

## ORDER 2010-158

### AN ORDER OF THE INDIANA GAMING COMMISSION CONCERNING THE TOTAL RECLASSIFICATION OF EQUITY IN HARRAH'S ENTERTAINMENT, INC.

Harrah's Entertainment, Inc. ("Harrah's"), the ultimate parent company of Indiana license holders Caesars Riverboat Casino, LLC and Horseshoe Hammond, LLC, seeks approval from the Indiana Gaming Commission ("Commission") to reclassify 100% of the company's equity interests.

In the proposed equity reclassification, Harrah's intends to cancel 100% of its pre-existing non-economic Voting Common Stock, all of which is currently held by Hamlet Holdings LLC ("Hamlet"). In addition, Harrah's will convert all of its pre-existing Non-Voting Common Stock into New Voting Common Stock with economic interests. The New Voting Common Stock will be issued to the prior holders of Non-Voting Common Stock, specifically: (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; (6) Co-Invest Hamlet Holdings B, LLC; and (7) certain individual management stockholders, (entities (1) - (4) collectively, the "Apollo/TPG Funds"; entities (5) - (6) collectively, the "Co-Investor Entities").

Although the proposed transaction will result in the transfer of 100% of Harrah's voting equity from Hamlet to other entities and individuals, Hamlet will continue to exert majority control over Harrah's by virtue of an irrevocable proxy executed by the Apollo/TPG Funds and the Co-Investor Entities. When the reclassification is complete, 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 continue to possess less than a 5% economic, beneficial, or other interest in Harrah's.

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

1. Because the proposed equity reclassification and anticipated execution of an irrevocable proxy will not materially change the ownership or operational control of Harrah's, no new individual or corporate applications for licensure are necessary at this time.
2. Completion of the proposed equity reclassification is a preliminary and necessary step for some or all of Harrah's shares to be offered on a public equity exchange at a yet to be determined time in the future.
3. Harrah's has provided all requested information and made appropriate representatives and agents available to answer questions from the Commission and its staff concerning the proposed equity reclassification.
4. Harrah's continues to possess or meet the standards, qualifications, or criteria necessary to be issued and maintain a riverboat owner's license pursuant to 68 IAC 2-1-5 (c) and IC 4-33-6.

## **COMMISSION ACTION**

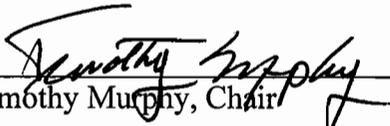
### **I. Equity Reclassification Transaction:**

Based on the foregoing, the Commission hereby **APPROVES** the cancellation of 100% of Harrah's pre-existing Voting Common Stock, as well as the conversion of 100% of Harrah's pre-existing Non-Voting Common Stock into New Voting Common Stock with economic interests, which shall be issued to: (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; (6) Co-Invest Hamlet Holdings B, LLC; and (7) certain individual management stockholders.

The Commission's approval of the proposed equity reclassification is contingent upon the continuing conditions that: (1) the irrevocable proxy referenced in this Order, or other equivalent mechanism deemed appropriate by the Commission or the Commission's Executive Director, remain in effect with respect to the New Voting Common Stock, and be fully honored by the parties, until such time as all or a portion of the subject shares are sold, transferred or otherwise disposed of, including a sale pursuant to a public offering; and (2) any entities that are subject to the conditions enumerated in Commission Order 2007-124, continue to abide by such conditions, none of which should be interpreted as prohibiting the sale, transfer or disposition of Harrah's New Voting Common Stock, or as requiring advance notice thereof unless otherwise required by law.

**IT IS SO ORDERED THIS THE 16<sup>TH</sup> DAY OF SEPTEMBER, 2010.**

**THE INDIANA GAMING COMMISSION:**

  
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Timothy Murphy, Chair

**ATTEST:**

  
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Marc Fine, Secretary