (g) of this Section 13, without prior notice, without prejudice to any other rights or remedies which the Company may have, whether under the provisions of this Agreement, in law or in equity or otherwise, upon the occurrence of any one or more of the following events:

(a) in the event of the death of Merv Griffin, or if by reason of permanent mental or physical disability Merv Griffin is unable to provide his services as required under this Agreement; or

(b) if Group or Merv Griffin shall be unable to pay their debts when due, or shall make any assignment for the benefit of creditors, or shall file or permit to be filed any petition under the bankruptcy or insolvency laws of any jurisdiction, county or place, or shall have or suffer a receiver or trustee to be appointed for its business or property or be adjudicated a bankrupt or an insolvent, or an order for relief shall have been entered (whether voluntary or involuntary) under the federal Bankruptcy Code with respect to either Group or Merv Griffin; or

(c) if Group or Merv Griffin shall be convicted of, or enter a plea of no contest to any indictment for, a felony involving moral turpitude under the laws of the United States or any state, by any court of competent jurisdiction; or

(d) if Group or Merv Griffin shall be convicted of, or enter a plea of no contest to any indictment or any other crime under the laws of the Untied States or any state, which includes as an essential element thereof, larceny, fraud, misappropriation or self-dealing; or

(e) if Group breaches any of its other material covenants, representations, warranties, conditions, agreements or obligations hereunder and shall fail to cure such breach within sixty (60) days following written notice of such breach; or

(f) if any governmental authority having jurisdiction over the Company shall enter a final judgment as to which all appeals have been exhausted, to the effect that the implementation of this Agreement or any material provisions thereof is in violation of any applicable law, order or regulation and as a consequence thereof any material fine, penalty, sanctions or liability shall be imposed against the Company or any officer or director thereof, or if any such governmental authority shall enter a judgment which is not final to such effect, if such judgment is obtained on the basis of any action initiated by a person not a party to this Agreement and on the basis of alleged misconduct by Merv Griffin or Group constituting a breach by either of them of the terms of this Agreement; or

(g) the Company shall have determined in its sole discretion to terminate the Agreement.

Upon any termination of this Agreement on account of any of the matters set forth in this Section 13, each of the Company's financial obligations to Group pursuant to this Agreement shall thereupon terminate and neither party shall thereupon have any continuing rights or obligations under this Agreement, except for the Company's indemnification and insurance obligations, which shall continue, without modification or limitation, in the manner set forth in Sections 6

and 7 of this Agreement, with respect to any and all matters occurring prior to such termination, and except that:

(i) within 60 days after such termination the Company shall cease the use of the Name and Likeness;

(ii) within 60 days after such termination the Company shall terminate all print advertisements, and radio and television commercials, utilizing the Name and Likeness;

(iii) within 60 days after such termination the Company shall remove or otherwise delete or obliterate from any real or personal property constituting any part of or asset belonging to or used in connection with any of the Casino Properties any image display, logo and other reference to or use of the Name and Likeness; and

(iv) the Company after such termination shall have the right to liquidate in the ordinary course of its business or otherwise dispose of all remaining stocks or promotional materials and merchandise bearing the Name and Likeness.

Upon any such termination, Group shall be entitled to retain all monies paid to it hereunder, including under Section 4 hereof, and shall be entitled to be paid all amounts owing to it under Section 17 hereof as of the date of termination.

14. Injunctive and Other Relief. (a) The Company recognizes the unique and special nature and value of the use of the Name and Likeness and agrees that it is extremely difficult and impractical to ascertain the extent of the detriment to Group which would be caused in the event of any use of the Name and Likeness contrary to the terms of this Agreement. The Company furthermore acknowledges that Group and Merv Griffin will have no adequate remedy at law in the event the Company uses the Name and Likeness in any way not permitted hereunder,

and that Group and Merv Griffin shall be entitled to equitable relief by way of temporary and permanent injunction, and such other and further relief as any court of competent jurisdiction may deem just and proper, in addition to any and all other remedies provided for herein and available to Group or Merv Griffin at law or equity.

(b) Group recognizes the unique and special nature and value of the use of the Name and Likeness and agrees that it is extremely difficult and impractical to ascertain the extent of the detriment to the Company which would be caused in the event the use of the Name and Likeness as provided in this Agreement were not to be available to the Company. Group furthermore acknowledges that the Company will have no adequate remedy at law in the event the Name and Likeness is not available to the Company as provided in this Agreement and that the Company shall be entitled to equitable relief by way of

temporary and permanent injunction, and such other and further relief as any court of competent jurisdiction may deem just and proper, in addition to any and all other remedies provided for herein and available to the Company at law or equity.

15. Reservation of Rights. Group retains all rights not expressly and exclusively conveyed herein.

16. Performances. The specific terms regarding shows to be hosted or produced by Merv Griffin at the Atlantic City Property or in which Merv Griffin is to be featured performer shall be subject to good faith negotiation; provided, however, that the Company shall provide and pay for all production personnel, equipment, materials, dressing rooms, musicians, props, staging, lighting, sound systems, and other goods and services as required by Group to set up, produce and close the show; sufficient suites, other accommodations, food and beverages for the show's entourage; rehearsal time, stage, lighting, sound and personnel; and a minimum of twenty-five (25) complimentary tickets. Group shall have sole approval of all credits and billing, any opening and closing act, any sponsors and all publicity and advertising in connection with each show. The Company shall not permit any taping, filming, recording or any collateral use whatsoever of any such show or any element thereof other than by Group.

17. Business, Travel and Other Expenses.

The Company shall reimburse Group promptly upon invoice, or, if requested by Group, shall make the arrangements, advance the funds and pay directly, in connection with Group's personnel's and Merv Griffin's need to travel for personal appearances or any advertising, publicity, promotional or other services specifically requested hereunder, all required round trip transportation to and from all destinations (including all required air and ground transportation), hotel accommodations, food and other living and incidental expense, which in the case of Merv Griffin, shall be of a first class quality consistent with his celebrity status. All such payments should be in addition to any other payments set forth herein or in any other agreement between the parties. Any legal, consulting fees or other expenses incurred in connection with the preparation and negotiation of this Agreement shall be paid by the Company.

18. Sale of Resort Property. In the event of any sale or other disposition by the Company of any of the Casino Properties, and as soon thereafter as practicable, and in no event later than 60 days following such sale (120 days if in connection with such disposition, the Company has entered into an agreement whereby the Company is to provide operating services to such Casino Property), the Company shall:

(a) cease the use of the Name and Likeness with respect to such Casino Property;

(b) terminate all print advertisements, and radio and television commercials, utilizing the Name and Likeness with respect to such Casino Property;

(c) remove or otherwise delete or obliterate from any real or personal property constituting any part of or asset belonging to or used in connection with such Casino Property any image display, logo and other reference to or use of the Name and Likeness; and

(d) liquidate in the ordinary course of its business or otherwise dispose of all remaining stocks of promotional materials and merchandise bearing the Name and Likeness.

19. Termination of Prior License and Services Agreement. Group and the Company agree that the License and Services Agreement dated as of September 17, 1992, as amended (the "Prior License Agreement"), among Group, GGE and RIH shall terminate as of the date hereof. Notwithstanding any provision of the Prior License Agreement to the contrary, no payments shall be required to be made by any party thereto with respect to such termination. Notwithstanding the termination of the Prior License Agreement, (i) GGE shall pay Group all monies owing to Group thereunder and (ii) GGE shall be required to continue, without modification or limitation, the indemnification and insurance obligations provided for in Sections 7 and 8 of the Prior License Agreement for acts prior to such termination.

20. Notices. All notices and statements provided for herein shall be in writing and are to be sent to the respective parties at the addresses first set forth above, unless otherwise provided in writing.

21. Relationship of Parties. This Agreement does not constitute and shall not be construed as constituting a partnership or joint venture or agency relationship between any of the parties hereto. The Company shall have no right to obligate or bind Group in any manner whatsoever, and nothing herein contained shall give or is intended to give any rights of any kind to any third person.

22. Non-Assignability. No party to this Agreement, without each other party's prior written approval, may sell, sublicense, lease, pledge as collateral, give, assign, franchise or otherwise transfer any of its rights hereunder or any interest herein, directly in any manner whatsoever. Neither this Agreement nor any of the rights of any party hereunder shall devolve by operation of law or otherwise upon any assignee, receiver, liquidator, trustee or other party.

23. Construction; Forum. This Agreement shall be construed in accordance with the laws of the State of New York as applied to contracts executed and intended to be fully performed therein. THE COMPANY HEREBY IRREVOCABLY CONSENTS TO THE JURISDICTION OF ANY NEW YORK STATE COURT OR ANY FEDERAL DISTRICT COURT LOCATED IN NEW YORK IN CONNECTION WITH ANY ACTION OR PROCEEDING ARISING OUT OF OR

RELATING TO THIS AGREEMENT, AND SUCH COURTS ARE THE EXCLUSIVE COURTS IN WHICH ANY SUCH ACTION MAY BE BROUGHT AND DECIDED.

24. Severability. If any provision or portion of this Agreement shall be invalid or unenforceable for any reason, there shall be deemed to be made such minor changes (and only such minor changes) in such provision or portion of this Agreement as are necessary to make it valid and enforceable. The invalidity or unenforceability of any provision or portion of this Agreement shall not affect the validity or enforceability of any other provision or portion of this Agreement.

25. Counterparts. This Agreement may be executed in several counterparts, each one of which shall be an original as to the signing party and all of which shall constitute one and the same Agreement.

26. Waiver; Entire Agreement; Amendment. The waiver by any party of any breach of this Agreement shall not in any way be construed as a waiver by such party of any subsequent breach, whether similar or not, of this Agreement. This Agreement sets forth the entire understanding and agreement of the parties hereto with respect to the subject matter hereof and supersedes all existing agreements and understandings between them. This Agreement may not be altered, amended or modified in any way except upon the agreement of the parties hereto in writing.

27. Legal Fees. If any legal action, arbitration, or other proceeding is brought for the enforcement of this Agreement, or because of an alleged dispute, breach, default or misrepresentation in connection with this Agreement, the successful or prevailing party shall be entitled to recover reasonable attorney's fees and other costs it incurred in that action or proceeding, in addition to any other relief to which it may be entitled.

IN WITNESS WHEREOF, each of the parties hereto has executed this Agreement as of the date first above written.

THE GRIFFIN GROUP INC.

By:_____

GRIFFIN GAMING & ENTERTAINMENT, INC.

By:_____

RESORTS INTERNATIONAL HOTEL, INC.

By:_____

I hereby affirm that The Griffin Group Inc. is fully authorized to make and perform each of the undertakings of this Agreement, particularly as they relate to the licensing of my name and likeness and the furnishing of related services by me.

_____

MERV GRIFFIN

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Schedule A

- Griffin Games
- Funderful
- Winfall
- Merv Griffin's Star Card

EXHIBIT (2)(c)

STOCKHOLDER AGREEMENT dated as of August 19, 1996, among GRIFFIN GAMING & ENTERTAINMENT, INC., a Delaware corporation (the "Company"), and SUN INTERNATIONAL INVESTMENTS LIMITED (the "Stockholder").

WHEREAS Sun International Hotels Limited, a corporation organized and existing under the laws of the Commonwealth of the Bahamas ("Parent"), Sun Merger Corp., a Delaware corporation and a wholly owned subsidiary of Parent ("Sub"), and the Company propose to enter into an Agreement and Plan of Merger dated as of the date hereof (as the same may be amended or supplemented from time to time, including any amendment pursuant to Section 1.01 thereof, the "Merger Agreement") providing for the merger of the Company with and into Sub (the "Merger") upon the terms and subject to the conditions set forth in the Merger Agreement; and

WHEREAS the Stockholder owns Ordinary Shares, par value $.001 per share, of Parent (the "Ordinary Shares"); and

WHEREAS, as a condition to its willingness to enter into, the Merger Agreement, the Company has requested that the Stockholder enter into this Agreement.

NOW, THEREFORE, to induce the Company to enter into, and in consideration of the Company entering into, the Merger Agreement, and in consideration of the premises and the representations, warranties and agreements contained herein, the parties hereto agree as follows:

SECTION 1. Definitions. Capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Merger Agreement.

SECTION 2. Representations and Warranties of the Stockholder. The Stockholder hereby represents and warrants

to the Company that it has all requisite corporate power and authority to enter into this Agreement and to consummate the transactions contemplated hereby. This Agreement has been duly authorized, executed and delivered by the Stockholder and constitutes a valid and binding obligation of the Stockholder enforceable in accordance with its terms. The execution and delivery of this Agreement do not, and the consummation of the transactions contemplated hereby and

compliance with the terms hereof will not, conflict with, or result in any violation of, or default (with or without notice or lapse of time or both) under any provision of, any trust agreement, loan or credit agreement, note, bond, mortgage, indenture, lease or other agreement, instrument, permit, concession, franchise, license, judgment, order, notice, decree, statute, law, ordinance, rule or regulation applicable to the Stockholder or to any of the Stockholder's property or assets.

SECTION 3. Representations and Warranties of the Company. The Company hereby represents and warrants to the Stockholder that the Company has all requisite corporate power and authority to enter into this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by the Company, and the consummation of the transactions contemplated hereby, have been duly authorized by all necessary corporate action on the part of the Company. This Agreement has been duly executed and delivered by the Company and constitutes a valid and binding obligation of the Company enforceable in accordance with its terms.

SECTION 4. Voting Agreements. (a) Until the termination of this Agreement in accordance with Section 8, the Stockholder agrees to vote the Ordinary Shares then owned of record by it, or grant a consent or approval in respect of such Ordinary Shares, at any meeting of stockholders of Parent or at any adjournment thereof or in any other circumstances upon which its vote, consent or other approval is sought, (i) in favor of any amendments to Parent's Articles of Association that add such provisions as may be necessary as a result of consummation of the

transactions contemplated by the Merger Agreement to comply with the New Jersey Casino Control Act and (ii) if the Merger Agreement is amended pursuant to Section 1.01 thereof, in favor of the approval and adoption of the Merger Agreement and the approval of the terms of the Merger Agreement and each of the transactions contemplated by the Merger Agreement.

SECTION 5. Further Assurances. The Stockholder will, from time to time, execute and deliver, or cause to be executed and delivered, such additional or further consents, documents and other instruments and take such further actions as the Company may reasonably request for the purpose of effectively carrying out the transactions contemplated by this Agreement.

SECTION 6. Assignment. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by either of the parties hereto without the prior written consent of the other party. Any assignment in violation of the foregoing shall be void. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of and be enforceable by the parties hereto and their respective successors and assigns.

SECTION 7. Termination. This Agreement shall terminate upon the earlier of (a) the termination of the Merger Agreement or (b) the Effective Time of the Merger.

SECTION 8. Miscellaneous.

(a) Amendments. This Agreement may not be amended except by an instrument in writing signed by each of the parties hereto.

(b) Notices. All notices and other communications hereunder shall be in writing and shall

be deemed given if delivered personally, telecopied (which is confirmed) or sent by overnight courier (providing proof of delivery) to the Company in accordance with Section 8.02 of the Merger Agreement and to the Stockholder care of Parent in accordance with Section 8.02 of the Merger Agreement (or at such other address for a party as shall be specified by like notice).

(c) Interpretation. When a reference is made in this Agreement to a Section, such reference shall be to a Section of this Agreement unless otherwise indicated. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Wherever the words "include", "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation".

(d) Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other party.

(e) Entire Agreement; No Third-Party Beneficiaries. This Agreement (including the documents and instruments referred to herein) (i) constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof and (ii) is not intended to confer upon any person other than the parties hereto any rights or remedies hereunder.

(f) Governing Law. This Agreement shall be

governed by, and construed in accordance with, the laws of the Commonwealth of the Bahamas regardless of the laws that might otherwise govern under applicable principles of conflicts of law thereof.

(g) Severability. If any term, provision, covenant or restriction herein, or the application thereof to any circumstance, shall, to any extent, be held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions herein and the application thereof to any other circumstances, shall remain in full force and effect, shall not in any way be affected, impaired or invalidated, and shall be enforced to the fullest extent permitted by law, and the parties hereto shall reasonably negotiate in good faith a substitute term or provision that comes as close as possible to the invalidated or unenforceable term or provision, and that puts each party in a position as nearly comparable as possible to the position each such party would have been in but for the finding of invalidity or unenforceability, while remaining valid and enforceable.

(h) Enforcement. The parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this

Agreement, this being in addition to any other remedy to which they are entitled at law or in equity.

IN WITNESS WHEREOF, each of the Company and the Stockholder has caused this Agreement to be signed by its officer thereunto duly authorized as of the date first written above.

GRIFFIN GAMING & ENTERTAINMENT, INC.,

By: /s/ Thomas E. Gallagher
Name:
Title: President and CEO

SUN INTERNATIONAL INVESTMENTS LIMITED,

By: /s/ Charles D. Adamo
Name: Charles D. Adamo
Title: Authorized Signatory