

ORDER 2007-124

**AN ORDER OF THE INDIANA GAMING COMMISSION
CONCERNING THE APPLICATION OF HAMLET MERGER, INC., A WHOLLY OWNED
SUBSIDIARY OF HAMLET HOLDINGS, LLC,
TO MERGE WITH HARRAH'S ENTERTAINMENT, INC.**

Hamlet Merger, Inc. ("Hamlet Merger"), a wholly owned subsidiary of Hamlet Holdings LLC ("Hamlet Holdings") (collectively, "Hamlet"), seeks approval from the Indiana Gaming Commission ("Commission") to purchase 100% of the outstanding shares of Harrah's Entertainment, Inc. ("Harrah's Entertainment"), the ultimate parent company of Caesars Riverboat Casino, LLC ("Caesars"), and Horseshoe Hammond, LLC ("Horseshoe"), the current holders of licenses to own and operate riverboat gambling operations in Indiana. Hamlet Merger will merge with Harrah's Entertainment, with Harrah's Entertainment continuing as the surviving entity and remaining the ultimate parent of Caesars and Horseshoe.

Upon closing, Harrah's Entertainment will issue two classes of equity interests. One class shall hold voting rights, but no economic interest; the other class shall hold an economic interest, but no voting rights. All voting interests of Harrah's Entertainment will be held by Hamlet Holdings, which is owned and controlled by six principals, each of whom has been fully investigated by the Commission's Background and Financial Investigations Division. The non-voting interests will be held by: (1) TPG Hamlet Holdings, LLC; (2) TPG Hamlet Holdings B, LLC; (3) Apollo Hamlet Holdings, LLC; (4) Apollo Hamlet Holdings B, LLC; (5) Co-Invest Hamlet Holdings, Series LLC; and (6) Co-Invest Hamlet Holdings B, LLC, (items (1) - (4) collectively, the "Apollo/TPG Funds"; items (5) - (6) collectively, the "Co-Investor Entities"). Each general partner, limited partner, and/or co-investor affiliated with a fund investing through the Apollo/TPG Funds, and each general partner, limited partner and/or co-investor affiliated with the Co-Investor Entities will possess less than a 5% economic, beneficial, or other interest in Harrah's Entertainment. Following the merger, Caesars and Horseshoe will remain the Indiana licensees.

In addition to the foregoing, the Indiana Gaming Commission has considered the following factors:

1. Hamlet submitted to the Commission the appropriate transfer of ownership interest application and personal disclosure forms for all Substantial Owners and Key Persons as deemed necessary by Commission staff.
2. Hamlet has indicated and established to the Commission's satisfaction that it shall have sufficient funds at its disposal to pay the full \$31 billion enterprise value of this acquisition.
3. The Commission has received a confidential financial analysis of the transaction from the Commission's outside financial expert, Dr. A. Charlene Sullivan, who recommends approval of Hamlet's proposed financing package and of the acquisition.
4. The Commission's Background and Financial Investigations Section has completed a comprehensive investigation of Hamlet, their Substantial Owners, and Key Persons. The final investigative reports have been presented to the Commission for review.
5. Hamlet has addressed the Commission concerning this acquisition.

6. Hamlet has presented evidence that it meets or possesses the standards, qualifications, or criteria necessary to be issued a riverboat owner's license pursuant to 68 IAC 2-1-5 (c) and IC 4-33-6.

COMMISSION ACTION

I. Merger Transaction:

Based on the foregoing, the Commission hereby **APPROVES** the application of Hamlet Merger, Inc., to merge with Harrah's Entertainment, Inc., with the surviving entity to be Harrah's Entertainment, such that 100% of the voting interest in Harrah's Entertainment shall be held by Hamlet Holdings LLC, and 100% of the non-voting interests shall be held by: (1) TPG Hamlet Holdings, LLC; (2) TPG Hamlet Holdings B, LLC; (3) Apollo Hamlet Holdings, LLC; (4) Apollo Hamlet Holdings B, LLC; (5) Co-Invest Hamlet Holdings, Series LLC; and (6) Co-Invest Hamlet Holdings B, LLC.

The Commission's approval of Hamlet's acquisition is contingent upon successful closing the financing package, and associated conditions, referenced herein, as well as acceptance of the continuing conditions that: (1) none of the Apollo/TPG Funds or the Co-Investor Entities may, without the prior approval of the Commission, declare any dividends or distributions to any direct or indirect interest holder in Harrah's Entertainment who has not been investigated and licensed by the Commission, provided however, the Apollo/TPG Funds or the Co-Investor Entities may, with the prior approval of the Executive Director, pay dividends or make distributions to such unlicensed interest holders for the sole purpose of defraying tax liabilities and/or tax-related expenses which arise directly out of holding such interest; (2) the Apollo/TPG Funds and the Co-Investor Entities shall provide the Executive Director, on a quarterly basis, with a list of all participants who are direct or indirect interest holders in Harrah's Entertainment; (3) the Apollo/TPG Funds, Co-Investor Entities, or Hamlet Holdings shall not effectuate the divestiture of, or issuance of, any additional direct or indirect interests in Harrah's Entertainment to any person or entity without providing at least 30 days advance notice to the Executive Director; (4) the Apollo/TPG Funds and the Co-Investor Entities shall either (a) provide full disclosure and transparency of any and all information, up to and including all information necessary for full licensure, that may be requested by the Commission from or regarding fund participants holding any direct or indirect interest in Harrah's Entertainment, or (b) voluntarily divest the interests of any interest holder about whom such information is withheld; and (5) the Apollo/TPG Funds, the Co-Investor Entities, Hamlet Holdings, and all relevant affiliates, persons, and/or entities holding any economic, beneficial or other interest in Harrah's Entertainment, remain in compliance with all laws, regulations and/or other directives which are applicable to the ownership and operation of a riverboat gambling operation in the State of Indiana.

II. Financing:

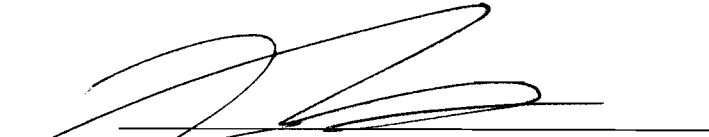
Based on the information provided by Hamlet and Harrah's Entertainment, to date, along with the aforementioned positive recommendation from Dr. Sullivan, the Commission hereby **APPROVES** the financing package proposed by Hamlet as the funding mechanism for the acquisition. In granting

such approval, the Commission also hereby **WAIVES** the “two meeting requirement” of 68 IAC 5-3-2(b)(2) and (3).

The Commission’s approval of Hamlet’s financing package is contingent upon: (1) the terms articulated in the final financing documentation not materially differing from the terms which have been presented for approval to date; (2) the terms of the final financing documentation not violating IC 4-33-4-21; and (3) Hamlet providing the Commission with a legal opinion demonstrating compliance with IC 4-33-4-21. Should Hamlet or any affiliate willfully fail to abide by said terms and conditions, the Commission reserves the right to withdraw this financing approval; require Hamlet or any affiliate to obtain additional approval(s); and/or take other appropriate disciplinary action.

IT IS SO ORDERED THIS THE 8TH DAY OF NOVEMBER, 2007.

THE INDIANA GAMING COMMISSION:



William W. Barrett, Chair

ATTEST:



Tom Swihart, Secretary