EMERALD CASINO SETTLEMENT AGREEMENT

This Emerald Casino Settlement Agreement (including the Exhibits and Schedules hereto, this "Agreement"), made and entered into as of August 8, 2002 and effective as of the Effective Date (as defined below), by and among DONALD F. FLYNN and KEVIN F. FLYNN (collectively, the "Flynns"), the other shareholders of Emerald Casino, Inc. whose names and signatures appear on the signature pages of this Agreement (together with the Flynns, the "Initial Signing Persons"), the other shareholders, General Applicants and Statutory Applicants (each as defined below) of Emerald Casino, Inc. who may hereafter execute and deliver the Joinder to Emerald Casino Settlement Agreement (the "Joinder") immediately following the signature pages of this Agreement (the "Additional Signing Persons" and, together with the Initial Signing Persons, the "Signing Persons"), EMERALD CASINO, INC. ("Emerald"), and the ILLINOIS GAMING BOARD (the "Gaming Board"),

WITNESSETH THAT:

WHEREAS, the owners and proposed owners of Emerald consist of (i) a group of original shareholders (collectively, the "Original Shareholders"), (ii) a group of proposed shareholders who are statutorily mandated minority and female persons and whose applications to become shareholders are pending before the Gaming Board (collectively, the "Statutory Applicants"), and (iii) a group of proposed shareholders who are not statutorily mandated minority and female persons and whose applications to become shareholders are pending before the Gaming Board (collectively, the "General Applicants"; the Original Shareholders, the Statutory Applicants and the General Applicants being referred to herein collectively as the "Interested Persons"), all as set forth on Schedule 4(a) attached hereto; and

WHEREAS, shares of capital stock of Emerald have not been transferred to the Statutory Applicants and the General Applicants, and, under the Act and the Rules (each as defined below), such Statutory Applicants and the General Applicants are not owners of the shares he, she or it subscribed for or contracted to purchase, except that, in connection with the execution and delivery of this Agreement and substantially contemporaneously with its approval thereof, the Gaming Board is approving the transfer from certain original shareholders of Emerald to Donald F. Flynn of 325.44286 shares of the capital stock of Emerald, which he contracted to purchase and paid for in or about October 1999; and

WHEREAS, in litigation instituted by Davis Companies, as plaintiff, against Emerald and certain of the Signing Persons, as defendants, in the Northern District of Illinois, Case No. 99 C 6822 (the "Davis Litigation"), Davis Companies has alleged that it entered into an oral agreement in December 1998 (i) for transfer or issuance to Davis Companies or its affiliates or associates (each a "Disputed Transferee") of an ownership interest in Emerald (the "Disputed Transfer"), and (ii) to defer disclosure to the Gaming Board of such agreement regarding the Disputed Transfer pending the enactment of certain legislation; and

WHEREAS, neither Davis Companies nor any other Disputed Transferee in fact filed with the Gaming Board, on a timely basis or at any time prior to the date of this Agreement, an application for the Disputed Transfer; and

WHEREAS, by reason of the foregoing, among other reasons, neither Davis Companies nor any other Disputed Transferee is a General Applicant or otherwise an Interested Person for purposes of this Agreement or otherwise; and

WHEREAS, the Flynns and the other Signing Persons own, collectively, more than eighty percent (80%) of the outstanding capital stock of Emerald for which the Gaming Board has approved ownership; and

WHEREAS, in or about July 1997, Emerald suspended its gaming operations and has not subsequently resumed such operations, as a result of which the State of Illinois has lost revenues from wagering and admission taxes that would otherwise have been paid by Emerald; and

WHEREAS, on January 30, 2001, the Gaming Board, pursuant to Sections 5(b), 7(a), 7(b) and 7(g) of the Riverboat Gambling Act (the "Act") and Rule 3000.236 of the Rules of the Gaming Board promulgated thereunder (the "Rules"), made an initial decision to deny Emerald's application for renewal and relocation of its owner's license (the "Initial Finding") based on initial findings that (1) Emerald fails to meet all of the requirements of the Act and the Rules, and (2) each of the Flynns is unsuitable as a Key Person (as defined in the Act and the Rules) of Emerald; and

WHEREAS, on January 30, 2001, in connection with the foregoing decision, the Gaming Board also voted, pursuant to Rule 3000.110, to revoke the owner's license of Emerald and to deem the Flynns unsuitable as Key Persons; and

WHEREAS, on March 6, 2001, the Gaming Board timely issued its (i) formal Notice of Denial denying Emerald's application for renewal and relocation of its owner's license and alleging certain grounds as the basis for denial (the "Notice of Denial") and (ii) Complaint for Disciplinary Action against Emerald alleging, among other things, that Emerald failed to make prompt disclosure to the Gaming Board, engaged in certain stock sales and otherwise took action that would tend to discredit the State of Illinois and gaming in the State of Illinois (the "Complaint for Disciplinary Action"); and

WHEREAS, (i) on March 13, 2001, Emerald, pursuant to Rule 3000.405, timely filed its verified Request for Hearing in which it denied each of the allegations in the Notice of Denial and contested those allegations (the "Request for Hearing"), and (ii) on March 26, 2001 Emerald, pursuant to Rule 3000.1125(a), timely filed its Verified Answer in which it denied each of the allegations in the Complaint for Disciplinary Action and asserted defenses to those allegations (the "Verified Answer"); and

WHEREAS, (i) on April 3, 2001, the Chairman of the Gaming Board, Gregory C. Jones, granted Emerald's Request for Hearing and appointed an Administrative Law Judge to conduct such a hearing on the Notice of Denial, and (ii) on April 6, 2001, following the filing of the Verified Answer, the said Chairman appointed an Administrative Law Judge to conduct such a hearing on the Disciplinary Complaint; and

WHEREAS, the proceedings before the Administrative Law Judge, which commenced on or about May 29, 2002, provide Emerald, Flynns and the Gaming Board with an opportunity to establish a complete and accurate evidentiary record based on testimony given under oath or

affirmation and subject to cross-examination regarding the allegations cited in the Gaming Board's Notice of Denial and Complaint for Disciplinary Action (the "Hearings"); and

WHEREAS, only after the Administrative Law Judge hears the evidence, makes an adjudication and transmits its findings to the Gaming Board, and only if the Gaming Board then adopts those findings or otherwise takes final action, does the action of the Gaming Board become final and appealable in the courts; and

WHEREAS, on May 21, 2001, Emerald filed a Complaint for Declaratory Relief and Writ of Mandamus against the Gaming Board as Case No. 01-CH-08368 in the Circuit Court of Cook County, Illinois (the "May, 2001 Complaint for Declaratory Relief and Writ of Mandamus"); and

WHEREAS, on May 15, 2002, Emerald filed a Verified Complaint for Declaratory and Injunctive Relief against the Gaming Board as Case No. 02-CH-09421 in the Circuit Court of Cook County, Illinois (the "May, 2002 Complaint for Declaratory and Injunctive Relief");

WHEREAS, the Gaming Board has not approved (i) that certain Exclusivity Agreement dated July 23, 2001 between certain of the Signing Persons and MGM Mirage ("MGM"), (ii) that certain unexecuted proposed Agreement and Plan of Merger Agreement captioned "Execution Copy" among Emerald, certain of the Signing Persons, MGM, and MGM Mirage Illinois Co. ("MGM Illinois"), a copy of which is attached hereto as Exhibit A (the "Unexecuted Merger Agreement"), or (iii) the Disputed Transfer; and

WHEREAS, the Gaming Board, Emerald and the Signing Persons mutually desire to resolve and settle their disputes and differences in order to avoid the expense, uncertainty and risk of protracted litigation; and

WHEREAS, Emerald and the Signing Persons have decided that they wish to sell Emerald, and to work together with the Gaming Board in a cooperative process by which Emerald can be sold to a person or entity that meets all of the suitability criteria of the Act and the Rules; and

WHEREAS, the parties hereto acknowledge that (i) the Gaming Board has the powers and duties specified in the Act, (ii) the Act vests in the Gaming Board all other powers necessary and proper to fully and effectively execute and enforce the Act and the Rules, and (iii) the Gaming Board's jurisdiction extends to every person and entity involved in riverboat gambling operations in the State of Illinois, all for the purpose of administering, regulating and enforcing the system of riverboat gambling in the State of Illinois; and

WHEREAS, the Gaming Board is the agent of the State of Illinois for purposes of collecting revenues from wagering and admission taxes and depositing such revenues pursuant to Section 23 of the Act;

WHEREAS, the Gaming Board is empowered under the Act and Rules to work together with Emerald and the Signing Persons on a cooperative basis to help implement a fair, open and competitive process by which Emerald will be sold in a Sale (as defined below) to a person or

entity that meets all the suitability criteria of the Act and the Rules, all in accordance with the terms and conditions of this Agreement; and

WHEREAS, the parties hereto acknowledge that the terms of this Settlement Agreement are necessary and proper to settle their disputes and differences, to assist Emerald and the Signing Persons in implementing the sale process and to enable the Gaming Board to fully and effectively administer, regulate and enforce the system of riverboat gambling in the State of Illinois in accordance with the Act; and

WHEREAS, the Gaming Board has determined that this Agreement is in the best interests of the State of Illinois, complies with the responsibilities of the Gaming Board, and is in accord with public policy and applicable law;

NOW THEREFORE, in consideration of the foregoing premises (which constitute an integral part of this Agreement) and the mutual covenants hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Gaming Board, Emerald and the Signing Persons hereby agree as follows:

TERMS

1. No Admissions; Preservation of Privilege, Etc. Without diminution of the force of the restrictive covenants set forth in Section 7 hereof, by entering into this Agreement, none of Emerald, the Flynns or the other Signing Persons are making any admissions, including regarding the accuracy or truthfulness of the allegations of the Gaming Board's Initial Finding, Notice of Denial and Complaint for Disciplinary Action. By entering into this Agreement, the Gaming Board is making no admissions, including regarding the accuracy or truthfulness of the allegations and other matters set forth in the Request For Hearing, Verified Answer, May, 2001 Complaint for Declaratory Relief and Writ of Mandamus or May, 2002 Complaint for Declaratory and Injunctive Relief. Nothing contained in this Agreement shall (i) constitute a waiver of attorney-client privilege by any party hereto, (ii) require any party hereto to waive the attorney-client privilege or reveal any attorney work product, (iii) constitute a confession or acceptance of liability or an admission against interest in or otherwise prejudice, except as expressly set forth in Sections 9, 10 and 11 hereof, its position in any legal proceeding (including, without limitation, those identified in the recitals of this Agreement), (iv) require any party hereto to confess to or accept any liability or make any admission against interest or otherwise prejudice, except as expressly set forth in Sections 9, 10 and 11 hereof, its position in any legal proceeding (including, without limitation, those identified in the recitals of this Agreement), (v) constitute a waiver by the Gaming Board of Section 6(d) of the Act; or (vi) require Emerald to transfer or waive any claim to the License prior to a Sale (as defined below).

2. Emerald's Activities. From and after the date of this Agreement until the consummation of a Sale, Emerald shall, and the Initial Signing Persons shall cause Emerald to, conduct no business, carry on no operations, enter into no contracts, incur no obligations, acquire or dispose of no assets and take no other action, except those necessary or reasonably advisable to (i) comply with the terms of this Agreement (including the engagement and utilization of legal counsel therefor), (ii) preserve the existence, assets and properties of Emerald (including the

engagement and utilization of legal counsel therefor), including filing and paying all matters required under applicable tax law (iii) defend and/or take other appropriate action in the bankruptcy proceeding referred to in Section 18 hereof and other litigation involving Emerald (including the engagement and utilization of legal counsel therefor), (iv) in connection with such bankruptcy proceeding, operate the business and manage the affairs of Emerald in such manner as to enable Emerald to act as a debtor-in-possession under Chapter 11 of the Bankruptcy Code, (v) borrow from Donald F. Flynn the amount of $5,000,000 (or such other or additional loans as may be approved by the Gaming Board) and expend such amounts borrowed for existing obligations of Emerald or obligations as permitted hereunder and (vi) act as requested in writing or consented to in writing by the Gaming Board pursuant to its powers under the Act and the Rules. Without limitation of the foregoing, the parties expressly agree that, as soon as reasonably possible following the date hereof, Emerald shall develop and submit to the Gaming Board a plan outlining actions by which Emerald would fulfill its obligations pursuant to the immediately preceding sentence, including without limitation, the development of a reasonable budget, list of required personnel, and other actions reasonably required by Emerald hereunder, which plan shall be subject to review by the Gaming Board.

3. Sale of Emerald.

(a) Emerald and, with respect to clause (ii), the Signing Persons shall hereafter: (i) offer Emerald for sale (as opposed to a direct sale of assets of Emerald) in an open market offering or other sale process, which process (A) shall be open to all prospective purchasers, (B) shall be conducted and implemented on behalf of Emerald and the Signing Persons by a sales agent unaffiliated with the Gaming Board and engaged by Emerald from a list of up to three (3) candidates proposed by the Gaming Board (the "Sales Agent"), the duties and authority of which Sales Agent shall be as provided in subsection (c)(ii) and (iii) below, and (C) shall otherwise be as specified by the Gaming Board pursuant to Rule 3000.235 (the "Marketing Process"); and (ii) sell Emerald (as opposed to a direct sale of assets of Emerald) by means of a transaction (A) which is approved by the Gaming Board in its sole discretion pursuant to Rule 3000.235, (B) which shall take the form of (1) a sale of capital stock by the Signing Persons and some or all of the other Interested Persons or (2) a merger, consolidation or other combination or other similar transaction with respect to Emerald (excluding a direct sale of assets of Emerald), (C) which shall otherwise comply with the requirements of this Agreement, and (D) which shall be consummated with a third party or third parties identified by Emerald and the Sales Agent in the Marketing Process and approved by the Gaming Board in its sole discretion pursuant to Rule 3000.235 (collectively, a "Buyer"). Any transaction of a type described in clauses (ii) (B) (1) and (2) above and approved by the Gaming Board as aforesaid is referred to herein as a "Sale".

(b) Emerald and the Signing Persons shall, and Emerald shall use its commercially reasonable efforts to cause each of the other Interested Persons to, grant any necessary shareholder approval or other acquiescence or approval of any Sale. The Signing Persons shall, and Emerald shall use commercially reasonable efforts to cause each of the other Interested Persons to, sell their shares of Emerald, or cancel or forfeit their subscription agreements, or otherwise acquiesce or approve and/or participate in any Sale (the Signing Persons and each of such other Interested Persons that sell their shares or accept consideration for any cancellation or forfeiture of their subscription agreements or otherwise acquiesce or approve and/or otherwise participate in any Sale in the manner described being referred to herein

collectively as the "Participating Persons"). Without limiting the generality of the foregoing sentences, each Signing Person agrees to attend any meeting of the shareholders of Emerald, in person or by proxy, and to vote (or cause to be voted) all of his or its shares of capital stock of Emerald for approval and adoption of the Sale, any agreement effectuating the Sale and any related matters. Following the closing of the Sale, the Signing Persons shall have no further direct or indirect interest in or control (provided, however, that any Signing Person may own up to three percent (3%) of any shares of any entity that is publicly traded on a national stock exchange or regularly quoted in an over-the-counter market and which were not acquired in connection with the Marketing Process or the Sale without the prior written approval of the Gaming Board in its sole and absolute discretion), of the Buyer or any parent or subsidiary of Buyer, Emerald, the surviving entity in any merger, consolidation or other combination with Emerald (Emerald or such surviving entity being referred to herein, following the closing of the Sale, as "Emerald II") or any person occupying the position, as of or after the closing of the Sale, of an officer, director, shareholder, employee, agent or other affiliated person of the Buyer or Emerald II, which person is subject to licensure or approval by the Gaming Board; subject, however, to the option of certain Statutory Applicants pursuant to Section 6 hereof to remain or become shareholders of Emerald II following any Sale.

(c) (i) The Marketing Process shall consist of identifying potential Buyers, soliciting their offers or indications of interest to purchase Emerald, furnishing them with information regarding Emerald, discussing, negotiating and documenting the financial, legal and other aspects of any Sale and any and all related matters. All aspects of the Marketing Process shall be conducted and implemented by the Sales Agent and, to the extent hereinafter provided, by Emerald and the Signing Persons, in either case under the supervision of, and subject to the prior approval of, the Gaming Board, as it deems appropriate in its sole discretion.

(ii) The Sales Agent shall be responsible for all aspects of the Marketing Process, under the supervision and subject to the prior approval of the Gaming Board, as aforesaid, and in consultation with (but not under the direction or subject to the approval of) Emerald and/or the Signing Persons; provided, however, that contractual negotiation and documentation of the financial, legal and other aspects of any Sale shall be conducted by Emerald and/or the Signing Persons on their own behalf; and provided further that the Sales Agent shall have no authority to incur any contractual obligation on behalf of, or otherwise to bind, Emerald or the Signing Persons, or to take any action that would preclude the restoration of Emerald and the Signing Persons to the *status quo ante*, without material cost or effort, in the event that a Sale does not occur and/or this Agreement is terminated. Emerald and the Signing Persons shall, upon request, cooperate with and assist the Sales Agent in all reasonable respects in connection with the Marketing Process. Pursuant to Section 4 hereof, the Buyer shall pay the fees and expenses of the Sales Agent; provided, however, that, neither Emerald nor the Signing Persons shall have any obligation to advance any such fees and expenses to the Sales Agent at any time other than, in the case of Emerald, from the proceeds of any proposal fees or similar amounts received by Emerald from prospective Buyers in connection with the Marketing Process (and the Sales Agent's engagement letter shall so provide); and provided further that, in the event that a Sale does not occur and/or this Agreement is terminated, then neither Emerald nor the Signing Persons shall have any obligation to pay such fees and expenses other than, in the case of Emerald, from the proceeds of any proposal fees or similar amounts received by Emerald from

prospective Buyers in connection with the Marketing Process (and the Sales Agent's engagement letter shall so provide).

(iii) The minimum aspects of the Marketing Process subject to the prior approval of the Gaming Board pursuant to its power under Rule 3000.235 and subsection (ii) above include, without limitation, engaging investment bankers and other professionals, the form, content and recipients of any request for offers, offering memorandum or other announcements, and the formulation of applicable procedures, time frames, minimum offer requirements and rules relating to the Marketing Process, provided that the Gaming Board hereby approves Bell, Boyd & Lloyd LLC to represent Emerald in connection with the Sale. Notwithstanding the foregoing, Emerald shall not be obligated and the Sales Agent shall have no authority (i) to include in any offering memorandum or other announcement any statement that Emerald believes, in good faith and upon advice of legal counsel, constitutes a misstatement of material fact (and, in the case of the Sales Agent, of which belief such Sales Agent has received written notice), (ii) to omit from any offering memorandum or other announcement any statement that Emerald believes, in good faith and upon advice of legal counsel, is necessary to state in order to make other statements included therein not misleading in the light of the circumstances under which they were made (and, in the case of the Sales Agent, of which belief such Sales Agent has received written notice), or (iii) to take any action or not take any action with respect to any offering memorandum or other announcement that Emerald believes, in good faith and upon advice of counsel, constitutes a violation of any applicable law, rule or regulation of any Federal or state governmental authority (and, in the case of the Sales Agent, of which belief such Sales Agent has received written notice). Each of the Gaming Board, the Sales Agent, and (without limitation of the Gaming Board's approval rights set forth herein) the Buyer shall be responsible for their own respective statements, disclosures and materials.

(d) The Flynns, Emerald and the Sales Agent shall fully and timely take such steps as are necessary or reasonably advisable to implement the Marketing Process as expeditiously as possible. Without limiting the generality of the foregoing, the Flynns and Emerald shall promptly execute and deliver such documents and instruments, promptly furnish such information and promptly take such other actions as may be necessary or reasonably advisable or deemed necessary or reasonably advisable by the Gaming Board in connection with the Marketing Process, it being understood that any information furnished by the Flynns and/or Emerald hereunder shall be true, correct and complete in all material respects. The obligation of the Flynns and Emerald pursuant to the immediately preceding sentence includes, without limitation, the obligation to afford each prospective Buyer full access during customary business hours to the books, records, files, employees, officers, directors, assets and facilities of Emerald except any of the foregoing sealed from disclosure by order of a court of competent jurisdiction, and furnishing to each credible prospective Buyer such information as it may reasonably request in connection with such prospective Buyer's due diligence review of Emerald before or after its submission of an offer or indication of interest for the purchase of Emerald.

(e) The Signing Persons and Emerald shall fully and timely take such steps as are necessary or reasonably advisable to facilitate the closing of a Sale pursuant to the Marketing Process as expeditiously as possible. Without limiting the generality of the foregoing, the Signing Persons and Emerald shall promptly execute and deliver such documents and

instruments, promptly furnish such information and promptly take such other actions as may be necessary or reasonably advisable in connection with any Sale, it being understood that any information furnished by the Signing Persons and/or Emerald hereunder shall be true, correct and complete in all material respects. The obligation of the Signing Persons and Emerald pursuant to the immediately preceding sentence shall include, without limitation:

(i) The Flynns making such representations, warranties, covenants, and agreements for the benefit of the Buyer and Emerald II as are reasonable and customary in a transaction of the type of the Sale (including, without limitation, representations, warranties, covenants, and agreements as to the legal and regulatory status, assets, liabilities, business and operations of Emerald), which representations, warranties, covenants, and agreements shall survive for a customary period of time following the consummation of a Sale, provided that any such representations, warranties, covenants, and agreements (A) shall be limited in a manner substantially equivalent to the provisions of Section 5.21 and Section 6.4 of the Unexecuted Merger Agreement, (B) may be limited in a manner substantially equivalent to the provisions of Section 15.2(b) of the Unexecuted Merger Agreement, (C) may be subject to other limitations for the benefit of the giver thereof that are reasonable and customary in a transaction of the type of the Sale, and (D) shall not be required to extend to any acts, omissions or representations of the Sales Agent. The parties hereto acknowledge and agree that the representations, warranties, covenants, and agreements of any of the Signing Persons and Emerald, and the limitations thereon, set forth in the Unexecuted Merger Agreement are examples, without limitation, of representations, warranties, covenants, and agreements that are reasonable and customary in a transaction of the type of the Sale and that the limitations thereon are examples, without limitation, of limitations which are reasonable and customary in a transaction of the type of the Sale. Emerald and the Signing Persons shall not enter into any covenant or agreement with the Buyer or any affiliate of the Buyer to maintain the confidentiality of any matters *vis a vis* the Gaming Board or any other regulatory agencies. Subject to and without limitation of the acknowledgement in the second preceding sentence, the parties further acknowledge and agree that the costs to Buyer and the benefits and risks to Participating Persons making representations, warranties, covenants and agreements are relevant to whether such representations, warranties, covenants, and agreements, and any limitations thereon are otherwise reasonable and customary in a transaction.

(ii) If so elected by Buyer in its sole discretion, each Signing Person shall (A) make an election, and each of the Flynns shall use his commercially reasonable efforts to cause each other Participating Person to make or consent to an election, under Internal Revenue Code Section 338(h)(10) (the "Section 338(h)(10) Election") (and any comparable election under applicable state, local or foreign law) with respect to the Sale, (B) cooperate fully with Buyer in the making of such elections or consent thereto and (C) utilize for tax reporting purposes a schedule of the allocation of the purchase price for the Sale (as determined under Section 338 of the Internal Revenue Code and the U.S. Treasury regulations thereunder) among the assets of Emerald in the manner prescribed under Section 338 of the Code and the U.S. Treasury regulations promulgated thereunder; provided, however, that Buyer (or if the Buyer is not a creditworthy entity, a creditworthy affiliate of Buyer) shall indemnify each Participating Person for his tax liability in excess of the tax liability that such Participating Person would have had if no Section 338(h)(10) Election had been made.

(f) In order to facilitate the implementation of the Marketing Process and the closing of a Sale as expeditiously as possible, the Gaming Board shall, with such reasonable promptness as is practicable under the circumstances prevailing from time to time, (i) review and comment upon materials submitted to it and subject to its review or approval under this Agreement, (ii) schedule meetings and place matters on its meeting agendas that require Gaming Board action under this Agreement after a reasonable request for such action, and (iii) inform Emerald and the Signing Persons of any exercise of discretion by the Gaming Board pursuant to this Agreement in approving, disapproving, consenting to or rejecting any matter, which exercise of discretion affects them; provided, however, that nothing in this Section 3(f) shall be deemed to restrict the Gaming Board from exercising its powers and authority under, performing its duties under and otherwise complying with the Act or the Rules.

(g) The parties hereto acknowledge and agree that (i) there can be no assurance that any prospective Buyer will make a Sale proposal that complies with the applicable requirements of this Agreement (including, without limitation, the standards of reasonableness and customariness as set forth in subsection (e)(i) above) or that any proposed Sale, Buyer or location will be approved by the Gaming Board, and (ii) nothing contained herein obligates Emerald or the Signing Persons to submit to the Gaming Board any proposed Sale that is not acceptable to them by reason of the fact that the terms thereof fail to comply with the applicable requirements of this Agreement (including, without limitation, the standards of reasonableness and customariness as set forth in subsection (e)(i) above), or obligates the Gaming Board to grant any approval of any person, entity or location that fails to meet the Gaming Board's criteria of suitability under the Act and the Rules.

4. Amounts Paid at Sale and Allocation of Amounts. The Buyer shall simultaneously with the consummation of the Sale pay, or cause Emerald II to pay, in cash all of the Indemnifiable Liabilities (as defined below) listed in row 3 through row 22, inclusive, of Schedule 5(a)(i) (the "Fixed Amounts Owed"); provided, however, that the portion of the loan(s) referred to in row 21 of Schedule 5(a)(i) that is used to pay other Indemnifiable Liabilities identified in row 1 through row 20, inclusive, and row 22 shall reduce the amounts of such other Indemnifiable Liabilities accordingly; and provided further that the Buyer shall not be required to pay any portion of the said loan(s) that is not so used, or any accrued interest allocable to such portion of the said loan(s), and such portion of the said loan(s) and allocable accrued interest (collectively, the "Non-Indemnified Portion"), shall not be deemed to constitute one of the Indemnifiable Liabilities or one of the Fixed Amounts Owed. Notwithstanding anything to the contrary contained in this Agreement, no Sale shall be submitted for approval to or approved by the Gaming Board unless (i) the consideration payable by the Buyer in cash at the closing of such Sale is at least Sixty Four Million Three Hundred Thousand Dollars ($64,300,000.00), excluding the Fixed Amounts Owed and any amounts that may be paid by Buyer to the State of Illinois, directly or through an agent thereof (the "Contribution"), and there is reasonable evidence that such Buyer is ready, willing and able to pay and perform its obligations as contemplated herein; and (ii) the Buyer (or if the Buyer is not a creditworthy entity, a creditworthy affiliate of Buyer) shall have agreed to indemnify each of the Participating Persons from any liability for taxes or imputed income arising from the Contribution or other funds or amounts not actually received by them in cash in excess of the liability for taxes that such Participating Person would have had if the Contribution and such other funds or amounts had

been $0. The amounts payable upon or in connection with the consummation of the Sale by the Buyer, other than the Fixed Amounts Owed, shall be made in order as follows:

(a) First, to each of the Participating Persons, an amount equal to the amount set forth in Schedule 4(a) attached hereto for each such Participating Person, representing the consideration paid by such Participating Person to Emerald or any Original Shareholder for such Participating Person's purchase of, attempted purchase of or subscription for shares of the capital stock of Emerald (excluding any legal fees, costs and expenses paid by such Participating Person in connection with such transaction, and any interest and fees paid by such Participating Person for any purchase money or other financing of such transaction).

(b) Second, to payment of any amount required to be paid by the Illinois Business Corporation Act.

(c) Third, to the Gaming Board, to pay or reimburse all out-of-pocket costs and expenses paid or incurred by the Gaming Board to third parties in connection with the Marketing Process, the Sale, the Audit pursuant to Section 5 hereof and the disputes giving rise to this Agreement.

(d) Finally, to the Indemnifiable Liability listed in row 23 of Schedule 5(a)(i), consisting of liability to the State of Illinois, by payment to the Gaming Board, as agent for the State of Illinois, which payment will be deposited by the Gaming Board in accordance with applicable Illinois law.

The parties hereto acknowledge and agree that the said liability to the State of Illinois has been voluntarily undertaken by Emerald and that any and all amounts to be allocated and paid to the State of Illinois pursuant to this Agreement or otherwise in connection with the Sale are designed to reimburse and compensate the State of Illinois for costs, expenses and lost revenue that the State of Illinois and the Gaming Board have paid, suffered and incurred, that such amounts constitute consideration for the covenants and agreements of the Gaming Board set forth herein, and that such amounts are not intended to be, and shall not constitute, a fine or penalty.

5. Treatment of Liabilities.

(a) Notwithstanding anything to the contrary contained in this Agreement, no Sale shall be submitted for approval to or approved by the Gaming Board unless, as a consequence thereof:

(i) The Signing Persons and Participating Persons are relieved of and are thereby indemnified in all capacities by the Buyer (or if the Buyer is not a creditworthy entity, a creditworthy affiliate of Buyer) and Emerald II against any and all liabilities and obligations they, or any of them, may have in connection with the liabilities and contingent liabilities of or relating to Emerald identified on Schedule 5(a)(i) attached hereto, up to the amount of each such liability set forth or referenced on Schedule 5(a)(i) (such liabilities, as adjusted as provided below, the "Indemnifiable Liabilities"). The indemnification obligations of Buyer and Emerald II pursuant to this Section 5 will be reduced to give effect to any (i) net reduction in federal, state, local or foreign income or franchise tax liability actually realized at

any time by such party indemnified pursuant to this Section 5 in connection with the satisfaction by Buyer and Emerald II of the Contingent Liabilities, as defined below, and (ii) any proceeds from any insurance policy that are actually paid to the party being indemnified in respect of any Contingent Liability. Notwithstanding anything to the contrary contained herein, Interested Persons that do not participate in any Sale shall not be hereby relieved of and/or indemnified against any liabilities and obligations they, or any of them, may have in connection with the liabilities and contingent liabilities of or relating to Emerald or the Sale.

(ii) The Indemnifiable Liabilities (other than the Indemnifiable Liabilities relating to pending litigations identified in row 1 of Schedule 5(a)(i) (the "Rosemont Litigation") and row 2 of Schedule 5(a)(i) (the "Contractor Litigation"), (collectively, the Rosemont Litigation and the Contractor Litigation to be hereinafter referred to as the "Contingent Liabilities")) shall be paid in full by Buyer and/or Emerald II simultaneously with the consummation of the Sale.

(iii) The Flynns shall defend and indemnify Emerald II and Buyer against (A) any and all liabilities and obligations of or relating to Emerald (other than Indemnifiable Liabilities) arising solely prior to or on account of acts, omissions or circumstances preceding the date of execution of this Agreement by the Gaming Board, as set forth under its signature on the signature pages below (the "Effective Date"), and, to the extent agreed by the Buyer and the Flynns, preceding the closing of any Sale (excluding (x) any act or omission taken by, and circumstances arising from the conduct of, any Sales Agent or other independent third party involved in the Marketing Process and (y) any liability released pursuant to Section 9 hereof), and (B) the amount by which the actual cost of any Indemnifiable Liability exceeds the maximum amount set forth in Schedule 5(a)(i) relating to such Indemnifiable Liability. Emerald II and Buyer will make available to the Flynns or their representatives all records and other materials required or requested by them and in possession of Emerald II or Buyer, solely for use of the Flynns and their representatives in defending such unknown or excess liabilities, and will in other respects afford reasonable cooperation in the defense thereof, at the request of the Flynns. The Flynns shall prepare and file a final tax return for Emerald for the partial year ending upon the closing of the Sale.

Notwithstanding anything to the contrary contained in Section 4 hereof and this Section 5(a), in the event required pursuant to the terms of the offer submitted by the Buyer in the Marketing Process, an aggregate of $2,500,000.00 of the amounts allocable and payable to the Flynns (allocated among them as set forth in Schedule 5(a)(iii) to this Agreement) pursuant to said Section 4 shall be held back and placed in escrow, with an escrow agent and upon and subject to escrow terms and conditions reasonably acceptable to the Gaming Board, Buyer and the Flynns, to secure any and all indemnification obligations of the Flynns to the Buyer and/or Emerald II (including, without limitation, those referred to in this subsection (iii)); provided, however, that any of the Flynns may provide an irrevocable letter of credit in lieu of any holdback of its respective amount; and provided further that any amounts remaining in such escrow shall be paid to the Flynns six (6) months after the consummation of the Sale and any such letter of credit shall expire at such date.

(b) Promptly following the execution of this Agreement and prior to the consummation of a Sale, Emerald shall engage an independent accountant reasonably acceptable

to the Gaming Board (the "Accountant"), to perform an audit (the "Audit") of Emerald's books and records (but not an audit of the books and records of Emerald's attorneys or other vendors) in order to reconcile the amounts set forth on Schedule 5(a)(i) regarding the Fixed Amounts Owed to the actual amounts of said Fixed Amounts Owed. Emerald shall, and the Flynns shall cause Emerald to: (i) make available to the Accountant all of Emerald's books and records and supporting documentation relating to the Fixed Amounts Owed (other than those that are certified pursuant to clause (ii) below) during normal business hours and upon reasonable advance notice by such Accountant; and (ii) use commercially reasonable efforts to cause each of the law firms referred to on Schedule 5(a)(i) to certify to the Gaming Board in writing as to its bills for the amounts to be paid by the Buyer pursuant to this Agreement that the hours billed thereon were actually spent for the benefit of Emerald and that the expenses billed thereon were actually incurred for the benefit of Emerald (provided, however, that (x) hours and expenses billed to Emerald in connection with income tax matters of Emerald shall be deemed to be for the benefit of Emerald, notwithstanding that Emerald is an S corporation whose taxable items of income, gain, loss, credit and deduction pass through to its shareholders, (y) hours and expenses billed to Emerald in connection with efforts to sell Emerald shall be deemed to be for the benefit of Emerald, notwithstanding that Emerald is the subject of sale and would not receive any proceeds thereof, and (z) hours and expenses billed to Emerald in connection with litigation in which Emerald and others are joint defendants or intervenors represented by the same counsel shall be deemed for the benefit of Emerald). In the event the Audit reveals that any amount listed on Schedule 5(a)(i) relating to a Fixed Amounts Owed understates or overstates the actual amount that is due and owing regarding such Fixed Amounts Owed, the appropriate rows of Schedule 5(a)(i) and the total for rows 3 through 17 set forth at the end thereof shall be updated to reflect such actual amounts due and owing, and the indemnification and payment obligations set forth herein in respect of such Fixed Amounts Owed shall be limited to the actual amounts thereof disclosed by the Audit. If any law firm referred to on Schedule 5(a)(i) fails, in whole or in part, to certify its bills to the Gaming Board as provided in clause (ii) above, the amount to be paid by the Buyer pursuant to this Agreement to such law firm shall be reduced by the amount as to which such certification is not given to the Gaming Board, and Schedule 5(a)(i) shall be modified to reflect such reduction.

(c) Emerald and, after the consummation of a Sale, Emerald II (the "Controlling Party") will undertake the defense of the Rosemont Litigation and the Contractor Litigation by representatives chosen by it, which representatives are subject to the approval of the Gaming Board, in its reasonable discretion, provided that the Gaming Board hereby approves Bell, Boyd & Lloyd LLC and Williams, Montgomery & John to represent Emerald in such defense. While the Controlling Party is defending a Contingent Liability, no other party will settle such Contingent Liability. Notwithstanding anything in this subsection (c) to the contrary, the Controlling Party may only settle or compromise a Contingent Liability or consent to the entry of any judgment if (i) such settlement includes as an unconditional term thereof the giving by the claimant or the plaintiff to Emerald and, after the consummation of a Sale, Emerald II and all other parties thereto a release from all liability in respect of such Contingent Liability, (ii) such settlement does not provide any form of relief from Emerald and, after the consummation of a Sale, Emerald II or any other parties thereto other than the payment of money damages or other money payment, and (iii) the Gaming Board has consented in writing to such settlement, in its sole discretion, pursuant to Rule 3000.230(d)(i)(J). Prior to the consummation of a Sale, Emerald shall consult with the Gaming Board on all material decisions and actions to be taken in

connection with such Contingent Liability, and shall not take any material action without the prior written approval of the Gaming Board, in its sole discretion. Emerald shall diligently and vigorously defend each of the Rosemont Litigation and the Contractor Litigation, and shall keep the Gaming Board advised thereon, absent the settlement thereof in accordance with this Agreement.

6. Statutory Applicants' Option; Disqualification of Certain Shareholders.

(a) Notwithstanding anything to the contrary contained in this Agreement, no Sale shall be submitted for approval to or approved by the Gaming Board, unless the Buyer affords to each Statutory Applicant who becomes a Participating Person and is not a Disqualified Person (as defined below) the option to remain or become a shareholder of Emerald II, with such Statutory Applicant who becomes a Participating Person having up to the same percentage of equity ownership thereof that such Statutory Applicant who becomes a Participating Person currently owns, legally or beneficially, or has subscribed for, purchased or applied for approval to purchase, subject to the approval of the Gaming Board (it being understood and acknowledged by the parties that title to such equity ownership will only pass under the Act and the Rules following approval of said Statutory Applicant who becomes a Participating Person by the Gaming Board), in Emerald, at a cost to such Statutory Applicant approved by the Board in its sole discretion.

(b) In the event that the Gaming Board, in its sole discretion, makes an adverse determination regarding the source of funds used by any of the Statutory Applicants to invest in Emerald or regarding the suitability of any of such Statutory Applicants to become shareholders of Emerald, each of the Statutory Applicants as to whom or which such adverse determination is made shall be a "Disqualified Person" for all purposes of this Agreement. The Gaming Board shall complete its source-of-funds inquiries and suitability investigations as to the Statutory Applicants within the time period provided by law pursuant to Section 11.2(b) of the Act.

(c) Nothing contained in this Agreement shall modify, limit or impair in any respect (i) the right of the Gaming Board under Rule 3000.222 to initiate, continue, complete and make determinations pursuant to investigations and inquiries concerning Interested Persons who are not Signing Persons or Participating Persons, or (ii) the remedies available in the case of adverse determinations by the Gaming Board.

(d) The Gaming Board acknowledges and confirms that: (i) except as provided in the second "Whereas" clause of this Agreement, except for Statutory Applicants who may be approved pursuant to this Section 6 and except for possible approval of a prospective Buyer and its Key Persons and affiliates in connection with the Sale, the Gaming Board has not approved and does not intend to approve any General Applicant, Statutory Applicant, or other person or entity as an owner, purchaser, or transferee of Emerald equity securities prior to or in connection with the consummation of any Sale; and (ii) under the Rules, policies and practices of the Gaming Board in connection with proposed transfers of interests in a licensed gaming entity, each of the following is a significant factor which would support disapproval of the transfer in question: the lack of prompt disclosure of such proposed transfer, the failure to make timely

filing with the Gaming Board in respect thereof, the impropriety of the source of funds therefor and the failure of the proposed transferee to satisfy the Gaming Board's suitability criteria.

7. Restrictive Covenants. From and after the Effective Date, each of the Flynns shall not (i) apply for licensure or any other authorization under the Act, (ii) otherwise put himself in a position whereby he will be subject to being approved by the Gaming Board as a Key Person under the Act, or (iii) directly or indirectly, in any capacity whatsoever, whether as a partner, shareholder, member, investor, principal, agent, trustee, employee, officer, director, consultant, contractor or in any other capacity, own, maintain an interest in, manage, operate, control, finance, supply goods or services to, do business with or otherwise assist any entity that requires licensure under the Act or is subject to the oversight, regulation or other authority of the Gaming Board, other than Emerald prior to a Sale. From and after the consummation of any Sale, each of the Flynns shall not (i) apply for licensure or any other authorization under the Act, (ii) otherwise put himself in a position whereby he will be subject to being approved by the Gaming Board as a Key Person under the Act, or (iii) directly or indirectly, in any capacity whatsoever, whether as a partner, shareholder, member, investor, principal, agent, trustee, employee, officer, director, consultant, contractor or in any other capacity, own, maintain an interest in, manage, operate, control, finance, supply goods or services to, do business with or otherwise assist any entity that requires licensure under the Act or is subject to the oversight, regulation or other authority of the Gaming Board. Notwithstanding the foregoing, nothing contained in this Section 7 shall prohibit (w) the ownership of up to three percent (3%) of the shares of capital stock of any entity, which shares are publicly traded on a national stock exchange or regularly quoted in an over-the-counter market, and which were not acquired in connection with the Marketing Process or the Sale without the prior written approval of the Gaming Board in its sole and absolute discretion, (x) any person or entity engaging and utilizing legal counsel of its choice, (y) any person or entity doing business as a supplier or consumer of goods and services on terms offered to the public generally (provided, however, that, except with respect to consumption for personal (as opposed to business or commercial) purposes, no more than five percent (5%) of gross sales of the covered person or entity supplying goods or services or five percent (5%) of gross purchases of the covered person or entity consuming goods or services relate to gambling or gaming activities subject to the Act), or (z) to the extent permitted by the Indiana Gaming Commission, compliance by Field Street, Inc., acting through its employees and officers, with that certain Consulting Agreement dated June 27, 1999 with Boyd Gaming Corporation, and any extension thereof that does not involve any material change in the subject matter thereof or the duties of Field Street, Inc. thereunder, or the performance of any services that relate to any gaming activities in the State of Illinois.

8. Board's Authority. Nothing contained in this Agreement is intended to, nor shall it, limit, infringe upon or impair the Gaming Board's sole and absolute discretion pursuant to Rule 3000.235 to determine whether a potential Buyer, including, without limitation, its proposed site and gaming operations, is suitable for licensure under the Act and the Rules.

9. Releases. Substantially contemporaneously with, and as a condition precedent to, the consummation of any Sale: (i) Emerald and the Signing Persons shall release the Gaming Board, each of its Members and its staff, attorneys, agents and representatives, and the State of Illinois, each of its constitutional officers and its staff, attorneys, agents and representatives from any and all legal, equitable and other claims or causes of action which are known or unknown as

of the consummation of the Sale, including, but not limited to, the May, 2001 Complaint for Declaratory Relief and Writ of Mandamus, the May, 2002 Complaint for Declaratory and Injunctive Relief, the Hearing and other claims arising out of or relating to the Gaming Board's Initial Finding, Notice of Denial or Complaint for Disciplinary Action; (ii) the Gaming Board shall release Emerald and the Participating Persons, their officers, directors, shareholders, attorneys, agents and representatives from any and all legal, equitable and other claims or causes of action which are known or unknown as of the consummation of the Sale, including but not limited to the Initial Finding, the Notice of Denial, the Complaint for Disciplinary Action and the Hearings; and (iii) each of the Participating Persons shall release Emerald, its officers, directors, shareholders, employees, attorneys, agents, and representatives, each other Signing Person and Participating Person, the Gaming Board, each of its Members and its staff, attorneys, agents and representatives, and the State of Illinois, each of its constitutional officers and its staff, attorneys, agents and representatives from any and all legal, equitable or other claims or causes of action which are known or unknown as of the consummation of the Sale, including, but not limited to, relating to the operation or sale of Emerald or its activities with or before the Gaming Board. Each such release shall be effectuated by a duly executed release agreement, in form and content reasonably acceptable to the parties hereto. Nothing contained in this Agreement or in the release agreements to be delivered pursuant hereto shall constitute a release of any right or remedy of any of the parties under this Agreement, and each of the Gaming Board, Emerald and the Signing Persons expressly reserve their rights to file an action or take other steps to enforce the terms of this Agreement, including, without limitation, bringing any disputes under this Agreement before the Administrative Law Judge, until his jurisdiction is ended pursuant to Section 10 or Section 11 of this Agreement. Nothing contained in this Agreement or in the release agreements to be delivered pursuant hereto shall preclude the Gaming Board from pursuing any action permitted by the Act or the Rules with respect to any person or entity that is not a Participating Person.

10. Stay of Hearings. Promptly following the Effective Date, the Gaming Board and Emerald shall file an agreed motion requesting that the Administrative Law Judge stay the Hearings for a period of one hundred fifty (150) days from the Effective Date. At the conclusion of such 150-day period contemplated herein, Emerald and the Gaming Board will inform the Administrative Law Judge of the status of Emerald's and the Signing Persons' performance under this Agreement. If all parties hereto have substantially complied through that date with their respective obligations under this Agreement (such compliance to be presumed in the absence of a preponderance of the evidence to the contrary), Emerald and the Gaming Board shall request that the Administrative Law Judge continue the stay of the Hearings pending further action by either Emerald or the Gaming Board. If, at any time, either Emerald or the any of the Signing Persons fail to comply with their respective obligations under this Agreement, the Gaming Board may, in addition to any other rights and remedies available to it under the Act, the Rules and/or other applicable law, seek the entry by the Administrative Law Judge of an order recommencing the Hearing. If, at any time, this Agreement is terminated pursuant to Section 20 hereof, either the Gaming Board or Emerald may, in addition to any other rights and remedies available to it under the Act, the Rules and/or other applicable law, seek the entry by the Administrative Law Judge of an order recommencing the Hearing.

11. Disposition of Pending Matters. Substantially contemporaneously with the execution and delivery of this Agreement by all of the parties hereto, Emerald and the Gaming

Board shall file agreed motions with the appropriate court (i) for the dismissal without prejudice of the May, 2002 Complaint for Declaratory and Injunctive Relief, with each party bearing its own costs, and (ii) for the stay of any circuit court or appellate court proceedings with respect to the May, 2001 Complaint for Declaratory Relief and Writ of Mandamus. Substantially contemporaneously with the closing of any Sale, the parties hereto shall take the following actions:

(a) Each of the Flynns shall, by written Notice to the Board, formally withdraw any applications he then has pending with the Gaming Board, including, without limitation, his request to be approved as a Key Person or a Level One Occupational Licensee under the Act, which withdrawal shall be permitted by the Gaming Board.

(b) Emerald shall (i) by written notice to the Gaming Board, formally withdraw any applications it then has pending with the Gaming Board, including, without limitation, Emerald's application for renewal and relocation of its owner's license filed September 24, 1999 and its Request For Hearing, and (ii) by appropriate filings with the Administrative Law Judge withdraw the Verified Answer.

(c) Emerald and the Gaming Board shall file an agreed motion with the Administrative Law Judge for dismissal of the Hearings pending before him with prejudice and with each party bearing its own costs.

(d) Emerald and the Gaming Board shall file agreed motions with the appropriate court for the dismissal with prejudice, and with each party bearing its own costs, of: (i) the May, 2001 Complaint for Declaratory Relief and Writ of Mandamus, to the extent any proceedings are then pending with respect thereto in the Circuit Court or the Appellate Court, and (ii) the May, 2002 Complaint for Declaratory and Injunctive Relief.

(e) The Gaming Board shall permit any Signing Person or Participating Person who is an officer, director, employee or shareholder of Emerald or who is a subscriber for or contract purchaser of equity securities of Emerald, and who has an application currently pending before the Gaming Board, to withdraw such application, without any finding or announcement in connection with such withdrawal as to such applicant's suitability or lack thereof.

(f) The Gaming Board shall issue Buyer all licenses within its jurisdiction that are necessary to operate a casino as contemplated by the parties to the Sale.

Within thirty (30) days after the dismissals referred to in subsections (c) through (d) above, the Gaming Board shall acknowledge by a resolution of record that the Gaming Board accepts the Flynns' withdrawal of their respective pending applications referred to in subsection (a) above, that the Gaming Board accepts Emerald's withdrawal of its pending applications referred to in subsection (b) above and that, as a result of the Sale, the Complaint for Disciplinary Action previously issued by the Gaming Board has become moot and the Notice of Denial and Complaint for Disciplinary Action are without legal or practical effect for future licensing in Illinois. Until all pending matters shall have been disposed of as provided in this Section 11 (and, in some cases, thereafter), Emerald and each of the Interested Persons shall remain in his,

her or its current regulatory status before the Gaming Board, whether as a licensee, license applicant, applicant for Gaming Board approval, Key Person, Key Person Applicant or otherwise, and subject to all of the requirements of the Act and the Rules that apply to that status.

12. Representations and Covenants. Each Signing Person that is not a natural person represents and warrants that it has the requisite power and authority to execute, deliver and perform this Agreement, and that the execution, delivery and performance of this Agreement by such Signing Person has been duly and validly authorized by all requisite corporate, trust or other entity action, as the case may be. The Initial Signing Persons represent, warrant and covenant to the Gaming Board that the Signing Persons are and shall continue to be the record and beneficial owners and holders of, and have the exclusive voting control over, shares of the capital stock of Emerald that constitute, in the aggregate, at least eighty percent (80%) of the votes of shares for which the Gaming Board has approved ownership, and that there is currently no oral or written agreement, understanding or arrangement between Emerald or any of its affiliates and any other person or entity (including, without limitation, MGM Illinois or any of its affiliates) concerning a stock sale (other than to General Applicants and Statutory Applicants), business combination or other corporate restructuring (including, without limitation, of the sort contemplated under the Unexecuted Merger Agreement). The Initial Signing Persons further acknowledge and confirm that, given the current status of applications for Gaming Board approvals by General Applicants and Statutory Applicants, Donald F. Flynn is the owner of in excess of seventy-three percent (73%) of the voting shares of Emerald for which the Gaming Board has approved ownership. With respect to the Davis Litigation, the Signing Persons shall not be deemed to have breached the foregoing representations, warranties, and covenants if the court in such litigation finds that any Disputed Transferee holds an interest or shares or subscriptions in Emerald, so long as Emerald and the Signing Persons party to such litigation shall have diligently defended such litigation. Each Signing Person agrees not to grant any proxy or power of attorney or enter into any voting agreement or arrangement with respect to his shares of capital stock of Emerald, which proxy, power, agreement or arrangement is inconsistent with this Agreement. Each Signing Person hereby agrees that, except in connection with a proposed Sale hereunder, such Signing Person shall not, directly or indirectly, sell, offer to sell, grant any option for the sale of or otherwise transfer or dispose of, or enter into any agreement, whether written or oral, to sell, any of his shares of capital stock of Emerald or any interest therein. The parties hereto further represent, warrant and agree as follows:

(a) Each of the Gaming Board and the Initial Signing Persons represents, warrants and agrees that: (i) each such party has received independent legal advice from his/her/its own attorneys with respect to the advisability of making the settlement provided for herein, and with respect to the advisability of executing this Agreement; (ii) each such party has contributed to the drafting of this Agreement and, therefore, the Agreement shall not be construed against any such party; and (iii) each such party, and its attorney, has made such investigation of the facts pertaining to this settlement and this Agreement, and has such information with respect to the matters pertaining thereto, as he/she/it deems necessary to make a final and binding decision to execute this Agreement and abide by the provisions herein, and is not relying on any alleged duty of any party to provide any information in connection with the subject matter hereof.

(b) Each of the Additional Signing Persons represents, warrants, and agrees that: (i) each such party has had the opportunity to receive independent legal advice from his/her/its own attorneys with respect to the advisability of making the settlement provided for herein, and with respect to the advisability of executing this Agreement; and (ii) each such party has had the opportunity to make such investigation of the facts pertaining to this settlement and this Agreement, and has been afforded access to such information with respect to the matters pertaining thereto, as he/she/it deems necessary to make a final and binding decision to execute this Agreement and abide by the provisions herein, and is not relying on any alleged duty of any party to provide any information in connection with the subject matter hereof.

(c) Each party hereto represents, warrants, and agrees that: (i) such party is not relying upon any statement, representation or promise of any other party (or of any agent, associate, representative or attorney of or for any other party), in executing this Agreement, or in making the settlement provided for herein, except as expressly stated in this Agreement; (ii) each party hereto has carefully read this Agreement and is familiar with and understands the contents hereof; (iii) each person and entity signatory to this Agreement has signed this agreement as his, her or its free and voluntarily act, and each of the persons executing this Agreement on behalf of himself or herself and/or on behalf of any entity is duly empowered to do so; and (iv) each party hereto relies on the finality and binding character of this Agreement as a material factor inducing that party's execution of this Agreement, and the obligations assumed by this Agreement.

13. Binding Character. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their successors and assigns. No person or entity is, or is intended to be, a third-party beneficiary of this Agreement. No party hereto may transfer or assign this Agreement or any rights or obligations hereunder without the prior written consent of the others.

14. Governing Law. This Agreement has been negotiated, executed and delivered within the State of Illinois, and the internal laws of the State of Illinois shall apply to the interpretation and enforcement of this Agreement, without reference to the choice of law rules thereof.

15. Authority of Signatories. Each signatory to this Agreement hereby represents and warrants that he/she/it is authorized to act on behalf of the party or parties he/she/it purports to represent or upon whose behalf he/she/it purports to act.

16. Attorneys' Fees. In any action to enforce this Agreement, the prevailing party in any proceeding shall be entitled to an award of interest, reasonable attorneys' fees and costs in connection with those proceedings.

17. Counterparts. This Agreement and the Joinder may be signed in counterparts and delivered by facsimile, with each executed counterpart in a facsimile standing as an original.

18. Bankruptcy Proceedings. Emerald is an alleged debtor in an involuntary bankruptcy proceeding, In re Emerald Casino, Inc, Case No. 02B22977 (the "Bankruptcy Case"), pending before the Bankruptcy Court for the Northern District of Illinois. During the pendency of the Bankruptcy Case, Emerald may not be permitted to perform its obligations hereunder unless and until (a) it is dismissed from such proceedings; (b) the involuntary bankruptcy petition

is denied; or (c) the Bankruptcy Court enters an order approving a plan of reorganization embodying the terms hereof. Notwithstanding anything to the contrary contained in this Agreement, if Emerald remains subject to the involuntary petition or an order for relief is entered in the Bankruptcy Case and the Bankruptcy Court does not approve, within one hundred and twenty (120) days after the Effective Date, a plan of reorganization embodying the terms hereof, then (i) this Agreement shall, at the option of the Gaming Board, be void *ab initio* and of no further force and effect, and (ii) the Hearings will resume, provided that Emerald reserves the right to seek an order from the Bankruptcy Court staying the Hearings. Emerald shall be fully bound by this Agreement upon the dismissal of the Bankruptcy Case or the occurrence of any of the other events specified in the second sentence of this Section 18.

19. No Partnership. Nothing contained in this Agreement is intended to, nor shall it, create, confirm or evidence the existence of any partnership, joint venture, agency or fiduciary relationship between the Gaming Board, on the one hand, and Emerald, the Signing Persons and the other Interested Persons, on the other hand. The Gaming Board, on the one hand, and Emerald and the Signing Persons, on the other hand, expressly disclaim the existence of or intention to create any such relationship between or among the Gaming Board and Emerald, the Signing Persons and the other Interested Persons.

20. Termination. Notwithstanding anything to the contrary contained in this Agreement: (i) if the Sale has not occurred within eighteen (18) months after the Effective Date, each of Emerald and the Gaming Board shall have the option to terminate this Agreement by giving notice to the other parties hereto within fifteen (15) days after the expiration of the said 18-month period; and (ii) if, as of the expiration of forty-five (45) days following the Effective Date, any Original Shareholder who is not an Initial Signing Person or any General Applicant or Statutory Applicant that is, as of the Effective Date, an officer or employee of Emerald or of Flynn Enterprises, Inc., fails to the become an Additional Signing Person by executing the Joinder, the Gaming Board shall have the option to terminate this Agreement by giving notice to the other parties hereto within fifteen (15) days after the expiration of the said 45-day period. Upon any such termination, this Agreement shall be void *ab initio* and without further force or effect.

21. Notices. All notices required or permitted under this Agreement shall be in writing and may be sent by overnight air courier, telecopy or personal delivery to the parties at their respective addresses set forth (i) in the case of Emerald and the Gaming Board, opposite their respective signatures on the signature pages below, and (ii) in the case of the other Signing Persons, in a notice of even date herewith delivered to the Gaming Board and each of such other Signing Persons by or on behalf of Emerald (the "Notice Roster"). Any party may specify a different address by notifying the other parties in writing of such different address. Notices shall be deemed properly delivered and received (x) if personally delivered, upon receipt or refusal to accept delivery, (y) if sent via facsimile, upon mechanical confirmation of successful transmission thereof generated by the sending telecopy machine, or (z) if sent by a commercial overnight courier for delivery on the next business day, on the first business day after deposit with such courier service.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by the parties as of the day and year first above written.

PARTY	NOTICE ADDRESS
EMERALD CASINO, INC. By: _____ Name: Kevin F. Flynn Title: Chief Executive Officer	Emerald Casino, Inc. 120 North LaSalle Street Suite 3300 Chicago, Illinois 60602 Attention: Kevin F. Flynn Fax No.: (312) 456-0655
_____ Brian J. Flynn, individually	Per the Notice Roster
BRIAN J. FLYNN JUNE, 1992 NON-EXEMPT TRUST-S _____ By: Brian J. Flynn, Trustee	Per the Notice Roster
_____ Donald F. Flynn, individually	Per the Notice Roster
_____ Kevin F. Flynn, individually	Per the Notice Roster

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by the parties as of the day and year first above written.

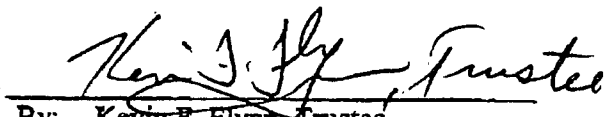
PARTY	NOTICE ADDRESS
EMERALD CASINO, INC. By: _____ Name: _____ Title: _____	Emerald Casino, Inc. 120 North LaSalle Street Suite 3300 Chicago, Illinois 60602 Attention: Kevin F. Flynn Fax No.: (312) 456-0655
Brian J. Flynn Brian J. Flynn, individually	Per the Notice Roster
BRIAN J. FLYNN JUNE, 1992 NON-EXEMPT TRUST-S Brian J. Flynn By: Brian J. Flynn, Trustee	Per the Notice Roster
_____ Donald F. Flynn, individually	Per the Notice Roster
_____ Kevin F. Flynn, individually	Per the Notice Roster

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by the parties as of the day and year first above written.

PARTY	NOTICE ADDRESS
EMERALD CASINO, INC. By: _____ Name: _____ Title: _____	Emerald Casino, Inc. 120 North LaSalle Street Suite 3300 Chicago, Illinois 60602 Attention: Kevin F. Flynn Fax No.: (312) 456-0655
_____ Brian J. Flynn, individually	Per the Notice Roster
BRIAN J. FLYNN JUNE, 1992 NON-EXEMPT TRUST-S _____ By: Brian J. Flynn, Trustee	Per the Notice Roster
_____ Donald F. Flynn, individually	Per the Notice Roster
_____ Kevin F. Flynn, individually	Per the Notice Roster

KEVIN F. FLYNN JUNE, 1992 NON-EXEMPT TRUST-S

Per the Notice Roster



By: Kevin F. Flynn, Trustee

MICHAEL R. FLYNN 1994 EXEMPT TRUST

Per the Notice Roster

By: Donald F. Flynn, Trustee

By: Michael R. Flynn, Trustee

PATRICK F. FLYNN 1994 EXEMPT TRUST

Per the Notice Roster

By: Donald F. Flynn, Trustee

By: Patrick F. Flynn, Trustee

THE FLYNN 1995 REVOCABLE TRUST

Per the Notice Roster

By: Robert W. Flynn, Trustee

Per the Notice Roster

Robert W. Flynn, individually

KEVIN F. FLYNN JUNE, 1992 NON-EXEMPT TRUST-S — Per the Notice Roster

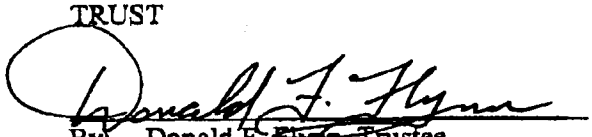
By: Kevin F. Flynn, Trustee

MICHAEL R. FLYNN 1994 EXEMPT TRUST — Per the Notice Roster

By: Donald F. Flynn, Trustee

By: Michael R. Flynn, Trustee

PATRICK F. FLYNN 1994 EXEMPT TRUST — Per the Notice Roster



By: Donald F. Flynn, Trustee

By: Patrick F. Flynn, Trustee

THE FLYNN 1995 REVOCABLE TRUST — Per the Notice Roster

By: Robert W. Flynn, Trustee

Per the Notice Roster

Robert W. Flynn, individually

KEVIN F. FLYNN JUNE, 1992 NON-EXEMPT TRUST-S

Per the Notice Roster

By: Kevin F. Flynn, Trustee

MICHAEL R. FLYNN 1994 EXEMPT TRUST

Per the Notice Roster

By: Donald F. Flynn, Trustee

By: Michael R. Flynn, Trustee

PATRICK F. FLYNN 1994 EXEMPT TRUST

Per the Notice Roster

By: Donald F. Flynn, Trustee

By: Patrick F. Flynn, Trustee

THE FLYNN 1995 REVOCABLE TRUST

Per the Notice Roster

By: Robert W. Flynn, Trustee

Robert W. Flynn, individually

Per the Notice Roster

KEVIN F. FLYNN JUNE, 1992 NON-EXEMPT TRUST-S

Per the Notice Roster

_____

By: Kevin F. Flynn, Trustee

MICHAEL R. FLYNN 1994 EXEMPT TRUST

Per the Notice Roster

_____

By: Donald F. Flynn, Trustee

_____

By: Michael R. Flynn, Trustee

PATRICK F. FLYNN 1994 EXEMPT TRUST

Per the Notice Roster

_____

By: Donald F. Flynn, Trustee

Patrick F. Flynn trustee

By: Patrick F. Flynn, Trustee

THE FLYNN 1995 REVOCABLE TRUST

Per the Notice Roster

_____

By: Robert W. Flynn, Trustee

_____

Robert W. Flynn, individually

Per the Notice Roster

KEVIN F. FLYNN JUNE, 1992 NON-EXEMPT TRUST-S

Per the Notice Roster

By: Kevin F. Flynn, Trustee

MICHAEL R. FLYNN 1994 EXEMPT TRUST

Per the Notice Roster

By: Donald F. Flynn, Trustee

By: Michael R. Flynn, Trustee

PATRICK F. FLYNN 1994 EXEMPT TRUST

Per the Notice Roster

By: Donald F. Flynn, Trustee

By: Patrick F. Flynn, Trustee

THE FLYNN 1995 REVOCABLE TRUST

Per the Notice Roster

By: Robert W. Flynn, Trustee

Per the Notice Roster

Robert W. Flynn, individually

ILLINOIS GAMING BOARD

By: _____
Philip C. Parenti, Administrator

Illinois Gaming Board
160 North LaSalle Street
Suite 300
Chicago, Illinois 60601
Attention: Philip C. Parenti, Administrator
Fax No.: (312) 814-4602

Date of Execution by Illinois Gaming Board: August 19, 2002

JOINDER TO EMERALD CASINO SETTLEMENT AGREEMENT

Each of the undersigned hereby joins in and becomes an Additional Signing Person party to the foregoing Emerald Casino Settlement Agreement, effective as of the Effective Date, with the same force and effect as if he/she/it were an original signatory thereto on that date.

ADDITIONAL SIGNING PERSON	NOTICE ADDRESS
_____ Joseph P. Duellman	Per the Notice Roster
_____ Helmut Freudenthaller	Per the Notice Roster
_____ Andrew T. Heytow	Per the Notice Roster
_____ Eugene Heytow	Per the Notice Roster
_____ Cynthia Bernick Hirsch	Per the Notice Roster
_____ David B. Meltzer	Per the Notice Roster

Per the Notice Roster

Jeffery Morris

Per the Notice Roster

Peer Pedersen

Per the Notice Roster

Richard M. Rieser, Jr.

Per the Notice Roster

Donna R. Ring

Per the Notice Roster

Bruce Wechsler

Per the Notice Roster

Robert M. Wrobel

Per the Notice Roster

Walter P. Hanley

Per the Notice Roster

Kevin D. Larson

_____ Per the Notice Roster
John P. McMahon

_____ Per the Notice Roster
Joseph P. McQuaid

KEITH J. SKIBICKI REVOCABLE TRUST Per the Notice Roster

By: _____
Keith J. Skibicki, Trustee

62524 TRUST Per the Notice Roster

By: _____
Victor M. Casini, Trustee

SCHEDULE 4(a)

ORIGINAL SHAREHOLDERS:

DUELLMAN, JOSEPH, P.	$ 484,611.00
FLYNN, DONALD F. (TRUST)	$ 4,309,872.00
FRUEDENTHALLER, HELMUT	$ 81,687.00
HEYTOW, ANDREW T.	$ 201,000.00
HEYTOW, EUGENE	$ 7,375,145.00
HIRSCH, CYNTHIA BERNICK	$ 154,611.00
MELTZER, DAVID B.	$ 154,611.00
MORRIS, JEFFERY	$ 773,086.00
PEDERSEN, PEER	$ 949,232.00
RIESER (JR.), RICHARD M.	$ 69,467.00
RING, DONNA R.	$ 2,033,655.00
WECHSLER, BRUCE	$ 742,153.00
WROBEL, ROBERT M.	$ 186,000.00
Subtotal	$17,515,130.00

GENERAL APPLICANTS:

BLUMENTHAL, MICHAEL I.	$ 375,000.00
BOUTROSS, JOSEPH P.	$ 72,923.00
CASINI, VICTOR M. (TRUST)	$ 77,784.00
DONNELLY, PAUL J.	$ 5,500.00
DOUGLAS, WAYNE J.	$ 375,000.00
FLYNN, BRIAN J. (& TRUST)	$ 2,735,670.00
FLYNN, KEVIN F. (& TRUST)	$ 2,778,721.00
FLYNN, MICHAEL (TRUST)	$ 55,557.00
FLYNN, PATRICK (TRUST)	$ 55,557.00
FLYNN, ROBERT W. (& TRUST)	$ 155,362.00
HANLEY, WALTER P.	$ 69,727.00
LARSON, KEVIN D.	$ 17,500.00
LEONIS, SUSAN A.	$ 750,000.00
LEVEY, BARBARA R.	$ 375,000.00
MARTWICK, ROBERT	$ 375,000.00
McMAHON, JOHN P.	$ 69,727.00
McQUAID, JOSEPH P.	$ 73,518.00
PARRILLO, MICHAEL	$ 345,000.00
SALAMONE, JOSEPH	$ 375,000.00
SCARPELLI, JOSEPH	$ 375,000.00
SISTO, JOHN M.	$ 375,000.00
SKIBICKI, KEITH J. (TRUST)	$ 77,784.00
TRIFFLER, MARK H.	$ 375,000.00
VOUTIRITSAS, GEORGE P.	$ 375,000.00
ZEMAN, EDWIN M.	$ 1,875,000.00
Subtotal	$12,590,330.00

STATUTORY APPLICANTS:

BAE, MYOUNG HWA	$ 1,500,000.00
BLACKSTONE, RONALD	$ 500,000.00
BOSCARINO, SHERRY (TRUST)	$ 1,500,000.00
CHERNG, ANDREW J.	$ 1,500,000.00
DEGNAN, SANDRA A.	$ 750,000.00
DICKENS (JR.), JACOBY DEE	$ 2,550,000.00
EBERT, CHAZ	$ 750,000.00
FLAHERTY, MAUREEN S.	$ 375,000.00
GAYLE SHAUN I.	$ 4,050,000.00
GRADY, WALTER E.	$ 450,000.00
JOHNSON, ALBERT W.	$ 3,750,000.00
KNOWLES, ALTHEA L.	$ 375,000.00
LUCAS, ELIZABETH L.	$ 750,000.00
McKEEVER (JR.), LESTER H.	$ 1,500,000.00
MORRISSEY, JOAN S.	$ 375,000.00
OBERMEIER, MAUREEN M.	$ 375,000.00
OJEDA, ERNEST J.	$ 750,000.00
PAYTON, WALTER J.	$ 375,000.00
PELOZA, SUSAN A.	$ 375,000.00
RAND, TIMOTHY J.	$ 3,000,000.00
RODRIGUEZ, RUDOLPH	$ 255,000.00
SHANNON, KATHRYN V.	$ 1,500,000.00
SMITH (SR.), ARTHUR J.	$ 5,380,000.00
Subtotal	$32,685,000.00
TOTAL	**$62,790,460.00**

SCHEDULE 5(a)(i)
INDEMNIFIABLE LIABILITIES

Row #	Creditor(s)	Description of Liability or Obligation	Maximum Amount[1]
1.	Village of Rosemont ("Rosemont")	Any and all liability arising out of pending or future litigation by or on behalf of or benefiting Rosemont arising out of or relating to the Sale, or any proposed relocation of the Emerald license, including, without limitation, the pending litigation filed in Cook County Circuit Court, Case No. 02-L-03571, against Emerald and certain Signing Persons, including, without limitation, legal fees and expenses.	No Maximum
2.	Degen & Rosato Construction Company, Power Construction Company (collectively, the "Contractors")	Any and all liability arising out of pending litigation by the Contractors in connection with the construction of that certain structure to be used as a casino and the attached pavilion located at 5400 Milton Parkway, Rosemont, Illinois, including, without limitation, legal fees and expenses, but excluding liabilities, fees and costs associated with the development and construction of that certain parking garage at 5400 Milton Parkway, Rosemont, Illinois and any site remediation.	No Maximum
3.	Arthur Andersen	Costs associated with the preparation and filing of Emerald tax returns for the years 2000 through 2001.	$187,743.00
4.	Near North Insurance	Costs associated with construction related insurance including builder's risk, workman's compensation and general liability.	$79,799.10

[1] All amounts are projected through August 15, 2002.

Row #	Creditor(s)	Description of Liability or Obligation	Maximum Amount[1]
5.	John McMahon	Reimbursements relating to cellular telephone bills and/or life insurance premiums and accrued salary for the period from February 3, 2001 to the Effective Date.	$304,837.49
6.	Kevin Larson	Reimbursements relating to car lease payments, cellular telephone bills and/or life insurance premiums and accrued salary from February 3, 2001 to the Effective Date.	$428,137.32
7.	Walter Hanley	Reimbursements relating to professional registration and licensing fees, cellular telephone bills and/or life insurance premiums and accrued salary from February 3, 2001 to the Effective Date.	$303,917.19
8.	Howard Warren	Repayment of $91,556.51 loan with accrued interest through the Effective Date.	$165,702.32
9.	Donald F. Flynn	Repayment of $17,155,538.33 loan with accrued interest through the Effective Date.	$27,667,476.17
10.	Peer Pedersen	Repayment of $4,822,099.78 loan with accrued interest through the Effective Date.	$7,492,486.42
11.	Williams Montgomery & John	Attorneys' fees and expenses due by or on behalf of Emerald as of the Effective Date.	$186,028.05

Row #	Creditor(s)	Description of Liability or Obligation	Maximum Amount[1]
12.	Kevin Forde	Attorneys' fees and expenses due by or on behalf of Emerald as of the Effective Date.	$105,000.00
13.	Pedersen & Houpt	Attorneys' fees and expenses due by or on behalf of Emerald as of the Effective Date.	$1,402.10
14.	Ungaretti & Harris	Attorneys' fees and expenses due by or on behalf of Emerald as of the Effective Date.	$1,920,680.93
15.	Hopkins & Sutter	Attorneys' fees and expenses due by or on behalf of Emerald as of the Effective Date.	$60,765.38
16.	Cahill, Christian & Kunkle	Attorneys' fees and expenses due by or on behalf of Emerald as of the Effective Date.	$180,000.00
17.	Bell, Boyd & Lloyd LLC	Attorneys' fees and expenses due by or on behalf of Emerald as of the Effective Date.	$1,736,888.25
18.	Law Firms, Investment Banking Firms and Sales Agent	Attorneys', investment banking and sales agency fees and expenses in connection with the Sale after the Effective Date.	No Maximum
19.	Accounting Firm	Cost of the Audit and Final Tax Return.	No Maximum
20.	Law Firms	Attorneys' fees and expenses for the defense of litigation (including counterclaims reasonably related thereto) after the Effective Date, other than the Davis Litigation.	No Maximum

Row #	Creditor(s)	Description of Liability or Obligation	Maximum Amount[1]
21.	Donald F. Flynn	Amounts due on $5,000,000.00 principal amount loan (or any additional loans approved by the Gaming Board) with accrued interest through the closing of the Sale, excluding the Non-Indemnified Portion.	Aggregate Principal Amount(s) of Loan(s) plus Interest thereon, excluding the Non-Indemnified Portion
22.	Various Third Party Creditors	Reasonable and customary out-of-pocket costs and expenses of operating Emerald incurred and paid in accordance with this Agreement for the period from the Effective Date through the date of closing of a Sale, excluding (i) all salaries and employee expense reimbursements otherwise provided for in this Schedule 5(a)(i), (ii) all legal and investment banking fees, (iii) all litigation, and (iv) all other liabilities, costs and expenses otherwise provided for in this Schedule 5(a)(i).	$50,000 per month
23.	State of Illinois	Claim for costs, expenses and lost revenue that the State of Illinois and the Gaming Board have paid, suffered and incurred in connection with matters relating to Emerald.	No Maximum

TOTAL FOR ROWS 3-17: **$40,820,863.72**

SCHEDULE 5(a)(iii)
ALLOCATIONS

Donald F. Flynn, individually	$800,000.00
Kevin F. Flynn, individually, and/or Kevin F. Flynn June, 1992 Non-Exempt Trust-S	$800,000.00
Brian J. Flynn, individually, and/or Brian J. Flynn June, 1992 Non-Exempt Trust-S	$800,000.00
Robert W. Flynn, individually, and/or The Flynn 1995 Revocable Trust	$50,000.00
Michael R. Flynn 1994 Exempt Trust	$25,000.00
Patrick F. Flynn 1994 Exempt Trust	$25,000.00

EXHIBIT A
UNEXECUTED MERGER AGREEMENT

[Attached Hereto]

EXECUTION COPY

AGREEMENT AND PLAN OF MERGER AGREEMENT

AGREEMENT AND PLAN OF MERGER (this "Agreement") dated as of 6:00 P.M. Las Vegas Time July 27, 2001, among EMERALD CASINO, INC., an Illinois corporation (the "Company"), MGM MIRAGE, a Delaware corporation ("Parent"), MGM MIRAGE ILLINOIS CO., an Illinois corporation that is a wholly-owned subsidiary of Parent ("Merger Sub"), and those certain shareholders of the Company set forth on the signature page hereto (collectively, the "Flynns" and individually, a "Flynn"). The Company, Parent, Merger Sub and the Flynns are collectively referred to herein as the "Parties" and individually, as a "Party."

RECITALS

WHEREAS, the respective Board of Directors of Merger Sub and the Company have approved and declared advisable this Agreement and the merger of Merger Sub with and into the Company (the "Merger") upon the terms and subject to the conditions set forth in this Agreement;

WHEREAS, the Company, Flynns, Parent and Merger Sub desire to make certain representations, warranties, covenants and agreements in connection with this Agreement;

WHEREAS, the Parties acknowledge that this Agreement is subject to the review and approval of the Illinois Gaming Board (the "IGB"); and

WHEREAS, the Parties acknowledge that the consummation of the Merger and the transactions contemplated herein are subject to the settlement and dismissal of certain actions involving the Company and the IGB.

NOW THEREFORE, in consideration of the premises and of the respective covenants and agreements contained herein, the Parties hereto hereby agree as follows:

ARTICLE I

THE MERGER; CLOSING; EFFECTIVE TIME

Section 1.1 The Merger. Upon the terms and subject to the conditions set forth in this Agreement, at the Effective Time (as defined in Section 1.3), Merger Sub shall be merged with and into the Company and the separate company existence of Merger Sub shall thereupon cease. The Company shall be the surviving company in the Merger (sometimes referred to as the "Surviving Company") and shall continue to be governed by the laws of the State of Illinois, and the separate corporate existence of the Company, with all its rights, privileges, immunities, powers and franchises, shall continue unaffected by the Merger except as set forth in ARTICLES II and III hereof. The Merger shall have those effects specified in the IBCA.

Section 1.2 Closing. The closing of the Merger (the "Closing") shall take place (a) at the offices of Bell, Boyd & Lloyd LLC, 70 W. Madison Street, Suite 3300, Chicago, Illinois, at 10:00 A.M., local time, on the second (2nd) Business Day after the satisfaction or waiver, if permissible, of all the conditions set forth herein, or (b) at such other time and place as the Company and Parent may mutually agree upon in writing (the "Closing Date").

Section 1.3 Effective Time. As soon as practicable following the Closing, the Company and Parent will cause the Articles of Merger to be executed, acknowledged and filed with the Illinois Secretary of State as provided in Section 5/11.25 of the IBCA. The Merger shall become effective at the time when the Articles of Merger have been duly filed with the Illinois Secretary of State or such other time as shall be agreed upon by the parties and set forth therein in accordance with the IBCA (the "Effective Time").

ARTICLE II

ARTICLES OF INCORPORATION AND BYLAWS

OF THE SURVIVING COMPANY

Section 2.1 The Articles of Incorporation. The articles of incorporation of the Company as in effect immediately prior to the Effective Time shall be the articles of incorporation of the Surviving Company (the "Articles"), until duly amended as provided therein or by applicable law.

Section 2.2 The Bylaws. The bylaws of the Company in effect at the Effective Time shall be the bylaws of the Surviving Company (the "Bylaws"), until thereafter amended as provided therein or by applicable law.

ARTICLE III

OFFICERS AND DIRECTORS

Section 3.1 Directors of Surviving Company. The directors of Merger Sub at the Effective Time shall, from and after the Effective Time, be the directors of the Surviving Company until their successors have been duly elected or appointed and qualified or until their earlier death, resignation or removal in accordance with the Articles and Bylaws.

Section 3.2 Officers of Surviving Company. The officers of Merger Sub at the Effective Time shall, from and after the Effective Time, be the officers of the Surviving Company until their successors have been duly elected or appointed and qualified or until their earlier death, resignation or removal in accordance with the Articles and Bylaws.

ARTICLE IV

EFFECT OF THE MERGER ON STOCK; EXCHANGE OF CERTIFICATES

Section 4.1 Effect on Stock. At the Effective Time, the Merger shall have the following effects on the capital stock of the Company and Merger Sub, without any action on the part of any holder of capital stock of the Company or Merger Sub:

(a) Merger Consideration. The Company Shares shall be converted into and become exchangeable for the aggregate consideration of Six Hundred Fifteen Million Dollars ($615,000,000) plus the Additional Consideration and less (i) Commissions and (ii) the Settlement Amount (the "Aggregate Merger Consideration"). The Aggregate Merger Consideration divided by the aggregate number of Company Shares as of the Effective Time shall be referred to as the "Merger Consideration Per Share" and shall be payable at the time and in the form as described in Sections 4.2 and 4.3, respectively. At the Effective Time, all Company Shares shall no longer be outstanding, shall be canceled and retired and shall cease to exist. All Certificates formerly representing any of such Company Shares shall thereafter represent only the right to receive the amount determined by multiplying the number of Company Shares set forth opposite each holder's name on Exhibit 4.2 attached hereto by the Merger Consideration Per Share.

(b) Merger Sub. At the Effective Time, each share of common stock of the Merger Sub issued and outstanding immediately prior to the Effective Time shall be converted into one share of common stock of the Surviving Company and the Surviving Company shall become a wholly-owned subsidiary of Parent.

Section 4.2 Exchange of Certificates for Merger Consideration. At the Closing, subject to the terms and conditions of this Agreement, each holder of Company Shares (each a "Holder" and collectively, the "Holders") shall surrender to Parent for exchange its Certificates representing all of the Holder's outstanding Company Shares accompanied by the properly completed and duly executed transmittal materials delivered by Parent. Upon receipt thereof, Parent shall cancel all duly surrendered Certificates and shall promptly pay:

(a) to each Holder, the Merger Consideration Per Share multiplied by the number of Company Shares set forth opposite the name of such Holder on Exhibit 4.2 (the "Merger Consideration") less the Holder's Proportionate Share of the Escrow Amount; and

(b) to the Escrow Agent, the Escrow Amount to be held in the Escrow Account pursuant to the Escrow Agreement and ARTICLE XV hereof.

Section 4.3 Form of Payment. Each Holder shall have the option to receive payment of the Merger Consideration in cash, common stock of Parent (the "Parent Common Stock") or combination thereof; *provided, however,* that each Holder's Proportionate Share of the Escrow Amount shall be paid in cash. If a Holder elects to receive Parent Common Stock (the "Stock Election") as partial payment of the Merger Consideration, Parent shall deliver to such Holder, to the extent of the Stock Election and in lieu of cash payments thereof, that number of shares of Parent Common Stock equal to the Merger Consideration payable to such Holder divided by $30 (the "Stock Value"), rounded to the nearest whole share of Parent Common Stock. Notwithstanding the foregoing, Parent shall not issue, in the aggregate, more than Five Million (5,000,000) shares of Parent Common Stock (the "Maximum Number of Shares") to the Holders. If, in the aggregate, the Holders elect to receive Parent Common Stock in excess of the Maximum Number of Shares, Parent shall prorate the Maximum Number of Shares among each Holder electing to receive Parent Common Stock (based on the number of shares the electing Holder would otherwise have received) and pay the balance of the Merger Consideration to each Holder in cash. To make the Stock Election, each Holder shall within the time period (which shall not be less than ten (10) days) specified in written notice from Parent to each Holder, deliver written notice to Parent indicating what portion of the Merger Consideration such Holder elects to receive in cash, Parent Common Stock or combination thereof (the "Election Notice"). If no Election Notice is delivered to Parent prior to the Closing, the Merger Consideration shall be payable to such Holder in cash. Each share of Parent Common Stock delivered to the Holders as payment of the Merger Consideration shall be subject to the rights, terms and conditions described in ARTICLE XVI hereof.

Section 4.4 Transfers. After the Effective Time, there shall be no further transfers on the transfer books of the Company of the Company Shares.

Section 4.5 Lost, Stolen or Destroyed Certificates Shares. In the event any Certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such Certificate to be lost, stolen or destroyed, and the Person makes a reasonable undertaking to indemnify Parent or the Surviving Company against any claim that may be made against it with respect to such Certificate, Parent will pay the Merger Consideration payable in exchange for such lost, stolen or destroyed Certificate pursuant to Section 4.2.

Section 4.6 Dissenting Shareholders.

(a) Notwithstanding anything herein to the contrary, any Company Share owned by a Dissenting Shareholder shall not be converted into the right to receive the consideration hereunder, but such Dissenting Shareholder shall be entitled to only such payments as are provided for by the IBCA, which shall be paid by the Surviving Company.

(b) Notwithstanding the provisions of Section 4.6(a), if any Dissenting Shareholders shall effectively withdraw or lose (through failure to perfect or

otherwise) such shareholder's right to receive the payment provided for by the IBCA for such shareholder's Company Shares, then, as of the Effective Time, such Dissenting Shareholder's Company Shares shall automatically be converted into the right to receive only such consideration as is provided for in 5/11.70 of the IBCA, which shall be paid by Parent without interest thereon.

(c) Prior to the Closing Date, the Company shall give Parent (i) prompt notice of any written demands by Dissenting Shareholders, withdrawals of such demands and any other similar instruments served pursuant to the IBCA and received by the Company and (ii) the opportunity to discuss with the Company any negotiations and proceedings with respect to such demands and to participate with the Company in such negotiations and proceedings. Prior to the Closing Date, the Company shall not, except with the prior written consent of Parent, voluntarily make any payment with respect to any demands by Dissenting Shareholders or settle or offer to settle any such demands.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF THE COMPANY AND THE FLYNNS

Except as relates to the exceptions or matters set forth in the disclosure schedule delivered to Parent at or prior to the execution of this Agreement (the "Company's Disclosure Schedule") or as otherwise set forth in this Agreement, the Company, severally as between the Company and the Flynns, and the Flynns, jointly and severally amongst themselves, represent and warrant to Parent and Merger Sub, as of the date of this Agreement and as of the Closing Date (unless a contrary date is indicated), as set forth in this ARTICLE V. The Company and the Flynns may amend the Company's Disclosure Schedule after the execution of this Agreement, but prior to the Closing, to reflect updated information, events, agreements, transactions, circumstances, developments, and occurrences, except that no such amendment to the Company's Disclosure Schedule may be made to add, modify, or update information, events, agreements, transactions, circumstances, developments, or occurrences if all such amendments, considered in the aggregate, reflect facts or circumstances which are reasonably expected to have a Material Adverse Effect, unless otherwise consented to by Parent. Any amendment permitted above will be deemed to have amended the Company's Disclosure Schedule, to have qualified the representations and warranties of the Company and the Flynns set forth herein or other agreements or instruments delivered by the Company and the Flynns in connection herewith, and to have cured any misrepresentation or breach of warranty by the Company or any of the Flynns that otherwise might have existed hereunder or thereunder prior to the amendment. Notwithstanding the foregoing, the Flynns shall not have a right of contribution against the Company for any breach of a representation or warranty made pursuant to this ARTICLE V.

Section 5.1 Ownership of Capital Stock. Exhibit 4.2 attached hereto lists each Holder of Company Shares and the number of such shares owned by such Holder as of the date hereof. Each Holder is the sole holder of record and, to the knowledge of the Company, beneficial owner of all the Company Shares attributed to such holder on Exhibit 4.2. To the knowledge of the Company, each Holder owns such Company Shares free and clear of any Liens, other than Permitted Ownership Liens. Other than this Agreement, the Subscription Agreements and the Shareholders' Agreement, the Company Shares are not subject to any voting trust agreement or other Contract, including any Contract restricting or otherwise relating to the voting or disposition of such Company Shares.

Section 5.2 Organization and Qualification.

(a) The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Illinois and has the corporate power and authority to carry on its business as currently conducted.

(b) The Company has no Subsidiaries. The Company does not own any capital stock of or other equity interests in any Person, and the Company is not a member of or participant in any partnership, joint venture, limited liability company, or similar Person.

(c) The copies of the Articles of Incorporation of the Company, and all amendments thereto, as certified by the Illinois Secretary of State, and the Bylaws, as amended to date, of the Company, which have heretofore been delivered to Parent, are complete, accurate and current in all material respects. The stock transfer books and minute books or similar records of the Company, which have heretofore been made available to Parent, are complete, accurate and current in all material respects.

(d) The Company is in good standing in the State of Illinois, which is the only jurisdiction wherein the character of the properties so owned or leased by it or the nature of its business makes such licensing or qualification to do business necessary, except for any such failure to so qualify or be licensed, which when taken together with all other such failures, is not reasonably expected to have Material Adverse Effect.

Section 5.3 Authority; Enforceability. The Company has all requisite corporate power and authority and has taken all corporate action necessary in order to execute, deliver and perform its obligations under this Agreement and, subject only to adoption of this Agreement by the holders of at least two-thirds (2/3) of the Company Shares entitled to vote (the "Company Requisite Vote") to consummate the Merger. This Agreement has been duly executed and delivered by the Company and is a valid and binding agreement of the Company enforceable against the Company in

accordance with its terms except (i) as such enforceability may be limited by applicable bankruptcy, insolvency, moratorium or similar Laws of general application relating to or affecting creditors' rights, including the effect of statutory or other Laws regarding fraudulent conveyances and preferential transfers, and (ii) for the limitations imposed by general principles of equity or public policy considerations, including as to enforcement of indemnification provisions. The Company will deliver to Parent within ten (10) Business Days after the date of this Agreement a complete and correct copy, certified by its Secretary, of the resolutions previously duly and validly adopted by its board of directors evidencing such authorization (which resolutions will not have been rescinded prior to and will be in full force and effect on the Closing Date).

Section 5.4 Capitalization. The authorized capital stock of the Company consists of One Hundred Thousand (100,000) shares of common stock, of which 5,562.28567 shares are issued and outstanding and are validly issued; and 1,309.91828 shares which are issuable pursuant to the Subscription Agreements. All of the Company Shares have been duly authorized and are fully paid, non-assessable and free of preemptive rights, with no personal liability attaching to the ownership thereof. The Subscription Agreements have been duly authorized and accepted by the Company. All of the issued and outstanding common stock of the Company has been issued and all Subscription Agreements have been obtained in compliance with all applicable federal and state securities laws. There are no Company Shares or other equity interest or securities of the Company reserved for issuance or any outstanding subscriptions, options, warrants, rights, "phantom" stock rights, convertible or exchangeable securities, stock appreciation rights or other agreements or commitments (other than those Company Shares set forth on Exhibit 4.2, this Agreement and the Subscription Agreements) granting to any Person any interest in or right to acquire at any time, or upon the happening of any stated event, any Company Shares or other equity interest or securities of the Company, or any interest in, exchangeable for or convertible into Company Shares or other equity interest or securities of the Company. The Company has no treasury shares.

Section 5.5 Financial Information. Set forth as Schedule 5.5 are audited (a) balance sheets of the Company as of December 31, 2000 and 1999 (such balance sheet as at December 31, 2000 is sometimes referred to herein as the "Company Balance Sheet") and (b) statements of income, cash flows and changes in shareholders' equity of the Company for each of the years ended December 31, 2000 and 1999, all audited by Honkamp Krueger & Co., whose reports thereon are included therein. Schedule 5.5 also contains the unaudited (a) balance sheet of the Company as of June 30, 2001 and (b) the statements of income, cash flows and changes in shareholders' equity of the Company for the six (6) months ended June 30, 2001. Such balance sheets and the notes thereto fairly present the assets, liabilities and financial condition of the Company as of the respective dates thereof, and such statements of income, cash flows and changes in shareholders' equity and the notes thereto fairly present the results of operations of the Company for the period therein referred to, all in accordance with GAAP, except that the interim or quarterly unaudited financial information is subject to normal year-end audit adjustments and lacks footnotes.

Section 5.6 Absence of Certain Changes. Except as otherwise contemplated by this Agreement, since the date of the Company Balance Sheet, there has not occurred any event, condition, circumstance, change or development that has or is reasonably expected to have a Material Adverse Effect on the Company.

Section 5.7 Tax Matters

(a) The Company made a valid election under Section 1362 of the Code to be treated as an "S corporation" and has at all times since January 1, 1992, qualified as an "S corporation" for purposes of Subchapter S of the Code and with respect to the State of Illinois; except as provided in Section 11.12 herein, neither the Company nor, to the knowledge of the Flynns, any of its existing or former shareholders has taken or caused or permitted to be taken any action that would cause a termination of such S election; and the Company will not be subject to Tax under Section 1374 of the Code with respect to the transactions contemplated by this Agreement.

(b) The Company is not registered to do business as a foreign entity in any state, and the Company files Tax Returns only in the United States and the State of Illinois.

(c) The Company has (i) duly filed with the appropriate Governmental Bodies all Tax Returns required to be filed by it on or prior to the date hereof, and such Tax Returns are true, correct and complete in all material respects and (ii) duly paid in full or made provision in accordance with GAAP on the books of the Company for the payment of all Taxes for all periods ending through the date hereof.

(d) To the knowledge of the Company and the Flynns, there are no Liens for Taxes upon the Company's assets or Company Shares except for statutory liens for current Taxes not yet due.

(e) To the knowledge of the Company and the Flynns, since the date of the Company Balance Sheet, the Company has not incurred any material liability for Taxes other than in the ordinary course of business consistent with past practice or as contemplated by this Agreement.

(f) To the knowledge of the Company and the Flynns, the Company has complied in all material respects with all applicable Laws relating to the payment and withholding of Taxes (including, withholding of Taxes pursuant to Sections 1441, 1442, 3121, 3402, 3406 and 4421 of the Code or similar provisions under any other applicable Laws) and has, within the time and the manner prescribed by law, withheld from and paid over to the proper

Governmental Bodies all amounts required to be so withheld and paid over under applicable Laws.

(g) To the knowledge of the Company and the Flynns, there have been no audits or other administrative proceedings or court proceedings prior to the date hereof, none are currently pending with any Governmental Body with regard to any Taxes or Tax Returns of the Company, and the Company has not received a written notice of any pending audits or proceedings. To the knowledge of the Company and the Flynns, the Company has not received any oral advice from any Governmental Body of an intention to commence an audit or proceeding. To the knowledge of the Company and the Flynns, all information statements have been filed under Section 401 of the Code.

(h) To the knowledge of the Company and the Flynns, there are no outstanding written requests, agreements, consents or waivers to extend the statutory period of limitations applicable to the assessment of any Taxes or deficiencies against the Company.

(i) The Company is not a party to any Contract providing for the allocation or sharing of Taxes.

(j) The Company is not a party to any Contract or arrangement that is reasonably expected to result, separately or in the aggregate, in the payment of any "excess parachute payments" within the meaning of Section 280G of the Code.

(k) To the knowledge of the Company and the Flynns, no power of attorney has been executed by the Company with respect to any matter relating to Taxes which is currently in force.

Section 5.8 Leased Property

(a) The Company does not own any real property.

(b) The current use of the Leased Property does not violate any Law including any local zoning or similar land use or government regulation. The Company and the Flynns believe that the Company will in due course receive all necessary local zoning and similar land use approvals to conduct casino gaming on the Leased Property upon receipt of requisite approvals from the IGB.

Section 5.9 Leases. All leases of real property leased or subleased by or for the use or benefit of the Company and all leases of real property as to which the Company is the lessee or sublessee, and

all amendments and modifications thereof (collectively, the "Leases"), are listed on Schedule 5.9, and true, correct and complete copies thereof have been delivered to Parent. All such Leases are valid, binding and in full force and effect and are enforceable by the Company in accordance with their terms (except as such enforceability may be affected by bankruptcy, reorganization, moratorium or similar Laws generally affecting creditors' rights and by general principles of equity or public policy limitations) and have not been modified or amended except as noted in Schedule 5.9; the Company has performed all material obligations required to be performed by it under each such Lease; and there has been no material breach or default under any such Leases by the Company, or, to the knowledge of the Company and the Flynns, any other party thereto, nor any such breach or default by the Company, or, to the knowledge of the Company and the Flynns, any other party thereto which with notice or lapse of time or both would constitute an event of default thereunder.

Section 5.10 Litigation.

(a) There are no claims, actions, suits or proceedings pending or, to the knowledge of the Company and the Flynns, threatened against the Company, its shareholders or the Company Shares, at law or in equity. To the knowledge of the Company and the Flynns, there are no investigations pending or threatened against the Company, its shareholders or the Company Shares.

(b) The Company and the Flynns represent that they have delivered or made available to Parent true, accurate and complete copies of all pleadings, interrogatories and depositions of the Flynns and/or the Company, its officers, directors, or agents with respect to the Capitalization Matter (the "Pleadings") and true, accurate and complete pleadings, interrogatories and depositions of the other parties involved in the Capitalization Matter (the "Other Pleadings"), except documents or portions thereof sealed or designated as confidential by parties other than the Company or the Flynns. To the knowledge of the Company and the Flynns, there is no dispositive evidence materially adverse to the central allegations contained in the Pleadings which is omitted from the Pleadings and the Other Pleadings or which is contained in the portions of the Other Pleadings which are sealed or designated as confidential. Parent acknowledges that (i) it has received the Pleadings and Other Pleadings, except documents or portions thereof sealed or designated as confidential by parties other than the Company or the Flynns, (ii) the Other Pleadings allege fraud against the Company and certain of its officers and directors, (iii) Parent has had the opportunity to discuss the Pleadings and Other Pleadings with the Company, and (iv) any determination in the Capitalization Matter may be adverse to the Company, its officers or directors or the Flynns and that any such adverse determination or the mere finding by any determining body, judge or jury of facts contrary to the Company, its

officers or directors or the Flynns is not itself a breach of any representation or warranty in this Agreement.

Section 5.11 Employee Benefit Plans; ERISA

(a) Schedule 5.11 contains a true and complete list of each bonus, deferred compensation, incentive compensation, stock purchase, stock option, severance or termination pay, hospitalization or other medical, life or other insurance, supplemental unemployment benefits, profit-sharing, pension or retirement plan, program, agreement or arrangement, and each other employee benefit plan program, agreement or management, whether formal or informal, written or oral, including but not limited to those plans defined as an "employee benefit plan" within the meaning of Section 3(3) of ERISA (each, a "Benefit Plan"), that is maintained or contributed to by the Company or, solely with respect to a Benefit Plan that is subject to Section 302 or Title IV of ERISA, by any other trade or business, whether or not incorporated, which together with the Company would be deemed a "single employer" within the meaning of Section 4001 of ERISA or Section 414(b), (c), (m) or (o) of the Code (an "ERISA Affiliate"), for the benefit of any employee, consultant, officer or director of the Company or, if applicable, any ERISA Affiliate.

(b) No Benefit Plan is a "multiemployer plan," as such term is defined in Section 3(37) of ERISA and no Benefit Plan is subject to Title IV or Section 302 of ERISA. To the knowledge of the Flynns, each of the Benefit Plans is operated in all material respects in accordance with the requirements of all applicable Laws.

(c) To the knowledge of the Company and the Flynns, there has been no prohibited transaction (within the meaning of Section 406 of ERISA or Section 4975 of the Code) with respect to any Benefit Plan; to the knowledge of the Flynns and the Company, the Company has not incurred any liability for any excise tax arising under Section 4975 or 4976 of the Code or civil penalty assessed pursuant to Section 409 or 502(i) of ERISA and no fact or event exists that is reasonably expected to give rise to any such liability with respect to any Benefit Plan; to the knowledge of the Company and the Flynns, there are no pending or threatened or anticipated claims (other than routine claims for benefits) by, on behalf of or against any of the Plans, or any trusts related thereto or any trustee or administrator thereof; and to the knowledge of the Company and the Flynns, no litigation or administrative or other proceeding has occurred or is threatened involving any Plan or any trusts related thereto or any trustee or administrator thereof.

(d) To the knowledge of the Company and the Flynns, all contributions to, and payments from, any Benefit Plan required to be made by the Company or any ERISA Affiliate in accordance with the terms of the Benefit Plans have been timely made as of the last day of the most recent plan year thereof ended prior to the date of this Agreement, or will be timely made in accordance with Section 404(a)(6) of the Code. All required contributions to, and payments from, the Plans for any period on or before December 31, 2000 that were not required to be made as of such date were properly accrued and reflected on the Company Balance Sheet.

Section 5.12 Environmental Matters

(a) The Company is in compliance with all applicable Environmental Laws. To the knowledge of the Company and the Flynns, neither the Company nor any of the Flynns have received any written communication that alleges the Company is not in such compliance.

(b) There is no Environmental Claim pending or, to the knowledge of the Company and the Flynns, threatened against the Company.

Section 5.13 Compliance with Applicable Laws. Except with regard to environmental matters that are the subject of the representations and warranties set forth in Section 5.12, the Company is in material compliance with all applicable Laws.

Section 5.14 Commissions. There are no claims for brokerage commissions or finder's fees incurred by reason of any action taken by the Company or any of the Flynns in connection with the transactions contemplated by this Agreement for which the Company, Merger Sub or Parent bears any liability or responsibility.

Section 5.15 No Undisclosed Liabilities. The Company, as of the date hereof, does not have any material liability or obligation of any nature, whether fixed or contingent or otherwise, whether due or to become due, including any unfunded obligation under any pension plan, any liability for Taxes or any environmental liabilities, that is not reflected or reserved against in the Company Balance Sheet or otherwise disclosed in the notes thereto, other than liabilities and obligations incurred subsequent to the date of the Company Balance Sheet in the ordinary course of business consistent with past practice and not in violation of this Agreement. There are no agreements or arrangements pursuant to which the Company has incurred Indebtedness or is liable for payments to shareholders or former shareholders or their respective Affiliates or Associates.

Section 5.16 Title to Assets. The Company has good title to its assets, free and clear of any and all Liens other than Permitted Ownership Liens and Permitted Real Estate Liens.

Section 5.17 Intellectual Property. Schedule 5.17 contains a true, correct and complete list of the Company's Intellectual Property and all license agreements relating thereto to which the Company is a party.

Section 5.18 Contracts and Commitments. Except as expressly referred to in the notes to the Company's financial statements:

(a) The Company is not party to or bound by any Contract which is related to its business, operations, financial condition or prospects or which involves, or is reasonably likely to involve, the expenditure or receipt by the Company after the date of the Company Balance Sheet of more than Twenty-Five Thousand Dollars ($25,000). The legal enforceability after the Closing by the Company of its Contracts will not be affected in any material respect by the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby.

(b) No purchase commitment of the Company, or by which the Company is bound, is materially in excess of the normal, ordinary and usual requirements of the business or in the opinion of the management of the Company is at an excessive price.

(c) The Company is not a party to or bound by (i) any Contract (other than this Agreement, the Subscription Agreements and the Shareholders' Agreement), with shareholders or former shareholders, or any Person known to the Company to be an Affiliate or Associate of a shareholder or former shareholder, (ii) any Contract (other than the Subscription Agreements) with officers, employees, agents, consultants, advisors, salesmen, sales representatives, distributors or dealers that are not cancelable by the Company at will without liability, penalty or premium, (iii) any Contract providing for the payment of any bonus or commission based on sales or earnings, (iv) any Contract that contains any severance or termination or change in control pay liability or obligation, (v) any Contract for the purchase or sale of any security (other than this Agreement and the Subscription Agreements), (vi) any Contract for the borrowing of money (or guarantee of indebtedness), (vii) any Contract for leasing personal property which requires annual payments in excess of Fifty Thousand ($50,000) or the term of any of which exceeds two (2) years, (viii) any Contract relating to express product or service warranties by the Company, (ix) any Contract containing a covenant not to compete by the Company, (x) any Contract granting a Lien (other than a Permitted Ownership Lien or Permitted Real Estate Lien), security interest or other material encumbrance on any property or asset of the Company, (xi) any Contract providing for exclusive purchases by or from the

Company or containing a requirement purchase obligation, (xii) any Contract providing for administration, service, utilization review, adjustment, claims management or similar function relating to insurance or litigation of the Company or (xii) any Contract for the sale of any of the assets, property or rights of the Company outside of the ordinary course of business, except as contemplated by this Agreement.

(d) The Company has not given any power of attorney (whether revocable or irrevocable) to any Person that is or may hereafter be in force for any purpose whatsoever.

(e) The Company is not paying, or does not have any obligation to pay, any pension, deferred compensation or retirement allowance to any Person.

(f) Each Contract of the Company is valid and binding upon the Company and each other party thereto and is in full force and effect and enforceable by the Company in accordance with its terms except (i) as such enforceability may be limited by applicable bankruptcy, insolvency, moratorium or similar Laws of general application relating to or affecting creditors' rights, including the effect of statutory or other Laws regarding fraudulent conveyances and preferential transfers, and (ii) for the limitations imposed by general principles of equity or public policy considerations, including as to enforcement of indemnification provisions. The Company has performed all material obligations required to be performed by it to date under each Contract to which the Company is a party, and there has been no breach or default or, to the knowledge of the Company, a claim of default by the Company or by any other party thereto under any provision thereof and no event has occurred which, with or without notice, the passage of time or both, would constitute a default by the Company or, to the knowledge of the Company, any other party thereto under any provision thereof or which would permit modification, acceleration or termination of any Contract by any other party thereto or by the Company.

True, complete and correct copies of each of the Contracts set forth in Schedule 5.18 or expressly referred to in the notes to the Company's financial statements have heretofore been provided to Parent by the Flynns.

Section 5.19 Disclosure of All Material Facts. The Flynns have disclosed or caused the Company to disclose to Parent in writing or pursuant to this Agreement all material facts, of which the Flynns are aware concerning the Company. When considered in the aggregate, the representations and warranties to Parent or Merger Sub contained herein, and the statements contained in any certificate, schedule, list or other writing furnished to Parent or Merger Sub pursuant to the provisions of this

Agreement, do not contain any untrue statement of a material fact or omit to state a material fact which is necessary in order to make the information given by the Flynns or by or on behalf of the Company to Parent, Merger Sub or their respective representatives prior to the Closing not misleading.

Section 5.20 Binding Effect, No Breach, Consents. This Agreement and all other agreements, instruments and documents contemplated hereby to be executed by the Company are (or upon execution and delivery thereof by the Company will be) valid and binding agreements of the Company, enforceable against the Company in accordance with their respective terms except (i) as such enforceability may be limited by applicable bankruptcy, insolvency, moratorium or similar Laws of general application relating to or affecting creditors' rights, including the effect of statutory or other Laws regarding fraudulent conveyances and preferential transfers, and (ii) for the limitations imposed by general principles of equity or public policy considerations, including as to enforcement of indemnification provisions. Assuming receipt of the consents, approvals and authorizations specifically contemplated by the next sentence, the execution and delivery of the Agreement by the Company does not, and the consummation by the Company of the transactions contemplated hereby will not, (i) violate or conflict with or result in any breach of any provision of the Articles of Incorporation or Bylaws of the Company; (ii) violate or conflict with or constitute a breach or default (or an event that with notice or lapse of time, or both, would become a breach or default) under or will result in the termination of, or accelerate the performance required by, or result in the creation of any Lien, other than a Lien arising from or through Parent or Merger Sub, upon any of the assets under, any Contract to which the Company is a party or by which its assets or properties may be bound or affected or (iii) violate any Law applicable to the Company, excluding from the foregoing clauses (ii) and (iii) such defaults, rights and violations which, in the aggregate are not reasonably expected to have a Material Adverse Effect on the ability of the Company to perform its obligations under this Agreement or to consummate the Merger. Except for the consents required under the Gaming Laws, the applicable requirements of the HSR Act, the Merger Filing and obtaining the Company Requisite Vote, no Government Approval, or consent, approval, authorization or action by, notice to, or filing with, any other Person is required in connection with the execution, delivery and performance of this Agreement, the other documents and instruments to be executed and delivered by the Company pursuant hereto or the consummation by the Company of the transactions contemplated hereby or thereby, except where the failure to obtain such Governmental Approvals or other consents, approvals, authorizations or actions, to give such notices or to make such filings is not reasonably expected to have a Material Adverse Effect on the ability of the Company to perform its obligations under this Agreement or to consummate the Merger.

Section 5.21 Limitations on Representations, Warranties and Covenants. Notwithstanding anything whatsoever to the contrary set forth herein, nothing related to, deriving from or arising with respect to the Capitalization Matter or Licensing Matters disclosed in the Company's Disclosure Schedule (including any liability, cost, ruling, award, settlement, claim, determination of fact or Law, underlying factor, allegation, admission or inference) shall, or in any way be deemed to, constitute or give rise to (i) a misrepresentation or breach of any representation, warranty or covenant set forth

in this Agreement or any other agreement or instrument delivered by the Company or any of the Flynns in connection with this Agreement (other than, solely in the case of the Capitalization Matter, the representation in the second sentence of Section 5.10(b) herein) (ii) indemnifiable damages of Parent or the Company (other than, solely in the case of the Capitalization Matter, the representation in the second sentence of Section 5.10(b) herein) or (iii) be deemed an unpermitted update of the Company's Disclosure Schedule (other than, solely in the case of the Capitalization Matter, the representation in the second sentence of Section 5.10(b) herein), it being the intent and understanding of the Parties that Parent has agreed to assume all such risks (including that the Capitalization Matter, the Licensing Matters or factual matters alleged in either of them could bear upon or negate representations as to such matters as the title of the Company Shares, encumbrances thereon, and the accuracy of corporate records, capitalization, financial information, etc.)

ARTICLE VI

REPRESENTATIONS AND WARRANTIES OF THE FLYNNS

Except as relates to the exceptions or matters set forth in the Company's Disclosure Schedule or as otherwise set forth in this Agreement, the Flynns, jointly and severally amongst themselves, represent and warrant to Parent and Merger Sub, as of the date of this Agreement and as of the Closing Date (unless a contrary date is indicated), as set forth in this ARTICLE VI. The Flynns may amend the Company's Disclosure Schedule after the execution of this Agreement, but prior to the Closing, to reflect updated information, events, agreements, transactions, circumstances, developments, and occurrences, except that no such amendment to the Company's Disclosure Schedule may be made to add, modify, or update information, events, agreements, transactions, circumstances, developments, or occurrences if all such amendments, considered in the aggregate, reflect facts or circumstances which are reasonably expected to have a Material Adverse Effect, unless otherwise consented to by Parent. Any amendment permitted above will be deemed to have amended the Company's Disclosure Schedule, to have qualified the representations and warranties of the Flynns set forth herein or other agreements or instruments delivered by the Flynns in connection herewith, and to have cured any misrepresentation or breach of warranty by the Flynns that otherwise might have existed hereunder or thereunder prior to the amendment.

Section 6.1 Ownership of Shares. Each Flynn is the sole holder of record and beneficial owner of all of the Company Shares attributed to such Flynn on Exhibit 4.2 (the "Flynn Shares"). Each Flynn owns such Flynn Shares free and clear of all Liens other than Permitted Ownership Liens. Other than this Agreement and the Company's Shareholders' Agreement dated August 6, 1999, as subsequently executed by additional shareholders (the "Shareholders' Agreement"), the Flynn Shares are not subject to any voting trust agreement or other Contract, including any Contract restricting or otherwise relating to the voting or disposition of such Company Shares.

Section 6.2 Authority. Each Flynn has full power, authority and legal capacity to enter into this Agreement, to perform its obligations under this Agreement and to consummate the Merger. This

Agreement has been duly executed and delivered by each Flynn and is a valid and binding agreement and enforceable against each Flynn in accordance with its terms. The execution, delivery and performance of this Agreement and all other agreements, instruments and documents contemplated hereby to be executed by each Flynn and the consummation of the Merger contemplated hereby have been duly authorized by all necessary action of each Flynn. Except for the consents required under the Gaming Laws, the Merger Filing, the Company Requisite Vote and the applicable requirements of the HSR Act, no Government Approval, or consent, approval, authorization or action by, notice to, or filing with, any other Person is required in connection with the execution, delivery and performance of this Agreement, the other documents and instruments to be executed and delivered by any Flynn pursuant hereto or the consummation by any Flynn of the transactions contemplated hereby or thereby.

Section 6.3 Binding Effect. No Breach. Consents. This Agreement and all other agreements, instruments and documents contemplated hereby to be executed by any Flynn are (or upon execution and delivery thereof by the applicable Flynns will be) valid and binding agreements of such Flynns, enforceable against such Flynns in accordance with their respective terms except (i) as such enforceability may be limited by applicable bankruptcy, insolvency, moratorium or similar Laws of general application relating to or affecting creditors' rights, including the effect of statutory or other Laws regarding fraudulent conveyances and preferential transfers, and (ii) for the limitations imposed by general principles of equity or public policy considerations, including as to enforcement of indemnification provisions. Assuming receipt of the consents, approvals and authorizations specifically contemplated by the next sentence, the execution and delivery of the Agreement by the Flynns do not, and the consummation by the Flynns of the transactions contemplated hereby will not, (i) violate or conflict with, in the case of a Flynn which is a trust, such Flynn's trust agreement, (ii) violate or conflict with or constitute a breach or default (or an event that with notice or lapse of time, or both, would become a breach or default) under or will result in the termination of, or accelerate the performance required by, or result in the creation of any Lien other than Liens arising from or through Parent or Merger Sub upon any of the assets under, any Contract to which any of the Flynns are a party or by which a Flynn's assets or properties may be bound or affected, or in the case of a Flynn which is a trust, any of its beneficiaries or trustees is a party, or (iii) violate any Law applicable to any Flynn. Except for the consents required under the Gaming Laws, the Merger Filing, the Company Requisite Vote and the applicable requirements of the HSR Act, no Government Approval, or consent, approval, authorization or action by, notice to, or filing with, any other Person is required in connection with the execution, delivery and performance of this Agreement, the other documents and instruments to be executed and delivered by any Flynn pursuant hereto or the consummation by any Flynn of the transactions contemplated hereby or thereby.

Section 6.4 Limitations on Representations. Warranties and Covenants. Notwithstanding anything whatsoever to the contrary set forth herein, nothing related to, deriving from or arising with respect to the Capitalization Matter or Licensing Matters disclosed in the Company's Disclosure Schedule (including any liability, cost, ruling, award, settlement, claim, determination of fact or Law, underlying factor, allegation, admission or inference) shall, or in any way be deemed to, constitute

or give rise to (i) a misrepresentation or breach of any representation, warranty or covenant set forth in this Agreement or any other agreement or instrument delivered by the Company or any of the Flynns in connection with this Agreement (other than, solely in the case of the Capitalization Matter, the representation in the second sentence of Section 5.10(b) herein), (ii) indemnifiable damages of Parent or the Company (other than, solely in the case of the Capitalization Matter, the representation in the second sentence of Section 5.10(b) herein), or (iii) be deemed an unpermitted update of the Company's Disclosure Schedule (other than, solely in the case of the Capitalization Matter, the representation in the second sentence of Section 5.10(b) herein), it being the intent and understanding of the Parties that Parent has agreed to assume all such risks (including that the Capitalization Matter, the Licensing Matters or factual matters alleged in either of them could bear upon or negate representations as to such matters as the title of the Company Shares, encumbrances thereon, and the accuracy of corporate records, capitalization, financial information, etc.).

ARTICLE VII

REPRESENTATIONS AND WARRANTIES OF PARENT AND MERGER SUB

Except as relates to the exceptions and matters set forth in the disclosure schedule delivered to the Flynns at or prior to the execution of this Agreement (the "Parent's Disclosure Schedule"), Parent, on behalf of itself and Merger Sub, represents and warrants to the Company and the Flynns, as of the date of this Agreement and as of the Closing Date (unless a contrary date is indicated), as set forth in this ARTICLE VII. Parent may amend the Parent's Disclosure Schedule after the execution of this Agreement, but prior to the Closing, to reflect updated information, events, agreements, transactions, circumstances, developments and occurrences, except that no such amendment to the Parent's Disclosure Schedule may be made to add, modify, or update information, events, agreements, transactions, circumstances, developments, or occurrences if all such amendments, considered in the aggregate, reflect facts or circumstances which are reasonably expected to have a material adverse effect on Parent or Merger Sub, unless otherwise consented to by the Company and the Flynns. Any amendment permitted above will be deemed to have amended the Parent's Disclosure Schedule, to have qualified the representations and warranties of Parent or Merger Sub set forth herein or other agreements or instruments delivered by Parent or Merger Sub in connection herewith, and to have cured any misrepresentation or breach of warranty by Parent or Merger Sub that otherwise might have existed hereunder or thereunder prior to the amendment.

Section 7.1 Organization. Each of Parent and Merger Sub is a corporation duly organized, validly existing and in good standing under the Laws of the State of Delaware and State of Illinois, respectively.

Section 7.2 Authority. Each of Parent and Merger Sub has full corporate power and authority to execute, deliver and perform this Agreement and to consummate the Merger. Each of Parent and Merger Sub will deliver to the Company and the Flynns within ten (10) Business Days of the date of this Agreement, a complete and correct copy, certified by its Secretary, of the resolutions

previously duly and validly adopted by its board of directors evidencing such authorization (which resolutions will not have been rescinded prior to and will be in full force and effect on the Closing Date). No other corporate act or proceeding on the part of Parent or Merger Sub or their respective shareholders is necessary to authorize this Agreement or the other documents and instruments to be executed and delivered by Parent or Merger Sub pursuant hereto or the Merger contemplated hereby or thereby.

Section 7.3 Binding Effect. No Violation. Consents. This Agreement and all other agreements, instruments and documents contemplated hereby to be executed by Parent and Merger Sub are (or upon execution and delivery thereof by Parent or Merger Sub will be) valid and binding agreements of Parent and Merger Sub, enforceable against the respective parties in accordance with their respective terms except (i) as such enforceability may be limited by applicable bankruptcy, insolvency, moratorium or similar Laws of general application relating to or affecting creditors' rights, including the effect of statutory or other Laws regarding fraudulent conveyances and preferential transfers, and (ii) for the limitations imposed by general principles of equity or public policy considerations, including as to enforcement of indemnification provisions. Assuming receipt of the consents, approvals and authorizations specifically contemplated by the next sentence, the execution and delivery of the Agreement by each of Parent and Merger Sub does not, and the consummation by each of Parent and Merger Sub of the Merger will not (i) violate or conflict with or result in any breach of any provision of the Articles of Incorporation or Bylaws of Parent or Merger Sub; (ii) violate or conflict with or constitute a breach or default (or an event that, with notice or lapse of time, or both, would become a breach or default) under or will result in the termination of, or accelerate the performance required by, or result in the creation of any Lien upon any of the assets under, any Contract to which Parent or Merger Sub is a party or by which its assets or properties may be bound or affected; or (iii) violate any Law applicable to Parent or Merger Sub, excluding from the foregoing clauses (ii) and (iii) such defaults, rights and violations which, in the aggregate, are not reasonably expected to have a material adverse effect on the ability of Parent or Merger Sub to perform its obligations under this Agreement or to consummate the Merger. Except for the consents required under the Gaming Laws, the Merger Filing, the Company Requisite Vote and the applicable requirements of the HSR Act, no Governmental Approval or consent, approval, authorization or action by, notice to, or filing with any other Person is required in connection with the execution, delivery and performance of this Agreement, the other documents and instruments to be executed and delivered by Parent and/or Merger Sub pursuant hereto or the consummation by each of Parent or Merger Sub of the transactions contemplated hereby or thereby, except where the failure to obtain such Governmental Approvals or other consents, approvals, authorizations or actions, to give such notices or to make such filings is not reasonably expected to have a material adverse effect on the ability of each of Parent and Merger Sub to perform its obligations under this Agreement or to consummate the Merger.

Section 7.4 Litigation. Except as disclosed in Parent's filings with the SEC, there are no claims, actions, suits, proceedings or investigations pending or, to Parent's or Merger Sub's knowledge, threatened against Parent or Merger Sub, at law or in equity, which would have a material adverse

effect on the ability of Parent or Merger Sub to perform their respective obligations under this Agreement or to consummate the Merger.

Section 7.5 Commissions. None of Parent, Merger Sub or any of their respective officers, directors or employees has employed any broker or finder or incurred any liability for any brokerage fees, commissions or finders' fees in connection with the Merger or the other transactions contemplated by this Agreement for which the Flynns or the Company bears any liability or responsibility.

Section 7.6 No Adverse Facts for Gaming Approvals. To the knowledge of Parent and Merger Sub, there are no facts relating to Parent or Merger Sub, shareholders holding five percent (5%) or more of Parent or Merger Sub, or their respective officers, directors or employees that are required to obtain Illinois Level I occupational gaming licenses ("Level One Employees") that would prevent or delay Parent or Merger Sub, shareholders holding five percent (5%) or more of Parent, Merger Sub, or officers, directors or Level One Employees of Parent or Merger Sub from obtaining from Gaming Authorities or the IGB gaming licenses or any other approval necessary for Parent and Merger Sub to consummate this Agreement and the Merger.

Section 7.7 No Financial Contingency. Parent represents and warrants that it currently has the financing available to consummate the Closing and the Merger and that neither the Closing nor the Merger is dependent upon any financing transaction or condition.

Section 7.8 Reports, Financial Statements, etc.

(a) Since January 1, 1998, Parent has filed with the SEC all material forms, statements, reports and documents (including all exhibits, post-effective amendments and supplements thereto) (the "Parent SEC Reports") required to be filed by it under each of the Securities Act, the Securities Exchange Act of 1934, as amended, and the respective rules and regulations thereunder, all of which, as amended if applicable, complied when filed in all material respects with all applicable requirements of the appropriate act and the rules and regulations thereunder. As of their respective dates, the Parent SEC Reports did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The audited consolidated financial statements and unaudited financial statements of Parent included in Parent's Annual Report on Form 10-K for the twelve (12) months ended December 31, 2000 and Parent's Quarterly Report on Form 10-Q for the Quarter ended March 31 have been prepared in accordance with GAAP applied on a consistent basis (except as may be indicated therein or in the notes thereto) and fairly present in all material respects the financial position of Parent and its Subsidiaries as of the

dates thereof and the results of their operations and changes in financial position for the periods then ended (subject, in the case of any unaudited interim financial statements, to normal year-end adjustments).

(b) Since December 31, 2000, there has not been any material change by Parent in accounting principles, methods or policies for financial accounting purposes, except as required by concurrent changes in GAAP or as disclosed in Parent SEC Reports. There are no material amendments or modifications to agreements, documents or other instruments which previously had been filed by Parent with the SEC pursuant to the Securities Act or the Securities Exchange Act of 1934, as amended, which have not yet been filed with the SEC but which are required to be filed.

Section 7.9 Absence of Certain Changes. Except as otherwise contemplated by this Agreement, since December 31, 2000, there has not occurred any event, condition, circumstance, change or development that has had or is reasonably expected to have a material adverse effect on Parent.

Section 7.10 Validity of Parent Common Stock. Each share of Parent Common Stock and Additional Shares issued pursuant to this Agreement, when issued, shall be (i) fully paid and non-assessable, (ii) listed upon notice of issuance upon the national securities exchange on which the Parent Common Stock is traded and (iii) freely tradeable by the holder thereof.

ARTICLE VIII

COVENANTS OF THE FLYNNS

The Flynns, jointly and severally, covenant and agree with Parent that, from the date hereof until the Effective Time:

Section 8.1 Reasonable Efforts. The Flynns shall use their reasonable best efforts to cause to be satisfied as soon as practicable, all of the conditions set forth in ARTICLE XI to the obligations of Parent to consummate the transactions contemplated by this Agreement.

Section 8.2 Confidentiality. This Agreement and all documents, schedules and information relating thereto shall constitute "Proprietary Information" as defined in each of those Confidentiality Agreements dated June 8, 2001 and July 16, 2001, by and between Parent and the Flynns. The Flynns shall maintain as confidential all documents, schedules and information relating to this Agreement together with all information submitted by the Flynns to Parent in connection with the foregoing confidentiality agreements. The obligations of this Section 8.2 shall survive the Closing.

Section 8.3 Governmental Filings. The Flynns shall, and shall use their reasonable best efforts to cause the Company to, as promptly as practicable in consultation with Parent, make any required governmental filings required of the Flynns and/or Company, including filings pursuant to the

Gaming Laws and the HSR Act. The Flynns shall use their reasonable best efforts to obtain any required Government Approvals and comply with any applicable governmental waiting periods or notification or other procedures required to be complied with by the Flynns and/or Company in connection with the transactions contemplated by this Agreement.

Section 8.4 Acquisition Proposals. The Flynns (in their capacity as shareholders) agree that they shall not, nor shall they knowingly permit the Company or any of its officers and directors, and they shall use their reasonable best efforts to cause its agents and representatives not to, and each of the Other Shareholders of the Company not to directly or indirectly, initiate, solicit or encourage or otherwise facilitate any inquiries or the making of any proposal or offer with respect to a merger, reorganization, share exchange, consolidation, business combination, re-capitalization, liquidation, dissolution or similar transaction involving the Company (any such proposal or offering being hereinafter referred to as an "Acquisition Proposal"). The Flynns (in their capacity as shareholders) further agree that they shall direct and use their reasonable best efforts to cause the Company and its officers, directors, agents and representatives not to, directly or indirectly, have any discussion in furtherance of, or provide any confidential information or data to any Person relating to an Acquisition Proposal, or otherwise facilitate any effort or attempt to make or implement an Acquisition Proposal. The Flynns (in their capacity as shareholders) agree that they and their agents and representatives will immediately cease and cause to be terminated any existing activities, discussions or negotiations with any parties conducted heretofore with respect to any Acquisition Proposal. The Flynns (in their capacity as shareholders) agree that they will promptly inform the Company's officers, directors, attorneys and advisors of the obligations undertaken in this Section 8.4. The Flynns (in their capacity as shareholders) agree to notify Parent in writing if any of the Flynns, their agents or representatives receive an unsolicited Acquisition Proposal.

Section 8.5 Operation of Business. From the date of this Agreement to the Closing Date and except with Parent's written consent, the Flynns shall use their reasonable best efforts to cause the Company to:

(a) diligently operate its business substantially as previously operated and only in the ordinary course and use its reasonable best efforts to preserve intact its organization and goodwill; maintain all of the Company's tangible assets in good condition, ordinary wear and tear excepted; comply in all material respects with all laws applicable to the conduct of the Company's business the failure of which would result in material injury to or diminution to the value of the Company Shares or the Company's assets; *provided, however*, that in operating the business, the Company shall not incur any liability, cost, expense, obligation or debt, contingent or otherwise, other than ordinary recurring expenses not to exceed Three Hundred Thousand Dollars ($300,000) per month and those set forth in Schedule 8.5; and

(b) not permit a split, combination or reclassification of any shares of capital stock for the Company or issue or authorize or propose the issuance of any other securities in respect of, in lieu of or in substitution for shares of the Company's capital stock;

(c) not repurchase, redeem or otherwise acquire any shares of capital stock of the Company;

(d) not issue, deliver or sell, or authorize or propose the issuance, delivery or sale of, any shares of capital stock of the Company or any securities convertible into or exercisable for, or any rights, warrants or options to acquire, any such shares; and

(e) maintain the Company's books and records in the usual manner consistent with past practice.

Section 8.6 Implementing Agreement. The Flynns shall cooperate with the Company, Parent and Merger Sub and use their reasonable best efforts to take or cause to be taken all actions, and do or cause to be done all things, necessary, proper or advisable on their part under this Agreement and applicable Laws to consummate and make effective the Merger and the other transactions contemplated by this Agreement as soon as practicable. Without limiting the generality of the foregoing, the Flynns shall use their reasonable best efforts to cause the Company to take all action necessary, including providing written notice to its shareholders in accordance with Section 5/11.15 of the IBCA, to convene and hold a meeting of the Company's shareholders as soon as reasonably practicable following the execution of this Agreement.

Section 8.7 Section 338 Elections. The Flynns shall, and shall use their reasonable best efforts to cause the Other Shareholders to, make the elections provided for by Sections 338(g) and 338(h)(10) of the Code and treasury regulation section 1.338(h)(10)-1 (and any comparable election under state or local tax law) with respect to the Merger (each, an "Election"). At the Closing, the Flynns shall deliver to Parent, and shall use their reasonable best efforts to cause the Other Shareholders to deliver to Parent, completed and executed Forms 8023 and/or a "signature attachment" thereto, as required pursuant to the treasury regulation under Section 338 of the Code and/or the instructions to Form 8023, as well as comparable forms under state or local law. Also, Parent and the Flynns shall cooperate with each other to take all actions necessary and appropriate (including filing such additional form, returns, elections, schedules and other documents as may be required to effect and preserve a timely Election in accordance with the provisions of treasury regulation section 1.338(h)(10)-1 (or any comparable provisions of state or local tax law) or any successor provisions. The Flynns and Parent shall report the Merger pursuant to this Agreement consistent with the Elections (and any comparable elections under state or local tax laws) and shall take no position inconsistent therewith in any Tax Return, any proceeding before any taxing authority or otherwise.

Section 8.8 Vote For Merger. The Flynns agree to vote their Company Shares in favor of the Merger and shall use their reasonable best efforts to cause the Other Shareholders to vote the Company Shares owned by such Other Shareholders in favor of the Merger.

Section 8.9 Access to Information. Subject to applicable law, the Flynns shall use their reasonable best efforts to cause the Company to provide to Parent and Merger Sub and their respective accountants, counsel, financial advisors and other representatives reasonable access during normal business hours with reasonable notice through the period prior to the Effective Time to the Company's properties, books, records, contracts and commitments and during such period shall furnish promptly (i) financial statements, schedules and reports of the Company; (ii) all correspondence to or from the IGB; (iii) all pleadings, notices, correspondence and other communication with respect to the Legal Proceedings and Related Matters (not sealed or designated as confidential by a party other than the Company or the Flynns); and (iv) such other information concerning the Company, its properties and personnel as Parent or Merger Sub shall reasonably request. The Flynns shall use their reasonable best efforts to obtain the cooperation of the Company's officers, employees, counsel, accountants and other representatives in connection with this Agreement or the Merger.

Section 8.10 Release. The Flynns shall use their reasonable best efforts to obtain from each of the Other Shareholders a duly executed release of Parent, Merger Sub, the Company and their respective officers, directors, employees, shareholders and agents in a form reasonably satisfactory to the Parties.

ARTICLE IX

COVENANTS OF THE COMPANY

The Company covenants and agrees with Parent and Merger Sub that:

Section 9.1 Acquisition Proposals. The Company agrees that it shall not directly or indirectly, initiate, solicit or encourage or otherwise facilitate any inquiries or encourage the making of an Acquisition Proposal. The Company further agrees that it shall not, have any discussion in furtherance of, or provide any confidential information or data to any Person relating to an Acquisition Proposal, or otherwise facilitate any effort or attempt to make or implement an Acquisition Proposal. The Company agrees that it, its officers, directors, agents and representatives will immediately cease and cause to be terminated any existing activities, discussions or negotiations with any parties conducted heretofore with respect to any Acquisition Proposal. The Company agrees to notify Parent in writing if it receives an unsolicited Acquisition Proposal.

Section 9.2 Operation of Business. From the date of this Agreement to the Closing Date and except with Parent's written consent, the Company shall:

(a) diligently operate its business substantially as previously operated and only in the ordinary course and use its reasonable best efforts to preserve intact its organization and goodwill; maintain all of the Company's tangible assets in good condition, ordinary wear and tear excepted; comply in all material respects with all laws applicable to the conduct of the Company's business the failure of which would result in material injury to or diminution to the value of the Company Shares or the Company's assets; *provided, however,* that in operating the business, the Company shall not incur any liability, cost, expense, obligation or debt, contingent or otherwise, other than ordinary recurring expenses not to exceed Three Hundred Thousand ($300,000) per month and those set forth in Schedule 8.5; and

(b) not permit a split, combination or reclassification of any shares of capital stock for the Company or issue or authorize or propose the issuance of any other securities in respect of, in lieu of or in substitution for shares of the Company's capital stock;

(c) not repurchase, redeem or otherwise acquire any shares of capital stock of the Company;

(d) not issue, deliver or sell, or authorize or propose the issuance, delivery or sale of, any shares of capital stock of the Company or any securities convertible into or exercisable for, or any rights, warrants or options to acquire, any such shares; and

(e) maintain the Company's books and records in the usual manner consistent with past practice.

Section 9.3 Existence. The Company shall take such action as may be necessary to maintain, preserve, renew and keep in full force and effect the Company's existence (corporate or otherwise) and rights and will not amend the Company's Articles of Incorporation or its Bylaws.

Section 9.4 Implementing Agreement. The Company shall cooperate with the Flynns, Parent and Merger Sub and use its reasonable best efforts to take or cause to be taken all actions, and do or cause to be done all things, necessary, proper or advisable on their part under this Agreement and applicable Laws to consummate and make effective the Merger and the other transactions contemplated by this Agreement as soon as practicable. Without limiting the generality of the foregoing, the Company will take all action necessary, including providing written notice to its shareholders in accordance with Section 5/11.15 of the IBCA, to convene and hold a meeting of its shareholders as soon as reasonably practicable following the execution of this Agreement. The Company shall obtain the prior written approval of Parent, which approval shall not be unreasonably

withheld, as to the form and content of the notice and any additional materials to be provided to the Holders of Company Shares in connection with such meeting or solicitation of written consents.

Section 9.5 Confidentiality. The Company agrees to maintain as confidential this Agreement, and all documents, schedules and information relating thereto and to execute an additional confidentiality agreement that is satisfactory to the Parties.

Section 9.6 Access to Information. Subject to applicable law, the Company shall provide to Parent and Merger Sub and their respective accountants, counsel, financial advisors and other representatives reasonable access during normal business hours with reasonable notice through the period prior to the Effective Time to the Company's properties, books, records, contracts and commitments and during such period shall furnish promptly (i) financial statements, schedules and reports of the Company; (ii) all correspondence to or from the IGB; (iii) all pleadings, notices, correspondence and other communication with respect to the Legal Proceedings and Related Matters; and (iv) such other information concerning the Company, its properties and personnel as Parent or Merger Sub shall reasonably request and Company shall obtain the cooperation of its officers, employees, counsel, accountants and other representatives.

Section 9.7 Governmental Filings. The Company shall, as promptly as practicable in consultation with Parent, make any required governmental filings required of the Company, including filings pursuant to the Gaming Laws and the HSR Act, obtain any required Government Approvals and comply with any applicable governmental waiting periods or notification or other procedures required to be complied with by the Company in connection with the transactions contemplated by this Agreement.

Section 9.8 Termination of Contracts. The Company shall terminate any and all Contracts (other than the Excluded Contracts) to which the Company is bound upon Parent's written direction.

ARTICLE X

COVENANTS OF PARENT

Parent covenants and agrees with the Flynns and Company that:

Section 10.1 Reasonable Efforts. Parent shall use its reasonable best efforts to cause to be satisfied as soon as practicable, all of the conditions set forth in ARTICLE XII to the obligations of the Flynns to consummate the transactions contemplated by this Agreement.

Section 10.2 Confidentiality. This Agreement and all documents, schedules and information relating thereto shall constitute "Proprietary Information" under the Confidentiality Agreement dated June 8, 2001, between Parent and the Flynns, and that the Confidentiality Agreement shall survive the Closing.

Section 10.3 Governmental Filings. Parent will, as promptly as practicable, make any required governmental filings required of Parent and cause the Merger Sub to, as promptly as practicable, make any governmental filings required of the Merger Sub, including filings pursuant to the Gaming Laws and the HSR Act, to obtain any required Government Approvals and comply with any applicable governmental waiting periods or notification or other procedures required to be complied with by it or the Merger Sub in connection with the transactions contemplated by this Agreement.

Section 10.4 Timing Commitments.

(a) As soon as reasonably practical after the date of this Agreement, Parent shall: (i) file all required applications for Parent and all its "key persons" to obtain the necessary approvals from the IGB in order to consummate the transactions contemplated herein; and (ii) request an accelerated review from the IGB in connection with such filings.

(b) As soon as reasonably practical after the date of this Agreement, Parent shall: (i) file all necessary applications for Parent and all its "key persons" to obtain the necessary approval from any Gaming Authority, or any jurisdiction other than Illinois in which approval is required, in order for Parent to fulfill its obligations to consummate the transactions contemplated herein; and (ii) where applicable and available, request an accelerated review from all such Gaming Authorities and jurisdictions in connection with such filings.

Section 10.5 Implementing Agreement. Each of Parent and Merger Sub shall cooperate with the Company and Flynns and use its reasonable best efforts to take or cause to be taken all actions, and do or cause to be done all things, necessary, proper or advisable on its part under this Agreement and applicable Laws to consummate and make effective the Merger and the other transactions contemplated by this Agreement as soon as practicable.

Section 10.6 Illinois Replacement Tax. Subject to the occurrence of the Closing, Parent shall cause the Surviving Company to pay the tax described in Chapter 35 Sections 5/201(c) and (d) and 5/205(c) of the Illinois Compiled Statutes, commonly known as the Illinois Replacement Tax, to the extent and at the time that such payment is required.

Section 10.7 Registered Parent Common Stock. Prior to Closing, Parent shall, at its expense, prepare and file with the SEC a registration statement and any amendments (including post-effective amendments thereto or supplements to any prospectus contained therein) relating to the issuance of the Parent Common Stock to Holders making the Stock Election (the "Registration Statement"). Parent shall use its reasonable best efforts to cause the Registration Statement to become effective. Parent also shall prepare and file any necessary listing application with the national securities exchange on which the Parent Common Stock is traded, if applicable.

Section 10.8 Opportunity for Statutory Shareholders. Parent intends to take action to permit those females and "minority persons" who have previously delivered Subscription Agreements to participate in the Company after the Effective Time (subject to Parent's and the IGB's approval process for owners of a casino). Parent covenants to establish the details of such proposal and to include such details in the materials submitted to the shareholders prior to the vote on the Merger and to comply with and/or cause the Company to comply with such proposed terms substantially as disclosed.

ARTICLE XI

CONDITIONS TO OBLIGATIONS OF PARENT AND MERGER SUB

The obligation of Parent and Merger Sub to effect the Merger are subject to the satisfaction or waiver by Parent at or prior to the Closing of the following conditions set forth below on or before the Effective Time.

Section 11.1 Representations and Warranties Correct. Each representation and warranty of the Flynns and the Company made herein shall be true and correct (taking into account the Company's Disclosure Schedule and any and all amendments to the Company's Disclosure Schedule made pursuant to the introductory provisions of ARTICLE V) in all material respects, in each case as of the date made and, except to the extent such representation, warranty or statement expressly provides that it relates solely to the date hereof or an earlier date, at and as of the Closing Date, with the same force and effect as though made at and as of the Closing Date.

Section 11.2 Performance: No Default. Each of the Flynns and the Company will have performed and complied in all material respects with all the obligations, agreements and conditions required by this Agreement to be performed or complied with by them at or prior to the Closing.

Section 11.3 Delivery of Certificate. The Company and each of the Flynns shall have delivered to Parent a certificate, dated the Closing Date, executed by the Company and such Flynn, certifying to the fulfillment of the conditions set forth in Sections 11.1 and 11.2 (or if any representation or warranty is not true and correct in all material respects as required by Section 11.1, specifying the respect in which the same is untrue, or if any covenant has not been so performed as required by Section 11.2, indicating that such covenant has not been performed).

Section 11.4 Opinion of Counsel to the Company and the Flynns. The Company and each of the Flynns will have delivered to Parent an opinion of their respective legal counsels dated as of the Closing Date, collectively containing the opinions reasonably satisfactory to Parent.

Section 11.5 Governmental Approvals. Each of the following shall have been executed and approved by all necessary parties:

(a) Settlement Agreement;

(b) Rosemont Lease and Development Agreement;

(c) All Governmental Approvals (including approval from the IGB and all Gaming Authorities) from, and all declarations, filings and registrations with, any Governmental Body required to legally consummate the Merger and the transactions contemplated herein shall have been obtained or made and all applicable waiting periods under the HSR Act shall have expired or been terminated; *provided, however,* that this Section 11.5 shall not require Parent to obtain the requisite gaming licenses from the IGB to conduct casino gaming in Illinois or that Parent or Company to obtain necessary licenses, permits, approvals, consents and authorizations required to be obtained by Parent from any Governmental Body to excavate, build, construct and open the Casino Complex for business.

Section 11.6 Absence of Litigation. There shall be no order or ruling by a court of applicable jurisdiction enjoining or restraining (i) the Merger, (ii) the Company or Parent from proceeding with the development and operation of the Casino Complex, or (ii) the other transactions contemplated hereby.

Section 11.7 Liens. There shall be no Liens on any property or assets of the Company other than Permitted Ownership Liens and Permitted Real Estate Liens.

Section 11.8 Change in the Law. There shall have been no change in Illinois Law (other than Laws of general applicability) that would adversely affect the Company's ability to conduct casino gaming in Illinois, including changes in Illinois Law as a result of the Lake County Litigation.

Section 11.9 Release. Parent shall have received a release duly executed by the Company and each of the Flynns in the form reasonably satisfactory to Parent.

Section 11.10 Good Standing. Parent shall have received a good standing certificate for the Company from the Illinois Secretary of State dated within five (5) days of the Effective Time.

Section 11.11 Escrow Agreement. Parent shall have received the Escrow Agreement duly executed by the Shareholder Representative and each of the Flynns.

Section 11.12 Tax Forms and Shareholder Representative Appointment. Parent shall have received from each of the Flynns and the Other Shareholders: (i) Forms 8023 and (ii) a completed and executed certificate which complies with treasury regulations Section 1.1445-2(b)(2) indicating that the signatory thereto is not a "foreign person" for purposes of Section 1445 of the Code; *provided, however,* that if any of the Flynns or any Other Shareholder fails to submit such certificate, Parent shall waive such condition and shall instead withhold from the amount otherwise payable to the person who does not submit the required form, the amount required to be withheld pursuant to

Section 1445 of the Code. Additionally, a Shareholder Representative shall have been appointed by the Holders pursuant to the Shareholder Representative Agreement.

Section 11.13 Shareholder Approval. This Agreement shall have been adopted by the Company Requisite Vote at or prior to the Effective Time.

ARTICLE XII

CONDITIONS TO OBLIGATIONS OF THE COMPANY AND THE FLYNNS

The obligation of the Company and the Flynns to effect the Merger is subject to the satisfaction or waiver by the Company and the Flynns, at or prior to the Effective Time, of the following conditions:

Section 12.1 Representations and Warranties Correct. Each representation and warranty of Parent and Merger Sub made herein, shall be true and correct in all material respects in each case as of the date made and, except to the extent such representation, warranty or statement expressly provides that it relates solely to the date hereof or an earlier date, at and as of the Closing Date, with the same force and effect as though made at and as of the Closing Date.

Section 12.2 Performance; No Default. Each of Parent and Merger Sub shall have performed and complied in all material respects with all the obligations, agreements and conditions required by this Agreement to be performed or complied with by it at or prior to the Closing.

Section 12.3 Delivery of Certificate. Each of Parent and Merger Sub shall have delivered to the Company and the Flynns a certificate, dated the Closing Date, executed by an executive officer, certifying to the fulfillment of the conditions set forth in Sections 12.1 and 12.2.

Section 12.4 Opinion of Counsel to Parent. Parent will have delivered to the Company and the Flynns an opinion of its legal counsel, dated the Closing Date, containing the opinions reasonably satisfactory to the Company and the Flynns.

Section 12.5 Governmental Approvals. All Governmental Approvals (including approval from the IGB and all Gaming Authorities) from, and all declarations, filings and registrations with, any Governmental Body required to consummate the transactions contemplated by this Agreement shall have been obtained or made, and all applicable waiting periods under the HSR Act shall have expired or been terminated.

Section 12.6 Absence of Litigation. There shall be no order or ruling enjoining or restraining the Merger or the other transactions contemplated hereby.

Section 12.7 Shareholder Approval. This Agreement shall have been adopted by the Company Requisite Vote at or prior to the Effective Time.

Section 12.8 Escrow Agreement. The Flynns and the Company shall have received the Escrow Agreement duly executed by Parent, Escrow Agent, Shareholder Representative and each of the Flynns.

Section 12.9 Release. The Company shall have received a release duly executed by Parent, Merger Sub and each of the Flynns in a form reasonably satisfactory to the Company releasing the Company and its officers, directors, shareholders and agents. The Flynns shall have received a release duly executed by the Company, Parent and Merger Sub in a form reasonably satisfactory to each Flynn releasing each of the Flynn's and their respective trustee's, if any.

Section 12.10 Registration Statement. The Registration Statement registering the Parent Common Stock issuable pursuant to Section 4.3 filed with the SEC shall have been declared effective and no stop order suspending the effectiveness of the Registration Statement shall have been issued and no action, suit, proceeding or investigation for that purpose shall have been initiated or threatened by any Governmental Body.

Section 12.11 Appointment of Shareholder Representative. The Company shall have received a Shareholder Representative Agreement (in the form reasonably determined by the Company) (the "Shareholder Representative Agreement") completed and signed by each Holder, which shall appoint the Shareholder Representative, provide indemnification of the Shareholder Representative and set forth the administrative duties of the Shareholder Representative.

ARTICLE XIII

ADDITIONAL AGREEMENTS

From and after the Closing Date, Parent shall cause the Company to agree, observe and comply with the following obligations:

Section 13.1 Directors and Officers.

(a) The Articles of Incorporation and Bylaws of the Surviving Company shall contain the provisions with respect to indemnification set forth in the Articles of Incorporation and the Bylaws of the Company on the date of this Agreement, which provisions shall not be amended, repealed or otherwise modified for a period of six (6) years after the Closing Date in any manner that would adversely affect the rights thereunder of the directors, officers, employees or agents (present or former) of the Company who at any time could be prospective indemnitees under the Articles of Incorporation or the Bylaws of the Company (the "Covered Persons") in respect of actions or omissions occurring at or prior to the Closing Date in their capacities as such or taken at the request of the Company, unless such modification is required by Law; *provided, however,* that such Articles of Incorporation and Bylaws

of the Surviving Company shall not include provisions for indemnification for Excluded Claims. The Company does hereby specifically indemnify, and the Articles of Incorporation and Bylaws shall be amended to provide indemnification of Covered Persons for actions taken by them in connection with the Merger and transactions contemplated herein; *provided, however,* that any amendment shall not permit such indemnification for any claims, actions, losses or other liabilities arising out of, or relating to: (i) a misrepresentation of material fact or omission of a material fact made by the Company in its communications to shareholders relating to the Merger or transactions contemplated herein (other than any portions supplied by Parent or Merger Sub); (ii) matters arising out of or in connection with the auction process conducted by Jefferies & Company, Inc. prior to Parent's request that the Company enter into a merger transaction; or (iii) matters arising out of the selection or engagement of Jefferies & Company, Inc. as a financial advisor to the Company. In the event the Articles of Incorporation or Bylaws of the Company are amended, repealed or otherwise modified within six (6) years of the Closing Date in any manner that would adversely affect the rights thereunder of the Covered Persons, Parent shall indemnify the Covered Persons (as if Parent were assuming all of the obligations of the Company) under the provisions with respect to indemnification set forth in the Company's Articles of Incorporation and Bylaws on the date of this Agreement.

(b) Parent irrevocably covenants to cause the Company to refrain, directly or indirectly, from asserting, commencing, instituting, or causing to be asserted, commenced or instituted, any claim, demand, suit, proceeding, or action of any kind, and from joining any other Person in any claim, demand, suit, proceeding, or action, against any of the Persons who were officers, directors, or shareholders of the Company prior to the date of Closing based upon, related to, or as a result of the Legal Proceedings or Related Matters disclosed in the Company's Disclosure Schedule or any factual matters alleged therein (other than Excluded Claims).

(c) In the event Parent or the Company or any of their successors or assigns (i) consolidates with or merges with or into any other Person and shall not be the continuing or surviving corporation or entity of such consolidation or merger, or (ii) transfers all or substantially all of its properties and assets to any Person, then and in each such case, proper provisions shall be made so that the successors and assigns of Parent or the Company shall assume the obligations of Parent or the Company, as the case may be, set forth in this Section 13.1.

(d) Parent shall cause the Company to, pay all reasonable expenses (including reasonable attorneys' fees and expenses), that may be incurred by any Indemnified Party in enforcing the indemnity and other obligations provided in this Section 13.1.

(e) The rights of each Covered Person and Indemnified Party hereunder shall be in addition to, and not in limitation of, any other rights such Person may have under the Articles of Incorporation or Bylaws of the Company, any indemnification agreement, under the IBCA or otherwise. The provisions of this Section 13.1 shall survive the consummation of the Agreement and expressly are intended to benefit each of the Indemnified Parties.

(f) Any Covered Person or Indemnified Party wishing to claim indemnification under this Section 13.1 upon learning of any such claim, action, suit, proceeding or investigation, shall notify the Company thereof (*provided, however,* that the failure to give such notice shall not affect any obligations hereunder, except to the extent that the indemnifying party is actually and materially prejudiced thereby).

Section 13.2 Company Indebtedness. At the Closing, Parent shall repay, or cause the Company to repay, those liabilities of the Company set forth on Schedule 13.2 as such Schedule may be amended as a result of the accrual of monthly recurring expenses described in Section 9.2(a) and those expenses set forth in Schedule 8.5.

Section 13.3 Tax Returns. The Flynns shall prepare or cause to be prepared all Tax Returns of the Company for taxable years or the period ending on or prior to the Closing Date. The Flynns shall deliver such Tax Return to Parent not later than thirty (30) days prior to the due date for filing such Tax Return for review and approval of Parent, which approval shall not be unreasonably withheld.

ARTICLE XIV

TERMINATION, AMENDMENT AND WAIVER

Section 14.1 Termination of Agreement. This Agreement may be terminated at any time prior to the Closing:

(a) by written consent of Company, Parent, Merger Sub and the Flynns;

(b) by Parent, if there has been a material breach by the Company or any of the Flynns of any of their agreements, representations, warranties or covenants contained herein which has not been waived by Parent in writing;

(c) by the Company or any of the Flynns, if there has been a material breach by Parent or Merger Sub of any of its agreements, representations, warranties or covenants contained herein which has not been waived by the Company and the Flynns, as the case may be, in writing;

(d) by Parent, if any of the conditions to the obligations of Parent set forth in ARTICLE XI shall have become incapable of fulfillment and shall not have been waived by Parent in writing, or by the Flynns if any of the conditions to the obligations of the Flynns set forth in ARTICLE XII shall have become incapable of fulfillment and shall not have been waived by the Flynns in writing; *provided, however*, that neither Parent nor the Flynns shall be entitled to terminate this Agreement pursuant to this Section 14.1(d) if such Party is in breach in any material respect of its representations, warranties, covenants or agreements contained in this Agreement; or

(e) by the Company, Parent, Merger Sub or Flynns if the Closing has not occurred on or before the date that is nine (9) months from the date of this Agreement, provided any of Parent, the Company or any of the Flynns may extend this date once, in aggregate, by nine (9) months upon notice to the other Parties hereto.

Section 14.2 Effect of Termination. In the event of termination of this Agreement as provided in Section 14.1, this Agreement shall forthwith become void and of no further force and effect with respect to the Parties to this Agreement (other than this Section 14.2, Section 8.2, Section 10.2, Section 17.2, and Section 17.9) and there shall be no liability on the part of any Party to this Agreement to one another, except for any liability of the breaching Party for any breaches of this Agreement prior to the time of such termination.

ARTICLE XV

SURVIVAL. INDEMNIFICATION AND ESCROW

Section 15.1 Survival of Representations. All representations and warranties contained in this Agreement shall survive the Closing (unless the Party seeking damages from a breach thereof knew or had reason to know of any such breach at the time of Closing) and shall expire at the end of the Claims Period; *provided, however*, that the representations and warranties contained in Section 5.7 (Tax Matters) shall survive the Closing until the expiration of the applicable statute of limitations associated with the matters set forth therein; and *provided, further,* that the representations and warranties contained in Section 5.1 (Ownership of Shares) and the second sentence of Section 5.10(b) (Litigation) shall survive the Closing indefinitely. All covenants and agreements in this Agreement relating to periods after the Closing Date shall survive the Closing.

Section 15.2 Agreement by the Flynns to Indemnify.

(a) Subject to the limitations contained in this Agreement, the Flynns, jointly and severally, agree that they will defend, indemnify and hold Parent, Merger Sub and their respective Affiliates (including after the Effective Time the Surviving Company) harmless with respect to the Parent Indemnifiable Damages. For this purpose, "Parent Indemnifiable Damages" means the aggregate of all costs, expenses (including reasonable attorneys' fees and expenses), judgments, fines, losses, claims, damages (including amounts paid in settlement), deficiencies, and liabilities incurred or suffered by Parent or Merger Sub as a result of (i) any inaccurate representation or warranty (other than under the second sentence of Section 5.10(b)) made by the Company or any of the Flynns in or pursuant to this Agreement (taking into account the Company's Disclosure Schedule and any and all amendments to the Company's Disclosure Schedule made pursuant to the introductory provision of ARTICLE V); (ii) any default in the performance of any of the covenants or agreements made by the Company and any of the Flynns in this Agreement and/or (iii) the Capitalization Matter including all permutations, derivations, amendments, appeals, claims, actions, investigations, causes of actions, arising from, or making claims or allegations similar to the Capitalization Matter. The aggregate amount of the Parent Indemnifiable Damages payable by the Flynns shall not exceed the total Merger Consideration payable to the Flynns by Parent under this Agreement.

(b) The Flynns shall be liable only for claims of Parent Indemnifiable Damages arising out of Section 15.2(a)(i) if the aggregate amount of all such Parent Indemnifiable Damages payable by the Flynns exceeds the Indemnity Basket in which case the Flynns shall be liable for all Parent Indemnifiable Damages arising out of such inaccuracies, subject to such other limitations set forth in this Agreement. The Flynns' indemnity provided in this Section 15.2 for any claim of Parent Indemnifiable Damages arising out of matters described in Section 15.2(a)(i) shall not exceed the R&W Indemnity Limit, except for any claim based on fraud in this Agreement.

(c) The Flynns' indemnity provided in this Section 15.2 for claims of Parent Indemnifiable Damages arising out of matters described in Section 15.2(a)(iii), shall not exceed the CM Indemnity Limit; *provided, however,* that the Flynns shall be liable for any claim of Parent Indemnifiable Damages arising out of matters described in Section 15.2(a)(iii) that are in excess of the CM Indemnity Limit, if such claim arises as a result of a breach by the Flynns or Company of the representation and warranty contained in the second sentence of Section 5.10(b) hereof.

(d) The remedies provided for in this Section 15.2 shall, except as required by applicable Law, be the sole and exclusive post-Closing remedy for monetary damages (whether asserted in law or in equity) available to Parent and Merger Sub for any breach of any representation, warranty, covenant or agreement contained in this Agreement and the transactions contemplated herein.

Section 15.3 Agreement By the Company to Indemnify. From and after the Closing, if the Flynns become responsible for any costs, expenses (including reasonable attorney's fees and expenses), judgments, fines, losses, claims, damages (including amounts paid in settlement), deficiencies or liabilities in connection with the Capitalization Matter (the "Capitalization Matter Liability") in an amount in excess of the CM Indemnity Limit (the "Excess Liability"), the Company shall indemnify and hold harmless the Flynns for the Excess Liability; *provided, however,* that the Company shall not indemnify and hold harmless the Flynns for any portion of the Excess Liability that is the result of a breach by the Flynns or the Company of the representation and warranty contained in the second sentence of Section 5.10(b). If the Company does not pay the Excess Liability, the Flynns may bring an action, claim or suit against the Company for payment of the Excess Liability (a "Flynn Action"). If there is a final nonappealable order by a court of competent jurisdiction or binding arbitration award entered against the Company in the Flynn Action which orders the Company to pay the entire Excess Liability, the Company shall promptly pay to the Flynns the Excess Liability (plus interest thereon from the time incurred at the prime rate of LaSalle Bank, N.A. from time to time) and, as liquidated damages and not as a penalty, an amount equal to Ten Million Dollars ($10,000,000), plus reasonable attorneys' fees and costs incurred by the Flynns in connection with the Flynn Action. Alternatively, if there is a final nonappealable order by a court of competent jurisdiction or binding arbitration award entered against the Company in the Flynn Action which orders the Company to pay less than the entire Excess Liability, the Company shall promptly pay to the Flynns that portion of the Excess Liability as set forth in such judgment, order or award (plus interest thereon from the time incurred at the prime rate of LaSalle Bank, N.A. from time to time), but shall not pay the Flynns any liquidated damages.

Section 15.4 Agreement by Parent to Indemnify.

(a) Subject to the limitations contained in this Agreement, Parent agrees that it will defend, indemnify and hold each of the shareholders harmless in respect of the aggregate of all Shareholder Indemnifiable Damages. For this purpose, "Shareholder Indemnifiable Damages" means the aggregate of all costs, expenses (including attorneys' fees and expenses), judgments, fines, losses, claims, damages (including amounts paid in settlement), deficiencies, and liabilities incurred or suffered by a shareholder as a result of (i) any inaccurate representation or warranty made by Parent and Merger Sub in or pursuant to this Agreement or (ii) any default in the performance of any of the covenants or agreements made by Parent or Merger Sub in this Agreement.

(b) Prior to the Closing Date and subject to the limitations contained in this Agreement, Parent agrees that it will defend, indemnify and hold each Covered Person harmless for actions taken by them in connection with the Merger and transactions contemplated herein; *provided, however,* that Parent shall not indemnify for: (i) any claims, actions, losses or other liabilities arising out of, or relating to, a misrepresentation of material fact or omission of a material fact made by the Company in its communications to shareholders relating to the Merger or transactions contemplated herein (other than any portions supplied by Parent or Merger Sub); (ii) matters arising out of or in connection with the auction process conducted by Jefferies & Company, Inc. prior to Parent's request that Company enter into a merger transaction; or (iii) matters arising out of the selection or engagement of Jefferies & Company, Inc. as the Company's financial advisor.

Section 15.5 Indemnification Procedures for Third Party Claims. In the event that subsequent to the Closing Date any claim, other than any claim arising out of matters described in Section 15.2(a)(iii), is asserted by a third party against a Party hereto as to which such Party is entitled to indemnification hereunder, such Party (the "indemnified party") shall as promptly as possible notify the Party obligated to indemnify it (the "indemnifying party") thereof in writing. No delay on the part of the indemnified party to notify the indemnifying party of a claim shall relieve any obligation of the indemnifying party to indemnify the indemnified party with respect to such claim unless (and then solely to the extent) the indemnifying party is actually and materially prejudiced in its ability to defend against the subject claim by the delay in such notification. The indemnifying party shall have the right, upon written notice to the indemnified party within ten (10) days after receipt from the indemnified party of notice of such claim, to conduct at its expense and with counsel of its choice reasonably satisfactory to the indemnified party the defense against such claim in its own name, or, if necessary, in the name of the indemnified party. In the event that the indemnifying party shall fail to give such notice, it shall be deemed to have elected not to conduct the defense of the subject claim, and in such event the indemnified party shall have the right to conduct such defense. In the event that the indemnifying party does elect to conduct the defense of the subject claim, the indemnified party will cooperate with and make available to the indemnifying party such assistance and materials as may be reasonably requested by it, all at the expense of the indemnifying party, and the indemnified party shall have the right at its expense to participate in the defense. The indemnified party shall have the right to compromise and settle the claim only with the prior written consent of the indemnifying party (such consent not to be unreasonably withheld or delayed). The indemnifying party will not consent to the entry of any judgment with respect to a subject claim or enter into any settlement with respect thereto which does not include a provision whereby the plaintiff or claimant releases the indemnified party from all liability with respect thereto or in cases involving equitable relief, puts the indemnified party in the same position as it was prior to the initiation of the claim, without the prior written consent of the indemnified party (such consent not to be unreasonably withheld or delayed so long as such settlement or judgment only involves the payment of money damages).

Section 15.6 Legal Proceedings and Related Matters.

(a) The Flynns shall be responsible for assuming the good faith defense of the Capitalization Matter including the selection of counsel for such defense. As requested by Parent, the Flynns shall consult with and provide updates to Parent regarding the defense and status of the Capitalization Matter. Prior to Closing, neither the Company nor Parent will be liable to the Flynns for any legal or other expenses incurred by the Flynns with the defense of the Capitalization Matter (the "Capitalization Matter Expenses"). Reasonable and necessary Capitalization Matter Expenses will be reimbursable to the Flynns out of the Escrow Amount as set forth in the Escrow Agreement. The Flynns, without consent of Parent, shall be permitted to have judgment entered, settle or otherwise compromise the Capitalization Matter in any manner; *provided, however*, that such judgment, settlement or compromise does not provide for damages in excess of the CM Indemnity Limit or in any way adversely affects the capitalization of the Company. If the amount of any such judgment, settlement or compromise is in excess of the CM Indemnity Limit or in any way potentially adversely affects the capitalization of the Company, the Flynns shall not, without prior written consent of Parent, settle or compromise such matter. Notwithstanding the foregoing, the Flynns shall not consent to the entry of any judgment with respect to the Capitalization Matter or enter into any settlement or compromise with respect thereto which does not include a provision whereby the plaintiff or claimant releases Parent and Company from all liability with respect thereto or in cases involving equitable relief, puts Parent or Company in the same position as it was prior to the initiation of the claim, without the prior written consent of Parent.

(b) The Parties agree to use their reasonable best efforts to obtain an alternate means to satisfy the Escrow Amount in a manner satisfactory to Parent and, if such means is obtained, each Party agrees to negotiate in good faith those amendments necessary to be made to this Agreement and the Escrow Agreement, if applicable, with respect to such alternate means.

(c) The Company shall be responsible for all matters pertaining to the legal actions referred to in subsections 1(c), (d) and (e) of the Company's Disclosure Schedule (collectively referred to as the "IGB Matters"). As requested by Parent, the Company shall consult with and provide updates to Parent regarding the IGB Matters. Prior to Closing, the Company shall not incur more than Two Hundred Thousand Dollars ($200,000) in legal expenses directly related to the IGB Matters without consent of Parent. Neither the Company nor Parent will be liable for the Settlement Amount;

provided, however, that Parent shall bear its own legal and other expenses incurred by it in connection with the Settlement Agreement. The Company shall not, without consent of Parent (which consent shall not be unreasonably withheld or delayed), take any action in connection with the IGB Matters, including the filing of any pleading or the entry of any settlement or compromise with respect thereto.

(d) The Company shall be responsible for assuming the good faith defense of the Lake County Litigation through Closing. As requested by Parent, the Company shall consult with and provide updates to Parent regarding the Lake County Litigation. Each month, the Company shall submit to Parent copies of all invoices for legal fees and other expenses incurred in connection with the Lake County Litigation. The Company shall not, without consent of Parent, take any action in connection with the Lake County Litigation, including the filing of any pleading or the entry of any settlement or compromise with respect thereto.

Section 15.7 Escrow. At the Closing, the Company, Flynns and Other Shareholders shall appoint the Shareholder Representative. At the Closing, each of the Flynns, Shareholder Representative, Parent, and an escrow agent selected by Parent and reasonably satisfactory to the Company and the Flynns (the "Escrow Agent") will enter into an escrow agreement (the "Escrow Agreement") substantially similar in form and substance to Exhibit 15.7. At Closing, Parent shall deposit the Escrow Amount into an interest bearing escrow account (the "Escrow Account") to pay for any claims for Parent Indemnifiable Damages as provided in this Agreement and the Escrow Agreement. Because, at the request of Parent, the Flynns are making certain representations to benefit all shareholders by making the Merger available, all shareholders must participate in contributing to the Escrow Account. Accordingly, Parent shall withhold from each Holder's Merger Consideration such Holder's Proportionate Share of the Escrow Amount as provided in Section 4.2(a)(1). All payments of the Escrow Account shall be made in cash.

Section 15.8 Determination of Indemnifiable Damages. Parent and Shareholder Representative shall make appropriate adjustments for tax benefits and insurance coverage in determining indemnifiable damages for purposes of this ARTICLE XV. All indemnification payments under this ARTICLE XV shall be deemed adjustments to the Merger Consideration.

ARTICLE XVI

STOCK ELECTION

Each Holder making the Stock Election agrees that the Parent Company Stock shall be issued pursuant to the terms and conditions of this ARTICLE XVI.

Section 16.1 *Stock Guaranty.* Parent shall guaranty (the "Stock Guaranty") that on the third anniversary of the Closing (the "Testing Date"), each share of Parent Common Stock will have a Market Value Per Share of not less than the Stock Value (the "Guaranteed Value"). On the Testing Date, if the Market Value Per Share is less than the Guaranteed Value, Parent shall pay to each shareholder who received Parent Common Stock, the difference between the Market Value Per Share and Guaranteed Value (the "Shortfall") through any of the following means (or any combination thereof) as determined by Parent, in its sole discretion:

(a) cash; and/or

(b) issuance of additional shares of Parent Common Stock, each share to be valued at the Market Value Per Share (the "Additional Shares").

Parent, at its option, may elect at any time to extend the Testing Date (and the calculation and settlement of the Shortfall) to a date not later than the second anniversary of the Testing Date (the "Second Testing Date"), *provided, however,* that the Guaranteed Value shall be increased by twenty percent (20%) if Parent extends the Testing Date to the Second Testing Date, prorated if Parent elects an extension which is prior to the Second Testing Date. The Stock Guaranty shall lapse and be of no further force and effect to the extent any shareholder sells, transfers or otherwise disposes of the Parent Common Stock prior to the Testing Date (or any extension thereof).

Section 16.2 Stock Restrictions. The Parent Common Stock shall be subject to such restrictions (voting or otherwise) as may be required by any Gaming Authority. If prior to Closing, any Gaming Authority objects to a Holder owning the Parent Common Stock, the Stock Election made by such Holder shall be deemed void and Parent shall deliver to such Holder cash in an amount equal to the number of shares of Parent Common Stock to be issued to such Holder multiplied by the Stock Value.

Section 16.3 Issuance of Parent Common Stock. The Parent Common Stock (including any Additional Shares issued) may be newly issued or treasury shares, at Parent's election. All of the Parent Common Stock (including any Additional Shares) issued pursuant to this Agreement will be duly and validly authorized and issued, fully paid and nonassessable when issued pursuant to Section 4.3. All shares of Parent Common Stock (including any Additional Shares) shall be freely tradeable and properly registered with the SEC.

Section 16.4 Cooperation. Each Holder electing the Stock Election shall cooperate with Parent and provide such information necessary in connection with Parent's prompt filing of any registration statement, listing application, report of sale or other document reasonably required by Parent in the performance of its obligations under this ARTICLE XVI.

Section 16.5 Parent's Right of First Refusal. In the event a Holder making the Stock Election wishes to sell, transfer or otherwise dispose of the Parent Common Stock in a transaction (or series of transactions occurring within a forty-eight (48) hour period) involving two hundred thousand

(200,000) or more shares of Parent Common Stock (a "Selling Holder"), Parent shall have the right of first refusal to purchase such shares on the terms and conditions set forth in this Section 16.5 (the "Right of First Refusal") This Right of First Refusal shall not apply to puts, calls or other similar options or derivatives on exchange traded shares or any delivery of Parent Common Stock pursuant to settlement thereof.

(a) *Notice of Proposed Transfer.* The Selling Holder shall deliver to Parent's Chief Financial Officer, during normal market hours, oral, written or electronic notice by telephone, facsimile or e-mail (the "Transfer Notice") stating: (i) the shareholder's bona fide intention to sell or otherwise transfer the Parent Common Stock; (ii) if a private sale, the name of each proposed purchaser or other transferee ("Proposed Transferee"); (iii) the number of shares of Parent Common Stock to be sold; (iv) the contact person's name and telephone number, facsimile number, or e-mail address for responding to the Transfer Notice; and (v) the bona fide cash price (or limit order terms) or other consideration for which the shareholder proposes to sell the Parent Common Stock (the "Offered Price"), and the shareholder shall offer the Parent Common Stock at the Offered Price to Parent or its assignee(s).

(b) *Exercise of Right of First Refusal.* At any time within two (2) hours after receipt of the Transfer Notice, Parent and/or its assignee(s) may, by giving oral or written notice to the Selling Holder's contact person at the telephone number, facsimile number or e-mail address designated in the Transfer Notice, elect to purchase all, but not less than all, of the Parent Common Stock proposed to be transferred to any one or more of the Proposed Transferees, at the purchase price (and/or limit order terms) determined in accordance with subsection (c) below.

(c) *Purchase Price.* The purchase price for the Parent Common Stock purchased by Parent or its assignee(s) under this Section 16.5 shall be the Offered Price.

(d) *Payment.* Payment of the purchase price shall be made by wire transfer of immediately available funds within three (3) Business Days after receipt of the Transfer Notice or in the manner and at the times set forth in the Transfer Notice.

(e) *Holder's Right to Transfer.* If all of the Parent Common Stock proposed in the Transfer Notice to be transferred to a given Proposed Transferee is not purchased by Parent and/or its assignee(s) as provided in this Section 16.5, then (i) if the proposed sale is a private sale, the Selling Holder may sell or otherwise transfer such Parent Common Stock to that Proposed Transferee at the Offered Price or at a higher price, provided that such sale or other

transfer is consummated within fifteen (15) days after the date of the Transfer Notice, (ii) if the proposed sale is an open market sale, the Selling Holder may sell such Parent Common Stock at any open market price within fifteen (15) days after the date of the Transfer Notice, or (iii) if the proposed transfer is a limit order sale, the Selling Holder may sell such Parent Common Stock at the limit order terms specified in the Transfer Notice or at a higher price within fifteen (15) days after the date of the Transfer Notice. If the Parent Common Stock described in the Transfer Notice is not transferred to the Proposed Transferee, if any, within such period, a new Transfer Notice shall be given to Parent, and Parent and/or its assignees shall again be offered the Right of First Refusal before any Parent Common Stock held by the Selling Holder may be sold or otherwise transferred.

(f) *Exception for Certain Family Transfers*. Anything to the contrary contained in this Section 16.5 notwithstanding, the transfer of any or all of the Parent Common Stock during the Holder's lifetime or on the stockholder's death by will or intestacy to the Holder's Immediate Family or a trust for the benefit of the stockholder's Immediate Family shall be exempt from the provisions of this Section. In such case, the transferee or other recipient shall receive and hold the Parent Common Stock so transferred subject to the provisions of this Section, and there shall be no further transfer of such Parent Common Stock except in accordance with the terms of this Section 16.5.

ARTICLE XVII

MISCELLANEOUS

Section 17.1 Counterparts. This Agreement may be executed in several counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

Section 17.2 Expenses. Each Party shall each pay its own legal, accounting and other miscellaneous expenses incident to this Agreement. Parent shall pay the entire filing fee required under the HSR Act.

Section 17.3 Press Releases and Announcements. After the date of this Agreement and prior to the Closing, no Party to this Agreement will directly or indirectly make or cause to be made any public announcement or disclosure, or issue any notice with respect to this Agreement or the transactions contemplated by this Agreement without the prior consent of Parent, Company, Merger Sub and the Flynns; *provided*, *however*, Parent, Company, Merger Sub or the Flynns may disclose such information, upon the prior consultation with one another of the means of such disclosure and

the specific items to be disclosed, to (i) the IGB and (ii) the Village of Rosemont; and Parent, Company, Merger Sub, or the Flynns may disclose such information, upon the prior consultation with the other of the means of such disclosure and the specific items to be disclosed, to the applicable gaming authorities in the states in which Parent transacts business; and *provided further*, that any Party to this Agreement may make any public announcement or disclosure which is required by Law (in which case the disclosing Party shall to the extent practicable advise the other Parties to this Agreement and provide them with a copy of such proposed disclosure prior to making the disclosure).

Section 17.4 Entire Agreement. This Agreement and the Disclosure Schedules, Exhibits and Schedules and other writings referred to herein or delivered pursuant hereto which form a part hereof contain the entire understanding of the Parties with respect to their subject matter. This Agreement supersedes all other prior agreements and understandings between the Parties with respect to its subject matter.

Section 17.5 Amendment, Extension and Waiver. This Agreement may not be amended except by an instrument in writing signed on behalf of all of the Parties hereto. Any agreement on the part of a Party hereto to any extension or waiver under this Section 17.5 shall be valid only if set forth in an instrument in writing signed on behalf of such Party. Except as expressly provided in this Agreement, no delay on the part of any Party hereto in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any Party of any right, power or privilege hereunder operate as a waiver of any other right, power or privilege hereunder, nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder.

Section 17.6 Headings. The article and section headings contained herein are for reference purposes only and will not affect in any way the meaning or interpretation of this Agreement.

Section 17.7 Notices. All notices, requests, demands and other communications made under or by reason of the provisions of this Agreement (other than notices required under Section 16.5) will be in writing and will be given by hand delivery, certified mail, return receipt requested, facsimile (with a copy also sent by hand delivery or air courier, which shall not alter the time at which the facsimile notice is deemed received) or overnight courier to the Parties at the addresses set forth below. Such notices shall be deemed given: at the time personally delivered, if delivered by hand with receipt acknowledged; at the time received, if sent by certified mail; upon transmission thereof by the sender and issuance by the transmitting machine of a confirmation slip that the number of pages constituting the notice have been transmitted without error, if faxed; and the first Business Day after timely delivery to the courier, if sent by courier specifying next day delivery.

If to the Flynns:

FLYNN ENTERPRISES, INC.
676 North Michigan Avenue, Suite 4000
Chicago, IL 60611
Attention: Victor M. Casini
Telephone: (312) 280-3700
Fax: (312) 280-3730

If to Parent or Merger Sub:

MGM MIRAGE
3600 Las Vegas Boulevard South
Las Vegas, NV 89109
Attention: John T. Redmond
Telephone: 702-693-7151
Fax: 702-693-7500

With a copy (which shall not constitute notice) given in the manner prescribed above to:

MGM MIRAGE
3600 Las Vegas Boulevard South
Las Vegas, NV 890109
Attention: Gary N. Jacobs
Telephone: 702-693-7129
Fax: 702-693-7628

and

SHEFSKY & FROELICH LTD.
444 N. Michigan Avenue, Suite 2500

Chicago, IL 60611
Attention: Cezar M. Froelich
Telephone: 312-836-4002
Fax: 312-527-9897

If to the Company:

EMERALD CASINO, INC.
120 N. LaSalle Street, Suite 3300
Chicago, IL 60602
Attention: Kevin F. Flynn
Phone: 312-456-7280
Fax: 312-456-1969

Section 17.8 Assignment. This Agreement will be binding upon and inure to the benefit of the Parties hereto and their respective successors, legal representatives and assigns, but this Agreement may not be assigned by any Party without the written consent of the other Parties and compliance with the Shareholders' Agreement. Any attempted assignment in violation of this Section 17.8 shall be void.

Section 17.9 Applicable Law. This Agreement will be governed by and construed and enforced in accordance with the Laws of the State of Illinois applicable to agreements made and to be performed entirely within such State, without giving effect to the conflict of laws provisions thereof.

Section 17.10 Words in Singular and Plural Form. Words used in the singular form in this Agreement shall be deemed to import the plural, and vice versa, as the sense may require.

Section 17.11 Further Assurances; Antitrust Notification

(a) Each Party will use its reasonable best efforts to do or cause to be done all things necessary, proper or advisable to consummate the transactions contemplated by this Agreement. Without limiting the foregoing, the each Party will reasonably cooperate, and will cause their respective Affiliates, directors, officers, employees, agents, and representatives reasonably to cooperate, in providing to each other all information and requisite consents pertinent to the transactions contemplated by this Agreement, including information, if applicable, as to their ownership structure, corporate structure,

officers and directors, shareholders' identity, financing, transfers of interest and other information, as shall be required by any Governmental Body with jurisdiction over the Party in connection with the consummation of the transactions contemplated hereby or with respect to any federal or state securities Law requirements in any jurisdiction in which the Party has an interest.

(b) Each of the Parties will as promptly as practicable, but in no event later than ten (10) Business Days following the execution and delivery of this Agreement, file or cause to be filed with the FTC and the DOJ the notification and report form required for the transactions contemplated hereby and any supplemental information requested in connection therewith pursuant to the HSR Act. Any such notification and report form and supplemental information will be in substantial compliance with the requirements of the HSR Act. Each of the Parties will furnish to the others such necessary information and reasonable assistance as the others may request in connection with the preparation of any filing or submission which is necessary under the HSR Act. Each of the Parties will keep each other apprised of the status of any communications with, and inquiries or requests for additional information addressed to the entity that filed a notification and report form as an acquired or acquiring person from, the FTC or the DOJ and shall comply or cause its respective filing person to comply promptly with any such inquiry or request. Each of the Parties will use its reasonable best efforts to obtain any clearance required under the HSR Act for the Merger.

Section 17.12 Third-Party Beneficiaries. The Parties acknowledge and agree that the covenants set forth in Section 13.1, 13.2, 17.14 and 17.16 are entered into for the benefit of the Covered Persons and Indemnified Parties as third-party beneficiaries, and each such Person may enforce the covenants against Parent in order to recognize such benefit. Except as otherwise specifically set forth in the preceding sentence, (a) this Agreement is for the sole benefit of the Parties hereto and their permitted assigns and nothing herein expressed or implied shall give or be construed to give to any person, other than the Parties hereto and such assigns, any legal or equitable rights hereunder; and (b) all references herein to the enforceability of agreements with third parties, the existence or non-existence of third-party rights, the absence of breaches or defaults by third parties, or similar matters or statements, are intended only to allocate rights and risks between the parties and are not intended to be admissions against interests, give rise to any inference or proof of accuracy, be admissible against any Party by any non-Party, or give rise to any claim or benefit to any non-Party.

Section 17.13 Severability. If any provision of this Agreement or the application of any such provision to any person or circumstance shall be held invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect any

other provision hereof (or the remaining portion thereof) or the application of such provision to any other persons or circumstance.

Section 17.14 Enforcement. The Parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement are not performed in accordance with their specific terms or are 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 the United States District Court for the Northern District of Illinois or in an Illinois state court located in Cook County, Illinois, 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 the United States District Court for the Northern District of Illinois or any Illinois state court located in Cook County, Illinois in the event any dispute arises out of this Agreement or any of the transactions contemplated hereby, (ii) agrees that it will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court, (iii) agrees that it will not bring any action relating to this Agreement or any of the transactions contemplated hereby in any court other than the United States District Court for the Northern District of Illinois or an Illinois state court located in Cook County, Illinois 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 17.15 Damages. No Party shall be liable for any special, exemplary, consequential, speculative, or punitive damages in any claim arising out of this Agreement or any breach hereof.

Section 17.16 Non-Involvement of Tracinda. The Parties acknowledge that neither Kirk Kerkorian nor Tracinda Corporation, individually or collectively, is a party to this Agreement or any exhibit or agreement provided for herein. Accordingly, the Parties hereby agree that in the event (i) there is any alleged breach or default by any Party under this Agreement or any exhibit or agreement provided for herein, or (ii) any Party has any claim arising from or relating to any such agreement, no Party, nor any party claiming through it (to the extent permitted by applicable law), shall commence any proceedings or otherwise seek to impose any liability whatsoever against Mr. Kerkorian or Tracinda Corporation by reason of such alleged breach, default or claim.

ARTICLE XVIII

DEFINITIONS

"Additional Consideration" means the amount that will accrue during the Delay Period on the Net Consideration multiplied by that percentage per annum, as determined from time to time, at which Parent is able to borrow from its principal credit facility.

"Additional Shares" shall have the meaning ascribed to such term in Section 16.1.

"Affiliate" shall have the meaning defined in the rules and regulations of the SEC under the Securities Act as of the date of this Agreement.

"Aggregate Merger Consideration" shall have the meaning ascribed to such term in Section 4.1(a).

"Agreement" means this Agreement and Plan of Merger including the Exhibits, Disclosure Schedules and Schedules thereto, as they may be amended as permitted hereunder from time to time.

"Associate" shall have the meaning defined in the rules and regulations of the SEC under the Securities Act as of the date of this Agreement.

"Benefit Plan" shall have the meaning ascribed to such term in Section 5.11(a).

"Business Day" means any day (other than a Saturday or Sunday) on which banks are permitted to be open and transact business in the City of Chicago, Illinois.

"Capitalization Matter" shall have the meaning ascribed to such term in the Company's Disclosure Schedule.

"Capitalization Matter Expenses" shall have the meaning ascribed to such term in Section 15.6(a).

"Capitalization Matter Liability" shall have the meaning ascribed to such term in Section 15.3.

"Casino Complex" means that casino which is currently proposed to be located on the Leased Property in Rosemont.

"Certificates" means the documents evidencing ownership of or entitlement to Company Shares, including the Subscription Agreements.

"Claims Period" means the period beginning on the Closing Date and ending fourteen (14) months after the Closing Date.

"Closing" shall have the meaning ascribed to such term in Section 1.2.

"Closing Date" shall have the meaning ascribed to such term in Section 1.2.

"CM Indemnity Limit" means Forty Million Dollars ($40,000,000).

"Code" means the Internal Revenue Code of 1986, as amended, and reference to any section of the Code shall refer to that section as in effect at the date or, if such section has been modified, corresponding provisions of subsequent Federal tax Law in effect at the relevant time.

"Commissions" means those fees and expenses paid to Jefferies & Company, Inc. pursuant to the engagement agreement dated July 27, 2001.

"Company" shall have the meaning ascribed to such term in the Preamble to this Agreement.

"Company Balance Sheet" shall have the meaning ascribed to such term in Section 5.5.

"Company's Disclosure Schedule" shall have the meaning ascribed to such term in ARTICLE V.

"Company Requisite Vote" shall have the meaning ascribed to such term in Section 5.3.

"Company Shares" mean those shares and rights to receive shares of Company common stock that are set forth on Exhibit 4.2.

"Confidential Information" shall have the meaning ascribed to such term in Section 8.2 and Section 10.2.

"Contract" or "Contracts" means any material binding agreement or understanding, whether written or oral, including any commitment, letter of intent, mortgage, indenture, note, guarantee, lease, license, contract, deed of trust, option agreement, right of first refusal, security agreement, development agreement, operating agreement, management agreement, service agreement, partnership agreement, purchase, sale or other agreement, together with any amendments thereto (but shall exclude any agreement or alleged agreement which is part of the dispute in the Capitalization Matter disclosed in the Company's Disclosure Schedule).

"Costs and Expenses" mean any costs, expenses (including attorneys' fees and expenses), judgments, fines, losses, claims, damages (including amounts paid in settlement), deficiencies, and liabilities incurred or suffered by the Indemnified Party in connection with or as a result of any actual or threatened claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative.

"Covered Persons" shall have the meaning ascribed to such term in Section 13.1(a).

"Delay Period" means that period, if any, between the date that (i) the last of the following has occurred: (a) the Settlement Agreement is approved by the IGB and (b) all conditions to the obligations of Parent and Merger Sub to effect the Closing as set forth in ARTICLE XI have been met or waived by Parent, and (ii) Parent receives the requisite gaming licenses from the IGB to conduct gaming in Illinois; *provided, however,* that the Settlement Agreement is conditioned upon Parent receiving such licenses.

"Dissenting Shareholder" means any Holder who as a result of the Merger, perfects his or her rights in accordance with Sections 5/11.65 and 5/11.70 of the IBCA and ceases to have any of

the rights of a shareholder other than the right to be paid the payments provided for by the IBCA for his or her Company Shares and any other rights under the IBCA.

"DOJ" means the United States Department of Justice.

"Effective Time" shall have the meaning ascribed to such term in Section 1.3.

"Election" shall have the meaning ascribed to such terms in Section 8.7.

"Election Notice" shall have the meaning ascribed to that term in Section 4.3.

"Environmental Claim" means any material claim, action, cause of action, investigation or written notice by any person or entity alleging potential liability (including potential liability for investigatory costs, cleanup and removal costs, governmental enforcement and response costs, natural resources damaged, property damages, economic loss, personal injuries, or penalties) arising out of, based on or resulting from (a) the presence, discharge or release or threatened discharge or release into the environment, of any Materials of Environmental Concern at any location owned or operated by the Company or (b) circumstances forming the basis of any violation, or alleged violation, of any Environmental Law by the Company.

"Environmental Laws" means all material Federal, state, and local Laws (as of the relevant applicable date, but in no event as of a date later than the Closing Date) primarily relating to pollution or protection of human health from pollution or the protection of the environment (including ambient air, surface water, groundwater, wetlands, land surface or subsurface strata), navigable waters, waters of contiguous and exclusive economic zones, ocean waters and international waters, including Laws relating to emissions, discharges, releases or threatened discharge or releases of non-permitted non-consumer quantities of Materials of Environmental Concern or the dredging, handling and disposal of river sediments, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of non-permitted or non-consumer quantities of Materials of Environmental Concern.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations promulgated thereunder.

"ERISA Affiliate" shall have the meaning ascribed to such term in Section 5.11(a).

"Escrow Account" shall have the meaning ascribed to such term in Section 15.7.

"Escrow Agent" shall have the meaning ascribed to such term in Section 15.7.

"Escrow Agreement" shall have the meaning ascribed to such term in Section 15.7.

"Escrow Amount" means that dollar amount deposited into the Escrow Account as provided in the Escrow Agreement.

"Excess Liability" shall have the meaning ascribed to such term in Section 15.3.

"Excluded Claims" mean (i) any claim, demand, suit, proceeding or action of any kind based on a set of facts or allegations which, if true, would constitute breach of a representation, warranty or covenant made herein by the Company; (ii) the IGB Matters; and (iii) any claim, demand, suit, proceeding or action of any kind based on the payment of all or a portion of the Escrow Amount (but any such claim, demand, suit, proceeding or action based on any payment in excess of the CM Indemnity Limit is not so excluded).

"Excluded Contracts" means those Contracts designated as "Excluded Contracts" on Schedule 5.18.

"Flynn" and "Flynns" shall have the meaning ascribed to such terms in the Preamble.

"Flynn Action" shall have the meaning ascribed to such term in Section 15.3.

"FTC" means the United States Federal Trade Commission.

"GAAP" means generally accepted accounting principles.

"Gaming Laws" means any Law and the rules and regulations promulgated under such Law passed by a Gaming Authority relating to legalized gambling including the Illinois Riverboat Gambling Act.

"Gaming Authority" or "Gaming Authorities" means any Governmental Body with regulatory control or jurisdiction over the conduct of lawful gambling or casino gaming conducted by Parent.

"Governmental Approvals" mean any material permit, license, certificate, franchise, concession, approval, consent, ratification, permission, clearance, confirmation, endorsement, waiver, certification, filing, franchise, notice, variance, right, designation, rating, registration, qualification or authorization that is or has been issued, granted, given or otherwise made available by or under the authority of any Governmental Body or pursuant to any Law.

"Governmental Body" means any:

(a) nation, principality, state, commonwealth, province, territory, county, municipality, district or other jurisdiction of any nature;

(b) federal, state, local, municipal, foreign or other government;

(c) governmental or quasi-governmental authority of any nature (including any governmental division, subdivision, department, agency, bureau, branch, office, commission, council, board, instrumentality, officer, official, representative, organization, taxing authority, unit, body or Person and any court or other tribunal);

(d) multinational organization or body; or

(e) individual, Person, or body exercising, or entitled to exercise, any executive, legislative, judicial, administrative, regulatory, police, military or taxing authority or power of any nature.

"Guaranteed Value" shall have the meaning ascribed to such term in Section 16.1.

"Holder(s)" shall have the meaning ascribed to such term in Section 4.2.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"IBCA" means the Illinois Business Corporation Act of 1983, as amended.

"IGB" shall have the meaning ascribed to such term in Section 7.6.

"IGB Matters" shall have the meaning ascribed to such term in Section 15.6(c).

"Immediate Family" means a person's spouse and natural or adopted lineal descendant or antecedent, father, mother, brother or sister.

"including" means including, without limitation.

"Income Tax" or "Income Taxes" means any federal, state, local or foreign income, franchise or similar Tax.

"Indemnified Party" and "Indemnified Parties" means present and former directors, officers, employees and agents of the Company (each, together with such persons, heirs, executors or administrators).

"Indemnity Basket" means an amount equal to $1,000,000 less the dollar value of any amendment made to the Company's Disclosure Schedule that has an adverse monetary affect on the assets, business as currently conducted, property, financial condition or operations of the Company.

"Intellectual Property" means all registered and unregistered trademarks, service marks, trade names, corporate names, company names, fictitious business names, trade styles, trade dress, logos, and other source or business identifiers; patents; copyrights; proprietary formulas, recipes, technology, knowhow and other trade secrets used in or necessary to conduct the Company's business as currently conducted, and all registrations and recordings thereof, all applications for

(c) governmental or quasi-governmental authority of any nature (including any governmental division, subdivision, department, agency, bureau, branch, office, commission, council, board, instrumentality, officer, official, representative, organization, taxing authority, unit, body or Person and any court or other tribunal);

(d) multinational organization or body; or

(e) individual, Person, or body exercising, or entitled to exercise, any executive, legislative, judicial, administrative, regulatory, police, military or taxing authority or power of any nature.

"Guaranteed Value" shall have the meaning ascribed to such term in Section 16.1.

"Holder(s)" shall have the meaning ascribed to such term in Section 4.2.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"IBCA" means the Illinois Business Corporation Act of 1983, as amended.

"IGB" shall have the meaning ascribed to such term in Section 7.6.

"IGB Matters" shall have the meaning ascribed to such term in Section 15.6(c).

"Immediate Family" means a person's spouse and natural or adopted lineal descendant or antecedent, father, mother, brother or sister.

"including" means including, without limitation.

"Income Tax" or "Income Taxes" means any federal, state, local or foreign income, franchise or similar Tax.

"Indemnified Party" and "Indemnified Parties" means present and former directors, officers, employees and agents of the Company (each, together with such persons, heirs, executors or administrators).

"Indemnity Basket" means an amount equal to $1,000,000 less the dollar value of any amendment made to the Company's Disclosure Schedule that has an adverse monetary affect on the assets, business as currently conducted, property, financial condition or operations of the Company.

"Intellectual Property" means all registered and unregistered trademarks, service marks, trade names, corporate names, company names, fictitious business names, trade styles, trade dress, logos, and other source or business identifiers; patents; copyrights; proprietary formulas, recipes, technology, knowhow and other trade secrets used in or necessary to conduct the Company's business as currently conducted, and all registrations and recordings thereof, all applications for

registration pending therefor, all extensions and renewals thereof, all goodwill associated therewith, and all proprietary rights therein, in any jurisdiction in which the Company operates or does business.

"Investment" in any Person means any direct or indirect loan, advance or other extension of credit, or capital contribution to, or purchase or acquisition of capital stock or indebtedness or similar instrument of, or equity investment in, such person.

"IRS" means the Internal Revenue Service.

"knowledge" means actual, conscious knowledge of a fact or other matter, excluding constructive knowledge.

"knowledge of Company" means the knowledge of the Company's officers and directors.

"Lake County Litigation" means that lawsuit captioned Lake County Riverboat L.P. v. Illinois Gaming Board, Emerald Casino, Inc., The Village of Rosemont and West Central Municipal Conference (No. 99 L 51331) including all permutations, derivations, amendments, appeals, claims, actions, investigations or causes of actions related to, arising from, or making claims or allegations similar to the foregoing, all factual allegations contained therein, as well as any expenses, damages, losses, costs, deficiencies and liabilities (including related counsel fees and expenses) incurred as a result thereof or in connection therewith.

"Laws" mean all laws (whether statutory or otherwise), rules, regulations, orders, writs, injunctions, ordinances, judgments or decrees of any Governmental Body, including all Gaming Laws, the Federal Occupational Safety and Health Act and all laws relating to the safe conduct of business and environmental protection and conservation, the Civil Rights Act of 1964 and Executive Order 11246 concerning equal employment opportunity obligations of federal contractors, the Americans with Disabilities Act of 1990 and any applicable health, sanitation, fire, safety, labor, zoning and building laws and ordinances.

"Leased Property" means each parcel of real property and each interest in real property leased by the Company.

"Leases" means all of those certain leases set forth on the list attached hereto as Schedule 5.9 concerning the Leased Property.

"Level One Employees" shall have the meaning ascribed to such term in Section 7.6.

"Licensing Matters" shall have the meaning ascribed to such term in the Company's Disclosure Schedule.

"Liens" means all mortgages, pledges, security interests, liens, charges, options, conditional sales agreements, claims, restrictions, covenants, easements, rights of way, title defects or other encumbrances or restrictions of any nature whatsoever.

"Market Value Per Share" means on any date of valuation, the average of the closing price of one (1) share of Parent Common Stock as reported in the appropriate composite listing for the national securities exchange on which Parent Common Stock is then-traded for the ten (10) trading days immediately preceding the date of such valuation, as appropriately adjusted for stock splits, combinations, reclassifications, stock dividends and similar corporate events.

"Material Adverse Effect" means a material adverse effect on the assets, business as currently conducted, property, financial condition, or operations of the Company; *provided, however*, except as limited by the last sentence of this definition, that no change, effect, occurrence, action, activity or impact relating to or arising from (a) the Capitalization Matter disclosed in the Company's Disclosure Schedule, (b) the constitutionality of Section 11.2 of the Illinois Riverboat Gambling Act or the Licensing Matters disclosed in the Company's Disclosure Schedule, (c) the effects of the consummation of the transactions contemplated by this Agreement, (d) the condition of the economy or financial markets generally, (e) the condition of the gaming or construction industries generally, (f) increases in competition or applicable taxes or fees within the gaming industry or the Chicago gaming industry, or (g) any change, amendment or modification to, or any adoption, promulgation, or repeal of any judgment, decree, order, law, regulation, rule or ordinance of any court or Governmental Body of general applicability, shall constitute a Material Adverse Effect. Any event or series of events, which when considered either individually or aggregated, cause a material adverse effect which results in damages in excess of One Million Dollars ($1,000,000) shall be a Material Adverse Effect.

"Maximum Number of Shares" shall have the meaning ascribed to such term in Section 4.3.

"Merger" shall have the meaning ascribed to such term in the Preamble of this Agreement.

"Merger Consideration Per Share" shall have the meaning ascribed to such term in Section 4.1.

"Merger Filing" means the filing of the Articles of Merger with the Illinois Secretary of State as provided in Section 5/11.25 of the IBCA.

"Merger Sub" shall have the meaning ascribed to such term in the Preamble of this Agreement.

"Net Consideration" means Six Hundred Fifteen Million Dollars ($615,000,000) less (i) Commissions and (ii) the Settlement Amount.

"Other Pleadings" shall have the meaning ascribed to such term in Section 5.10(b).

"Other Shareholders" shall mean the shareholders of the Company other than the Flynns.

"Parent" shall have the meaning ascribed to such term in the Preamble of this Agreement.

"Parent Common Stock" shall have the meaning ascribed to such term in Section 4.3.

"Parent's Disclosure Schedule" shall have the meaning ascribed to such term in ARTICLE VI.

"Parent Indemnifiable Damages" shall have the meaning ascribed to such term in Section 15.2(a).

"Parent SEC Reports" shall have the meaning ascribed to such term in Section 7.8.

"Parties" shall have the meaning ascribed to such term in the Preamble to this Agreement.

"Permitted Ownership Liens" means those Liens (i) for taxes not yet due and payable or which are being contested in good faith or (ii) which arose from or through Parent.

"Permitted Real Estate Liens" means those Liens (i) set forth on the title policy provided to Parent by the Company; (ii) Liens for Taxes and other governmental charges and assessments which are not yet due and payable; (iii) Liens of landlords and Liens of carriers, warehousemen, mechanics and material men and other like Liens arising in the ordinary course of business for sums not yet due and payable; or (iv) disclosed on the Company's financial statements provided to Parent.

"Person" means any individual, corporation, limited liability corporation, joint stock company, joint venture, partnership, unincorporated association, Governmental Body, country, state or political subdivision thereof, trust or other entity.

"Proportionate Share" with respect to any shareholder of the Company, shall mean that amount equal to the number of Company Shares owned by such shareholder as set forth opposite such shareholder's name on Exhibit 4.2 attached hereto divided by the aggregate number of Company Shares (excluding Excluded Company Shares) existing as of the date of this Agreement.

"Proposed Transferee" shall have the meaning ascribed to such term in Section 16.5.

"R&W Indemnity Limit" means Five Million Dollars ($5,000,000).

"Registration Statement" shall have the meaning ascribed to such term in Section 10.7.

"Right of First Refusal" shall have the meaning ascribed to such term in Section 16.5.

"Rosemont" means Rosemont, Illinois.

"Rosemont Lease and Development Agreement" means that lease and development agreement by and among the Company, Parent and Rosemont which is substantially similar in form and substance as previously delivered to Parent, with appropriate changes to reflect the following: (i) an aggregate of approximately three thousand four hundred (3,400) parking spaces to be available to Company; (ii) the Company to pay no more than its pro rata share of parking costs with no imputed parking fee for parking spaces in excess of one thousand five hundred (1,500); and (iii) a right in the Company to remove and replace vendors.

"Securities Act" means the Securities Act of 1933, as amended.

"SEC" means the United States Securities and Exchange Commission.

"Second Testing Date" shall have the meaning ascribed to such term in Section 16.1.

"Selling Holder" shall have the meaning ascribed to such term in Section 16.5.

"Settlement Agreement" means that agreement by and among the Company, the Flynns, Parent and the Illinois Gaming Board which is substantially similar in form and substance as previously delivered to Parent.

"Settlement Amount" means any amount imposed on the Company (or imposed on any shareholders and reimbursed to such shareholders by the Company) in connection with the Settlement Agreement.

"shareholder" means as to the Company, any Person set forth on Exhibit 4.2 as having any ownership, ownership interest, right, or agreement to own Company Shares, regardless of whether such interest is held in escrow or subject to any restriction or any approval of any Governmental Body.

"Shareholder Indemnifiable Damages" shall have the meaning ascribed to such term in Section 15.3.

"Shareholder Representative" means that person named in the Shareholder Representative Agreement or his or her successor or assign.

"Shareholder Representative Agreement" shall have the meaning ascribed to such term in Section 12.11.

"Shareholders' Agreement" shall have the meaning ascribed to such term in Section 6.1.

"Shortfall" shall have the meaning ascribed to such term in Section 16.1.

"Stock Election" means the election of any Holder to receive Parent Common Stock as whole or partial payment of the Purchase Price as described in Section 4.3.

"Stock Guaranty" shall have the meaning ascribed to such term in Section 16.1.

"Stock Value" shall have the meaning ascribed to such term in Section 4.3.

"Subscription Agreements" means those duly executed subscription agreements received and accepted by the Company for the purchase of shares of common stock of the Company as set forth on Exhibit 4.2.

"Subsidiary" or "Subsidiaries" means as to any Person, a corporation, limited liability company, partnership or other entity of which shares of stock or other ownership interests having ordinary voting power to elect a majority of the board of directors or other managers of such corporation, limited liability corporation, partnership or other entity are at the time owned, or the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, or of which a majority in equity ownership interest is held, by such Person.

"Surviving Company" shall have the meaning ascribed to such term in Section 1.1.

"Taxes" means all taxes, charges, fees, levies or other assessments, including income, gross receipts, excise, gaming, property, sales, withholding, social security, occupation, use, service, service use, license, payroll, franchise, transfer and recording taxes, fees and charges, including estimated taxes, imposed by the United States or any taxing authority (domestic or foreign), whether computed on a separate, consolidated, unitary, combined or any other basis; and such term shall include any interest, fines, penalties or additional amounts attributable to, or imposed upon, or with respect to any such taxes, charges, fees, levies or other assessments.

"Tax Return" or "Tax Returns" means any return, report or other document or information required to be supplied to a taxing authority in connection with Taxes.

"Testing Date" shall have the meaning ascribed to such term in Section 16.1.

"Transfer Notice" shall have the meaning ascribed to such term in Section 16.5.

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IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed and delivered by the Parties as of the day and year first above written.

PARENT:
MGM MIRAGE

_____

By:_____
Name:_____
Title:_____

FLYNNS:

_____
Name: Brian J. Flynn

BRIAN J. FLYNN JUNE, 1992 NON-EXEMPT TRUST-S

_____
By: Brian J. Flynn, Trustee

_____
Name: Donald F. Flynn

_____
Name: Kevin F. Flynn

KEVIN F. FLYNN JUNE, 1992 NON-EXEMPT TRUST-S

_____
By: Kevin F. Flynn, Trustee

MICHAEL R. FLYNN 1994 EXEMPT TRUST

_____

By: Donald F. Flynn, Trustee

_____

By: Michael R. Flynn, Trustee

PATRICK F. FLYNN 1994 EXEMPT TRUST

_____

By: Donald F. Flynn, Trustee

_____

By: Patrick F. Flynn, Trustee

THE FLYNN 1995 REVOCABLE TRUST

_____

By: Robert W. Flynn, Trustee

_____

Name: Robert W. Flynn

MERGER SUB:
MGM MIRAGE ILLINOIS CO.

_____

By:_____
Name:_____
Title:_____

COMPANY:
EMERALD CASINO, INC.

_____

By:_____
Name:_____
Title:_____

COMPANY'S DISCLOSURE SCHEDULE

The following items, matters, occurrences, or facts shall be deemed to qualify each of the representations and warranties set forth in the Agreement or in any other agreement, instrument or document delivered to Parent in connection therewith:

1. The Company and/or certain of its officers or directors are parties to the following legal proceedings: (a) Davis Companies v. Emerald Casino, Inc., Joseph McQuaid, Donald Flynn and Kevin Flynn (No. 99 C 6822); (b) Lake County Riverboat L.P. v. Illinois Gaming Board, Emerald Casino, Inc., The Village of Rosemont and West Central Municipal Conference (No. 99 L 51331); (c) In re the Disciplinary Action of Emerald Casino, Inc. (Complaint DC-01-04); (d) In the Matter of the Denial of the Renewal of the Owner's License of Emerald Casino, Inc. (Matter No. 01-01); and (e) Emerald Casino, Inc. v. Illinois Gaming Board, Gregory C. Jones, Staci M. Yandle, Sterling Ryder, Ira Rogal and Stuart P. Levine (No. 01 CH 08368), in each case including all permutations, derivations, amendments, appeals, claims, actions, investigations, causes of actions, political developments and changes in applicable Law related to, arising from, or making claims or allegations similar to the foregoing, all factual allegations contained therein, as well as any expenses, damages, losses, costs, deficiencies and liabilities (including related counsel fees and expenses) incurred as a result thereof or in connection therewith (the matter in Subsection (a) above being referred to in the Agreement as the "Capitalization Matter;" and the matters in Subsections (b), (c), (d) and (e) above being collectively referred to in the Agreement as the "Licensing Matters;" and the Capitalization Matter and the Licensing Matters being collectively referred to in the Agreement as the "Legal Proceedings and Related Matters").

2. The Company will pay certain fees and expenses to Jefferies & Company, Inc. pursuant to its engagement agreement, a copy of which has been delivered to Parent.

3. Pursuant to Section 11.2 of the Illinois Riverboat Gambling Act, the Company must attain a level of at least 16% minority person and 4% female ownership within a time period prescribed by the Illinois Gaming Board, but not to exceed 12 months from the date the Company begins conducting gambling. The Company has accepted subscription agreements from (a) minority persons to acquire 14.84% of the Company and (b) women to acquire 4% of the Company, but the Illinois Gaming Board has not yet approved or disapproved any of those Holders. In addition, certain Persons have agreements to acquire Company Shares or rights thereto from Donald Flynn or pursuant to the Company's Restricted Stock Award Plan, but certificates have not been issued or are being held in escrow pending Illinois Gaming Board approval.

4. Pursuant to its lease and development agreement with the Village of Rosemont, the Company is obligated to reimburse the Village of Rosemont for certain costs (estimated to be approximately $45 million) relating to the design and construction of a parking garage and common areas upon the fulfillment or waiver of certain conditions.

5. Degan & Rosato Construction Company, Inc./Power Construction Company, L.L.C. have filed a contractor's claim for lien against the Village of Rosemont and the Company for $1,432,048. A copy of this lien has been delivered to Parent.

6. The Company has not received from the applicable Governmental Bodies the necessary zoning and similar land use approvals necessary to operate the Leased Premises as a casino.

Schedules

Exhibits