

ORDER 2009-46

AN ORDER OF THE INDIANA GAMING COMMISSION APPROVING EXCHANGE OFFERS PROPOSED BY HARRAH'S ENTERTAINMENT, INC.

Pursuant to IC 4-33-4-21 and 68 IAC 5-3-2, the Indiana Gaming Commission ("Commission") reviews proposed debt transactions to analyze the financial health of riverboat licensees and to ensure that a riverboat owner's license is not leased or hypothecated, or that money is not borrowed or loaned against a riverboat owner's license.

The Commission has considered the following factors:

1. In a letter dated February 25, 2009, Harrah's Entertainment, Inc. ("Harrah's"), through counsel, informed Commission staff of its intent to launch a new round of private exchange offers related to the outstanding notes of a subsidiary, Harrah's Operating Company, Inc. ("HOC"), and requested Commission approval of same, along with a waiver of the 68 IAC 5-3 two meeting requirement.
2. Specifically, Harrah's seeks permission to exchange certain of its outstanding debt securities (the "Old Notes") for either: (1) up to an aggregate of \$2.8 billion in new 10% Second-Priority Senior Secured Notes (the "New Notes") due in 2018; or (2) cash.
3. In connection with the exchange offers, Harrah's is soliciting consents from holders of the Old Notes to make amendments to the existing indentures that would, among other things, delete substantially all of the applicable restrictive covenants, including those that cap (at \$2.8 billion) the amount of 2nd lien debt that may be issued. If such consents are obtained, up to \$5.1 billion in New Notes could be issued.
4. Harrah's also intends to negotiate amendments to an existing bridge loan that would enable the company to retire all or a portion of the amount outstanding in exchange for up to \$297 million in New Notes.
5. Although subject to change, Harrah's currently expects that the exchange offers will expire on April 1, 2009.
6. The Commission members have received a confidential financial analysis of the proposed debt transaction from Dr. Charlene Sullivan, the Commission's finance consultant.

Based on the foregoing, as well as the documentation and information provided by Harrah's to date, the Commission hereby **APPROVES** the proposed exchange offers. In granting this approval, the Commission also hereby **WAIVES** the "two meeting requirement" of 68 IAC 5-3-2(b)(2) and (3).

The Commission's approval and waiver are being granted on the conditions that: (1) the terms articulated in the final documentation do not materially differ from the terms which have been presented for approval to date; (2) the terms of the final documentation do not violate IC 4-33-4-21;

and (3) Harrah's provide the Commission with a legal opinion demonstrating compliance with IC 4-33-4-21. Should Harrah's willfully fail to abide by said terms and conditions, the Commission reserves the right to withdraw this approval; require Harrah's to obtain additional approval(s); and/or take other appropriate disciplinary action.

IT IS SO ORDERED THIS THE 19TH DAY OF MARCH, 2009.

THE INDIANA GAMING COMMISSION:



Timothy Murphy, Chair

ATTEST:



Thomas Swihart, Secretary