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May 28, 2008

Honorable Linda M. Kassekert
Chair
Casino Control Commission
Arcade Building
Tennessee Avenue and the Boardwalk
Atlantic City, NJ 08401

Re: In the Matter of the Plenary Qualification of Apollo Hamlet Holdings, LLC, Apollo Hamlet Holdings B, LLC, TPG Hamlet Holdings B, LLC, TPG Hamlet Holdings, LLC, Co-Invest Hamlet Holdings, Series, LLC, Co-Invest Hamlet Holdings B, LLC, and Hamlet Holdings, LLC as Holding Companies of Casino Licensees Harrah's Atlantic City Operating Company, LLC (Marina OpCo), Showboat Atlantic City Operating Company, LLC (Showboat OpCo), Bally's Park Place, Inc. (BPP), and Boardwalk Regency Corporation (BRC).

Dear Chair Kassekert:

I. INTRODUCTION

The Division of Gaming Enforcement (Division) submits this report to the Commission with regard to the plenary qualification of the below described holding companies, entity qualifiers and financial sources of the Harrah's casino licensees described hereinafter. This report pertains to entities and persons associated or affiliated with Texas Pacific Group



(TPG). The Division is submitting four other reports with regard to this and related matters. A separate report will be filed regarding entities and persons associated or affiliated with Apollo Global Management, LLC (AGM or Apollo). Another report will be filed regarding the casino license renewal applications of Harrah's Atlantic City Operating Company, LLC (Marina OpCo), Showboat Atlantic City Operating Company, LLC (Showboat OpCo), Bally's Park Place, Inc. (BPP), and Boardwalk Regency Corporation (BRC). A separate report will address their casino hotel alcoholic beverage licenses. Lastly, a financial analysis report will also be submitted relating to all entities in the corporate/non-corporate chain, including the casino licensees. In addition, a number of reports will be filed with regard to the credentials of the initial individual qualifiers associated with those entities.

Apollo Hamlet Holdings, LLC (Apollo Hamlet), Apollo Hamlet Holdings B, LLC (Apollo Hamlet B), TPG Hamlet Holdings B, LLC (TPG Hamlet B), TPG Hamlet Holdings, LLC (TPG Hamlet), Co-Invest Hamlet Holdings, Series, LLC (Co-Invest Series), Co-Invest Hamlet Holdings B, LLC (Co-Invest B), Hamlet Holdings, LLC (Hamlet Holdings) and Hamlet Merger, Inc. were granted Interim Casino Authorization (ICA) as set forth in Commission Resolution No. 07-10-17-17 on October 17, 2007. As described therein, a Plan and Agreement of Merger dated as of December 19, 2006 (Merger Agreement), pursuant to which Hamlet Merger, Inc. (Hamlet Merger) would be merged with and into Harrah's Entertainment, Inc. (HEI) with HEI as the surviving entity, was consummated and closed on or about January 28, 2008. As a result, the shareholders of Hamlet Merger became the shareholders of HEI, which previously had been a publicly traded corporation.

All outstanding shares of HEI stock were redeemed for \$90 per share. The shareholders of Hamlet Merger became the sole shareholders of HEI, with each of the new shareholders holding the same type of stock and number of shares as they held in Hamlet Merger. Immediately prior to the Merger, Hamlet Merger had three classes of stock: Voting Common Stock, Non-Voting Common Stock, and Non-Voting Preferred Stock. Generally, HEI was acquired by Apollo Fund VI (which will be described in the separate report to be filed regarding Apollo) and TPG Fund V (described hereinafter), Co-Invest Hamlet Holdings, Series LLC, and Co-Invest Hamlet Holdings B, LLC. Other investors are also described later in this report.

Hamlet Holdings LLC became the 100% owner of all the issued and outstanding Voting Common Stock, and as such is vested with the full authority to control the business and affairs of HEI. HEI was and is a holding company of four New Jersey casino licensees namely, Marina Associates trading as Harrah's Marina Hotel and Casino (Harrah's Marina), Atlantic City Showboat, Inc. (AC Showboat) which owned and operated the Showboat Atlantic City Hotel & Casino, Bally's Park Place, Inc. (BPP) which owned and operated Bally's Atlantic City Hotel & Casino and the Claridge Casino Hotel, and Boardwalk Regency Corporation (BRC) which owned and operated Caesars Atlantic City Hotel & Casino.

As described in previous filings with the Commission, and in part as a result of certain aspects of the closing of the Merger, Marina Associates has been replaced by Marina OpCo. Part of the financing for the Merger was a real estate credit facility which included

a CMBS Restructuring, pursuant to which the real estate assets of Harrah's Marina including the Marina Casino facility but not the gaming assets, were conveyed to Harrah's Atlantic City Property Company, LLC (Marina PropCo), a Delaware limited liability company. The gaming assets of Harrah's Marina were conveyed to Marina OpCo, a newly formed New Jersey limited liability company, which will operate the Harrah's Marina Casino through a lease with Marina PropCo. Also as part of the CMBS Restructuring, the real estate assets of AC Showboat, including the Showboat Casino facility but not the gaming assets, were conveyed to Showboat Atlantic City Property Company, LLC (Showboat PropCo), a Delaware limited liability company. The gaming assets of AC Showboat were conveyed to Showboat OpCo, a newly formed New Jersey limited liability company, which operates the Showboat Casino through a lease with Showboat PropCo.

However, subsequently a petition was filed (PRN 0860801) and the Commission issued Resolution No. 08-04-30-11 which approved and authorized a restructuring allowing Showboat PropCo to be removed as a borrower under the Mortgage Loan and the various Showboat Mezzanine financing entities removed as borrowers under the Mezzanine Loans, both of which were part of the real estate credit facility used to effect the Merger and more particularly described in Commission Resolution Nos. 07-10-17-17, 08-01-16-7 and 08-02-20-15. They will also be referenced in the Division's separate financial analysis report of even date. As a result of the restructuring, the Showboat Casino Hotel through its various holding companies will be added as guarantors of the New Senior Notes and its assets used to secure the Senior Secured Credit Facility, two additional financing mechanisms

utilized in the Merger. The Commission is referred to the aforesaid Resolutions and is already very familiar with these credit facilities.

The Non-Voting Stock of HEI, both Common and Preferred, is now owned by six holding companies, namely Apollo Hamlet (4,188,089.90 common and 2,048,466.57 preferred), Apollo Hamlet B (4,709,799.74 common and 2,303,643.79 preferred), TPG Hamlet B (1,073,289.50 common and 524,964.29 preferred), TPG Hamlet (7,824,600.14 common and 3,827,146.07 preferred), Co-Invest Series (6,781,828.73 common and 3,317,108.69 preferred) and Co-Invest B (15,708,007.04 common and 7,683,055.54 preferred). Apollo Hamlet and Apollo Hamlet B own approximately 21.8% of those shares, TPG Hamlet B and TPG Hamlet also own approximately 21.8% of those shares, and Co-Invest Series and Co-Invest B own approximately 55% of those shares.¹ The Merger was financed through several transactions which met the definition of material debt transactions under *N.J.A.C. 19:43-4.1* and which, therefore, required the Commission's approval pursuant to *N.J.A.C. 19:43-4.3(a)* prior to their consummation. The Commission approved the proposed material debt transactions.

II. HOLDING COMPANIES AND OTHER ENTITY QUALIFIERS

¹ These percentages are approximate since management, including directors and officers, owns a little in excess of 1% of these shares.

A. Hamlet Holdings, LLC

Hamlet Holdings, LLC was formed as a Delaware Limited Liability Company on or about December 13, 2006 as a holding company to ultimately hold all of the voting common stock of HEI. The following individuals are members of Hamlet Holdings, LLC: Leon Black, David Bonderman, Jonathan Coslet, James Coulter, Joshua Harris and Marc Rowan. Each of the above members holds a 1/6th membership interest in Hamlet Holdings, LLC and each member also holds a 1/6th voting interest. All of the members have filed a Personal History Disclosure Form. The current officers of Hamlet Holdings, LLC are:

<u>Name</u>	<u>Title</u>	<u>Dates Held</u>
David Bonderman	Vice President Co-President	2/7/07-Present 12/19/06-2/7/07
James Coulter	Vice President	2/7/07-Present
Joshua Harris	Vice President	2/7/07-Present
Marc Rowan	Vice President	12/19/06-Present
Jeffrey Benjamin	Secretary	2/7/07-Present
Anthony Civale	Secretary Vice President	2/7/07-Present 12/19/06-2/7/07
Kelvin Davis	Secretary Vice President	2/7/07-Present 12/19/06-2/7/07
Karl Peterson	Secretary Vice President	2/7/07-Present 12/19/16-2/7/07
Eric Press	Secretary	2/7/07-Present

Co-President 12/19/06-2/7/07

The Operating Agreement of Hamlet Holdings, LLC was executed on December 19, 2006 and was amended on February 7, 2007, October 1, 2007 and January 28, 2008. The operating agreement states the company was formed for the object and purpose of engaging in any lawful act or activity for which limited liability companies may be formed. Decisions of Hamlet Holdings, LLC will be made by simple majority vote of the members, provided that all decisions by or on behalf of the company shall require the consent of at least one Apollo Member and at least one TPG Member. All actions in respect of Hamlet Holdings' ownership interest in Harrah's, which consists of 10 voting common shares of HEI, including any decision to exercise voting, transfer or economic rights in respect of the voting shares, shall require the approval of at least one Apollo member and at least one TPG Member.

B. TPG Hamlet Holdings, LLC

TPG Hamlet filed a Business Entity Disclosure Form (BEDF) with the Commission in February 2007. TPG Hamlet, which was formed in February 2007, is a Delaware limited liability company formed to acquire Non-Voting Stock of HEI (or Harrah's) as described above. The following entities are members of TPG Hamlet: TPG V Hamlet AIV, L.P., TPG FOF V-A, L.P., and TPG FOF V-B, L.P. The initial managing member of TPG Hamlet was TPG GenPar V, L.P., a Delaware limited partnership.

An Amended and Restated Limited Liability Company Operating Agreement for TPG Hamlet was executed and effective January 28, 2008. The amended operating agreement states the company was formed to invest in the equity interests of Hamlet Merger Inc., which will be merged into HEI with the latter as the surviving company, and to engage in any other lawful business the company may undertake. The said agreement also provides that the managing member will act as the manager of the company and the managing member was changed to TPG V Hamlet AIV, L.P. As the managing member, TPG V Hamlet AIV, L.P. will make all decisions on behalf of TPG Hamlet. TPG V Hamlet AIV L.P.'s general partner is TPG GenPar V, L.P. and its general partner is TPG Advisors V, Inc. which is controlled by shareholders David Bonderman and James Coulter. Ultimately all decisions for TPG Hamlet will be made by Bonderman and Coulter.

The capital contributions and membership interests of the members of TPG Hamlet are as follows, effective January 28, 2008:

<u>Member</u>	<u>Capital Contribution</u>	<u>Interest</u>
TPG V Hamlet AIV, L.P.	\$1,158,941,984	99.47%
TPG FOF V-A, L.P.	3,450,364	.30%
TPG FOF V-B, L.P.	2,782,273	.24%

The following are the current officers of TPG Hamlet:

<u>Name</u>	<u>Title</u>
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David Bonderman	President
James Coulter	Executive Vice President
Jonathan Coslet	Secretary
Kelvin Davis	Secretary
Karl Peterson	Secretary
Jeff Benjamin	Secretary

Each officer has filed a Personal History Disclosure Form and will be reported on separately.

1. TPG V Hamlet AIV, L.P.

TPG V Hamlet AIV, L.P. (TPG V Hamlet) filed a Business Entity Disclosure Form with the Commission to acquire an interest in Harrah's. TPG V Hamlet was formed to acquire an indirect interest in the non-voting stock of Harrah's through its membership interest in TPG Hamlet. TPG V Hamlet was formed as a Delaware limited partnership in February 2007. An Amended and Restated Agreement of Limited Partnership was executed on May 2, 2007.

The general partner of TPG V Hamlet is TPG GenPar V, L.P., a Delaware limited partnership which was formed in January, 2006 to act as the general partner of certain investment funds established by TPG. The general partner of TPG GenPar V, L.P. is TPG

Advisors V, Inc. (TPG Advisors) The limited partners of TPG GenPar V, L.P. are certain TPG professionals. TPG Advisors is a Delaware corporation formed in January, 2006 to act as the general partner of TPG GenPar V, L.P. and as a partner of other entities established by TPG. TPG Advisors is wholly-owned by David Bonderman and James Coulter. Bonderman and Coulter are also the directors of TPG Advisors.

Under the certificate of incorporation of TPG Advisors, all actions by the board of directors of TPG Advisors requires the consent of both Bonderman and Coulter. The shareholder agreement among TPG Advisors and its shareholders provides that all significant decisions or actions of TPG Advisors, whether taken or made on its own behalf or as the general partner of TPG GenPar V, L.P. including making investment decisions, entering into material contracts, undertaking material financing, amending the agreement of TPG GenPar V, L.P. or admitting additional partners to TPG GenPar V, L.P. require the unanimous consent of the shareholders.

However, despite the foregoing, TPG V Hamlet is managed by TPG Capital, L.P., pursuant to a management agreement executed by the parties on November 7, 2007. TPG Capital, L.P. is a Texas limited partnership whose general partner is Tarrant Capital, LLC. Tarrant Capital, LLC. is a Delaware limited liability company formed on October 13, 2006 whose sole member is Tarrant Capital Advisors, Inc., a Delaware corporation formed on October 13, 2006 as Tarrant Advisors II, Inc. The name was changed to Tarrant Capital Advisors, Inc. on December 15, 2006. The shareholders of Tarrant Capital Advisors, Inc.

are David Bonderman and James Coulter. The limited partners of TPG V Hamlet are sophisticated investors, including public and private pension funds and endowments. Each of the limited partners holds less than a 5% non-voting interest in Harrah's. The limited partners are passive investors in TPG V Hamlet and, under the terms of the limited partnership agreement, do not have any voting rights in connection with the investment in Harrah's held by TPG V Hamlet and will have no ability to manage or influence the management of Harrah's or its operating subsidiaries. TPG V Hamlet will be managed by its general partner, TPG GenPar V, L.P. but in turn managed pursuant to the aforesaid management agreement by TPG Capital, L.P.

The Commission and Division have been supplied with a detailed listing of the limited partners of TPG V Hamlet which delineates their respective individual capital investment and actual contribution to the Harrah's acquisition. The Division refers the Commission to that list for any further particulars regarding the limited partners. As noted above, the total amount invested was approximately \$1,158,941,984 which represents approximately 87% of the total amount of funds (\$1.325 billion) invested by TPG entities excluding Co-Invest Hamlet Holdings, Series LLC and Co-Invest Hamlet Holdings B, LLC, described hereinafter.

2. TPG FOF V-A, L.P. and TPG FOF V-B, L.P.

TPG FOF V-A, L.P. (FOF A), and TPG FOF V-B, L.P. (FOF B) have each filed a Business Entity Disclosure Form with the Commission. FOF A and FOF B were both

formed prior to the investment by TPG in Harrah's. The purpose of the entities is for certain TPG employees, and friends and families of certain TPG employees, to invest in TPG investments. FOF A was initially formed as a Delaware limited partnership in April 2006 as TPG FOF V, L.P. In November 2006, a Certificate of Amendment for FOF V, L.P. was filed to change the name of the partnership to FOF V-A L.P. An Amended and Restated Agreement of Limited Partnership for FOF A was executed on January 10, 2007. The stated purpose of the partnership is to invest in public and private debt or equity securities and/or make secured or unsecured bridge financings, in each case alongside TPG Partners V, L.P., proportionately in accordance with the relative aggregate capital commitments of the partnership and TPG Partners V, L.P.

FOF B was formed as a Delaware limited partnership in November 2006. An Amended and Restated Agreement of Limited Partnership for FOF B was executed in January 2007. The stated purpose of FOF B is the same as stated for FOF A.

As noted previously in this report, the general partner of FOF A and FOF B is TPG GenPar V, L.P. which was formed in January 25, 2006 to act as the general partner of certain investment funds established by TPG. The general partner of TPG GenPar V, L.P. is TPG Advisors. TPG Advisors is wholly-owned by David Bonderman and James Coulter. Bonderman and Coulter are also the directors of TPG Advisors. The shareholder agreement among TPG Advisors and its shareholders provides that all significant decisions or actions of TPG Advisors, whether taken or made on its own behalf or as the general

partner of TPG GenPar V, L.P. including making investment decisions, entering into material contracts, undertaking material financing, amending the agreement of TPG GenPar V, L.P. or admitting additional partners to TPG GenPar V, L.P. require the unanimous consent of the shareholders.

However, despite the foregoing, FOF A and FOF B are managed by TPG Capital, L.P., pursuant to a management agreement executed by the parties on January 10, 2007. TPG Capital, L.P. is a Texas limited partnership whose general partner is Tarrant Capital, LLC. Tarrant Capital, LLC. is a Delaware limited liability company formed on October 13, 2006 whose sole member is Tarrant Capital Advisors, Inc., a Delaware corporation formed on October 13, 2006 as Tarrant Advisors II, Inc. The name was changed to Tarrant Capital Advisors, Inc. on December 15, 2006. The shareholders of Tarrant Capital Advisors, Inc. are David Bonderman and James Coulter.

The limited partners are passive investors in FOF A and FOF B, and under the terms of the limited partnership agreement, do not have any voting rights in connection with the investment in Harrah's held by FOF A and FOF B and will have no ability to manage or influence the management of Harrah's or its operating subsidiaries. FOF A and FOF B will be managed by its general partner, TPG GenPar V, L.P. but in turn managed pursuant to the aforesaid management agreement, by TPG Capital, L.P.

The Commission and Division have been supplied with a detailed listing of the limited partners of FOF A and FOF B which delineates their respective individual capital investment and actual contribution to the Harrah's acquisition. The Division refers the Commission to that list for any further particulars regarding the limited partners. The total amount invested by FOF A was approximately \$3,450,364 and by FOF B approximately \$2,782,273.

C. TPG Hamlet Holdings B, LLC

TPG Hamlet B filed a Business Entity Disclosure Form (BEDF) with the Commission in February 2007. TPG Hamlet B, which was formed in February 2007, is a Delaware limited liability company formed to acquire Non-Voting Stock of HEI (or Harrah's) as described above. The following entities are members of TPG Hamlet B: TPG GenPar V, L.P. (Managing Member), and non-managing members TPG V Hamlet (Cayman) AIV, L.P. (Series A), TPG V Hamlet (Cayman) AIV II, L.P. (Series B), TPG V Hamlet (Cayman) AIV III, L.P. (Series C), TPG V Hamlet (Cayman) AIV IV, L.P. (Series D), TPG V Hamlet (Cayman) AIV V, L.P. (Series E), and TPG V Hamlet (Cayman) AIV VI, L.P. (Series F). An Amended and Restated Limited Liability Company Operating Agreement for TPG Hamlet B was executed and effective January 30, 2008. The amended operating agreement states that the company was formed to invest in the equity interests of Hamlet Merger Inc., which will be merged into HEI with the latter as the surviving company, and to engage in any other lawful business the company may undertake. The amended operating agreement also

states that the managers may establish one or more Series, each of which may have separate rights, powers, or duties. In general, as described above, each member company will be a Series of TPG Hamlet B.

As the managing member, TPG GenPar V, L.P. will make all decisions on behalf of TPG Hamlet B. The general partner of TPG GenPar V, L.P. is TPG Advisors V, Inc. which is controlled by shareholders David Bonderman and James Coulter. Ultimately all decisions for TPG Hamlet will be made by Bonderman and Coulter. The capital contributions and membership interests of the members of TPG Hamlet B are as follows, effective January 28, 2008:

<u>Member</u>	<u>Capital Contribution</u>	<u>Interest</u>	<u>Series</u>
TPG GenPar V, L.P.	\$ 1	0 %	A - F
TPG V Hamlet (Cayman) AIV, L.P.	36,242,134	22.676	A
TPG V Hamlet (Cayman) AIV II, L.P.	36,251,015	22.682	B
TPG V Hamlet (Cayman) AIV III, L.P.	36,252,780	22.683	C
TPG V Hamlet (Cayman) AIV IV, L.P.	36,234,925	22.672	D
TPG V Hamlet (Cayman) AIV V, L.P.	1,293,078	.809	E
TPG V Hamlet (Cayman) AIV VI, L.P.	<u>13,551,447</u>	<u>8.479</u>	F
TOTAL	\$159,825,379	100%	

The Commission and Division have been supplied with a detailed listing of the limited partners of the above listed TPG V Hamlet (Cayman) AIV entities which delineates their respective individual capital investment in the Harrah's acquisition. The Division refers the Commission to that list for any further particulars regarding the limited partners.

The following are the current officers of TPG Hamlet B:

<u>Name</u>	<u>Title</u>
David Bonderman	President
James Coulter	Executive Vice President
Jonathan Coslet	Secretary
Kelvin Davis	Secretary
Karl Peterson	Secretary

Each officer has filed a Personal History Disclosure Form and will be reported on separately.

1. TPG V Hamlet (Cayman) AIV, II, III, IV, V, and VI, L.P.s

As referenced previously, TPG V Hamlet (Cayman) AIV, L.P. (TPG V Cayman), TPG V Hamlet (Cayman) AIV II, L.P. (TPG V Cayman II), TPG V Hamlet (Cayman) AIV III, L.P. (TPG V Cayman III), TPG V Hamlet (Cayman) AIV IV, L.P. (TPG V Cayman IV), TPG V

Hamlet (Cayman) AIV V, L.P. (TPG V Cayman V) and TPG V Hamlet (Cayman) AIV VI, L.P. (TPG V Cayman VI) and collectively the TPG Hamlet Cayman Entities each filed a Business Entity Disclosure Form as entity qualifying companies to acquire an interest in Harrah's. The TPG Hamlet Cayman Entities are Cayman Islands exempted limited partnerships formed as alternative investment vehicles of TPG and acquired indirect interests in the non-voting stock of Harrah's through their membership interests in TPG Hamlet Holdings B. The TPG Hamlet Cayman Entities will be treated as corporations for U.S. tax purposes, and will file tax returns and pay taxes due upon the sale of Harrah's.

The TPG Hamlet Cayman Entities I through IV were each formed as exempted limited partnerships on February 6, 2007, at which time Agreements of Limited Partnership were executed. On May 2, 2007, Amended and Restated Agreements of Limited Partnership were executed for TPG Hamlet Cayman Entities I through IV. TPG Hamlet Cayman Entities V and VI were each formed as exempted limited partnerships on January 9, 2008, at which time Agreements of Limited Partnership were executed. On January 11, 2008, Amended and Restated Agreements of Limited Partnership were executed for TPG Hamlet Cayman Entities V and VI.

The general partner of the TPG Hamlet Cayman Entities is TPG Hamlet AIV GenPar, Inc. (GenPar), a Cayman Islands exempted company formed to act as the general partner of the six TPG Hamlet Cayman Entities. The Certificate of Incorporation and the

Memorandum and Articles of Association of GenPar dated February 6, 2007 were reviewed. TPG Advisors V, Inc. is the sole shareholder of TPG GenPar.

TPG Advisors V, Inc. is a Delaware corporation formed on January 24, 2006 to act as the general partner of TPG GenPar V, L.P. and as a partner of other entities established by TPG. TPG Advisors V, Inc. is wholly-owned by David Bonderman and James Coulter. Bonderman and Coulter are the directors of TPG Advisors V, Inc. The certificate of incorporation of TPG Advisors V, Inc. provides that all actions by the board of directors requires the consent of both Bonderman and Coulter. A shareholder agreement of TPG Advisors V, Inc. provides that all significant decisions or actions whether taken or made on its own behalf or as the general partner of TPG GenPar V, including making investment decisions, entering into material contracts, undertaking material financing, amending the agreement of TPG GenPar V or admitting additional partners to TPG GenPar V, require the unanimous consent of the shareholders.

Each of the TPG Hamlet Cayman Entities will be managed by TPG Capital, L.P., a Texas limited partnership whose general partner is Tarrant Capital, LLC, pursuant to Management Agreements. The Certificate of Filing and the Certificate of Formation of Limited Partnership of TPG Capital, L.P., are both dated November 29, 2006. The limited partners of the TPG Hamlet Cayman Entities are sophisticated investors, including non-U.S. public and private pension funds and endowments. Each of the limited partners holds less than a 5% non-voting interest in Harrah's. The limited partners are passive investors

in the TPG Hamlet Cayman Entities and, under the terms of the partnership agreements, do not have any voting rights in connection with the investment in Harrah's held by the TPG Hamlet Cayman Entities and will have no ability to manage or influence the management of Harrah's or its operating subsidiaries. All decisions of the TPG Hamlet Cayman Entities are made by GenPar as its general partner, but in turn managed pursuant to the aforesaid management agreement by TPG Capital, L.P.

D. Co-Invest Hamlet Holdings, Series LLC

Co-Invest Hamlet Holdings, Series, LLC (Co-Invest Series) is a Delaware limited liability company formed to acquire an interest in Harrah's. Co-Invest Series is a parallel entity with Co-Invest Hamlet Holdings B, LLC (Co-Invest B), with each having the same rights and obligations. Co-Invest Series was designed for investors with certain tax concerns. The co-investors in Co-Invest Series will have the opportunity to invest indirectly into Co-Invest Series through a "blocker" entity (either through a Cayman Islands limited partnership that elects to be treated as a corporation for U.S. tax purposes or through a Cayman corporation), the economics of which are wholly-owned by such co-investor. Each such blocker entity will be issued a separate series of interests in Co-Invest Series. The co-investors will own non-voting common stock (with economic rights) and non-voting perpetual preferred stock of Harrah's.

A Limited Liability Company Operating Agreement for Co-Invest Series was executed on February 5, 2007. The managing members of Co-Invest Series, with no economic interest, are Apollo Management VI, L.P. and TPG GenPar V, L.P. Each company initially made a capital contribution of \$10, with Apollo Management VI, L.P. designated as Series A and TPG GenPar V, L.P. designated as Series B.

The Commission and Division have been supplied with a detailed listing of the entities of Co-Invest Series which delineates their respective individual capital investment and actual contribution to the Harrah's acquisition. The Division refers the Commission to that list for any further particulars regarding the limited partners. The total amount invested by Co-Invest Series was approximately \$1 billion in the acquisition of HEI.

The current officers of Co-Invest Series are as follows:

<u>Name</u>	<u>Title</u>
David Bonderman	Vice President
James Coulter	Vice President
Joshua Harris	Vice President
Marc Rowan	Vice President
Jeffrey Benjamin	Secretary
Anthony Civale	Secretary
Kelvin Davis	Secretary

Karl Peterson	Secretary
Eric Press	Secretary

All these officers are members of either Apollo or TPG and have filed Personal History Disclosure Forms.

E. Co-Invest Hamlet Holdings B, LLC

Co-Invest Hamlet Holdings B, LLC (Co-Invest B) is a Delaware limited liability company formed to acquire an interest in Harrah's. Co-Invest B is a parallel entity with Co-Invest Series, with each having the same rights and obligations. Each domestic and foreign governmental co-investor will invest directly into Co-Invest B, while Co-Invest Series is designed for investors with certain tax concerns. The co-investors will own non-voting common stock (with economic rights) and non-voting perpetual preferred stock of Harrah's.

A Limited Liability Company Operating Agreement for Co-Invest B was executed on February 5, 2007. The managing members of Co-Invest B, with no economic interest, are Apollo Management VI, L.P. and TPG GenPar V, L.P. Each company initially made a capital contribution of \$10 and received a 50% membership interest.

The Commission and Division have been supplied with a detailed listing of the entities of Co-Invest B which delineates their respective individual capital investment and actual

contribution to the Harrah's acquisition. The Division refers the Commission to that list for any further particulars regarding the limited partners. The total amount invested by Co-Invest B was approximately \$2.34 billion in the acquisition of HEI.

The current officers of Co-Invest B are as follows:

<u>Name</u>	<u>Title</u>
David Bonderman	Vice President
James Coulter	Vice President
Joshua Harris	Vice President
Marc Rowan	Vice President
Jeffrey Benjamin	Secretary
Anthony Civale	Secretary
Kelvin Davis	Secretary
Karl Peterson	Secretary
Eric Press	Secretary

All officers are members of either Apollo or TPG and have filed Personal History Disclosure Forms.

F. Equity Investors/Financial Sources

The Commission and Division have been supplied with a listing of equity limited partners and/or co-investors whose investment and actual contribution to the Harrah's acquisition equals or exceeds 2% of the total equity invested. Pursuant to a previous ruling by the Commission, such persons would be required to qualify as financial sources. The Division refers the Commission to that list for particulars regarding those investors. The Division notes that three entities listed are state pension funds/programs, two from California and one from New York. The two from California, teachers and public employees, and New York's, would normally clearly fit the definition of institutional investor as set forth in *N.J.S.A. 5:12-27.1* namely, any retirement fund administered by a public agency for the exclusive benefit of federal, state or local public employees and thus are waivable under *N.J.S.A. 5:12-85f*. Some other entities on the list may also be waivable as institutional investors on other grounds, *i.e.* investment advisor. As the Commission is well aware, *N.J.S.A. 5:12-85d*, another pertinent section of the Casino Control Act, was amended deleting the term publicly traded from its language but inadvertently not removing that same terminology from *N.J.S.A. 5:12-85f*. Based in part on their status as retirement funds operated by a public agency for the benefit of state or local public employees and the Division's review of same, the Division interposes no objection to their qualification as financial sources. Based on an appropriate review, the Division also interposes no objection to the qualification as financial sources of the other entities listed.

III. TPG FUND V

TPG Fund V is a private equity investment fund formed by TPG on January 25, 2006 and has committed capital of approximately \$15.4 billion. TPG Fund V consists of the following investment entities, with their approximate pro-rata share of invested capital:

TPG Partners V, L.P.	86.24%
TPG FOF V-A, L.P.	0.26%
TPG FOF V-B, L.P.	0.20%
TPG Endowment End V , L.P.	0.64%
TPG FOF V-QP, L.P.	4.66%
TPG BG V AIV 1, L.P.	0.36%
TPG BG V AIV 2, L.P.	0.63%
TPG UMB V, L.P.	1.98%
TPG UMB INT V, L.P.	1.47%
TPG V- AIV, L.P.	<u>4.32%</u>
	<u>100.00%</u>

However, the investment by TPG into Harrah's was not made directly by TPG Fund V. Instead, each of the limited partners of TPG Fund V invested in Harrah's through one of nine investment or alternative investment vehicles namely, TPG V Hamlet (Cayman) AIV, L.P. (Series A), TPG V Hamlet (Cayman) AIV II, L.P. (Series B), TPG V Hamlet (Cayman) AIV III, L.P. (Series C), TPG V Hamlet (Cayman) AIV IV, L.P. (Series D), TPG V Hamlet (Cayman) AIV V, L.P. (Series E), TPG V Hamlet (Cayman) AIV VI, L.P. (Series F), TPG V Hamlet AIV, L.P., TPG FOF V-A, L.P., and TPG FOF V-B L.P. These entities each hold

non-voting common stock and non-voting preferred stock of Harrah's. The total amount invested in the Harrah's acquisition by these nine vehicles is \$1,325,000,000.

Additionally, co-investment entities were formed by TPG which invest directly into a portfolio company. Two such co-investment entities were formed jointly by TPG and Apollo to invest in the acquisition of Harrah's, namely Co-Invest B and Co-Invest Series. Both are Delaware limited liability companies and are parallel entities with each having the same rights and obligations. Co-Invest B and Co-Invest Series collectively hold approximately 55% of the non-voting common stock and non-voting preferred stock of Harrah's. Co-Invest B and Co-Invest Series each filed Business Entity Disclosure Forms with the Commission and were described previously in this report.

IV. HISTORY OF TPG

TPG is a private equity investment organization founded by David Bonderman, James Coulter and William Price III in 1992. TPG was established for the purpose of making significant investments in operating companies through acquisitions and restructures. TPG has offices in Fort Worth, Texas, San Francisco, California, London, Hong Kong, Mumbai, and Tokyo. TPG is one of the largest private equity managers in the world. The firm's portfolio industry focuses include media and telecommunications, industrials, technology, travel/leisure, and health care. Since its inception in August 1992, TPG has raised over \$13.5 billion of investment capital through its prior funds: TPG Partners, L.P. (TPG I), established in December 1993 and capitalized with \$720 million in aggregate commitments; TPG Partners II, L.P. (TPG II), established in March 1997 and capitalized with \$2.5 billion in aggregate commitments; TPG Partners III, L.P. (TPG III), established in December 1999 and capitalized with \$4.5 billion in aggregate commitments and TPG Partners IV, L.P. (TPG IV), established in October 2003 and capitalized with \$5.8 billion in aggregate commitments. TPG Partners V, L.P. (TPG V) was initiated on January 25, 2006 and raised \$15.4 billion.

A. Management Fees

As a general proposition, the limited partners are assessed a management fee payable to a TPG management entity e.g. the general partner of TPG V, TPG GenPar V, L.P., is entitled to receive a management fee from TPG V, which amounts are calculated and payable on January 1 and July 1 of each year. The management fee percentage is determined by calculating a weighted average percentage as follows: 1.5% of the partnership's capital commitments up to \$6.5 billion and 1.0% of capital commitments in excess of \$6.5 billion. The fee is reduced to 0.75% after the termination of the commitment period. For the period ended December 31, 2006, TPG V incurred management fees of \$93.9 million, which is net of certain fee income of \$38.8 million.

B. Allocation of Partnership Net Income or Loss

Net income or loss is allocated between the general and limited partners' capital accounts in accordance with the Partnership Agreement. The pro rata share of net income attributable to the limited partners and the general partner is allocated as follows: the Partnership Agreement provides, subject to a priority return to the limited partners, other adjustments and timing issues, that disposition proceeds and other investment income are allocated 80% to limited partners and the general partner on a pro rata basis, and 20% to

the general partner. Losses are generally allocated to the partners based on their respective sharing percentages.

Certain private investment companies, including TPG V, are required to calculate and present certain financial highlights including internal rate of return since inception (IRR) for the limited partners which is net of all fees and profit allocations (carried interest) to the General Partner, and the expense and income (loss) before net gain (loss) on investment ratios for the limited partners. The IRR is computed based on the limited partners' quarterly cash outflows (contributions) and inflows (distributions), as if they were made on the last day of each quarter, and the residual net asset balance of the limited partners' capital account as of each period.

Regarding TPG V, the ratio of the limited partners' share of Total Expenses to average limited partners' capital was 13% for the period ended December 31, 2006. The ratio of the limited partners' share of Net Loss to average limited partners' capital was (13%) for the period ended December 31, 2006.

TPG Fund V had invested in the following entities as of December 31, 2006:

<u>Investments</u>	<u>Date</u>	<u>Invested Capital (In millions)</u>
Aleris International	12/06	\$ 572
Altivity Packaging	06/06	\$ 161
Fenwall (fka Baxter)	02/06	\$ 111
Freescale	12/06	\$ 739
Intergraph	11/06	\$ 112
Petco	10/06	\$ 191
TDF	01/06	<u>\$ 439</u>
Total Invested		\$2,325

Committed

Univision	1Q07	538
Sabre	1Q07	600
Direct General	1Q07	180
Qantas	2Q07	550
Biomet	3Q07	900
TXU	4Q07	1,250
Harrah's	1Q07	<u>1,300</u>
Total Invested and Committed		\$7,643

The firm of KPMG, LLP is the outside independent auditor for the TPG entities. KPMG, LLP, located at 2500 Horton Tower, Fort Worth, Texas is contracted by TPG to conduct annual audits of TPG Partners, L.P., TPG Partners II, L.P., TPG Partners III, L.P., TPG Partners IV, L.P., and TPG Partners V, L.P. In addition to the audits of the five (5) funds, KPMG performs audits on approximately fifty (50) additional partnerships and affiliated entities. KPMG has been TPG's auditors since inception of the company in 1992. Financial statements for the five were obtained and reviewed. Nothing derogatory was noted during the review. KPMG also advised the Division that it has never had a problem or material issue with the TPG audit.

V. Conclusion

As established by this report to the Commission, the Division has conducted a thorough investigation of the various holding companies namely, Apollo Hamlet Holdings, LLC (Apollo Hamlet), Apollo Hamlet Holdings B, LLC (Apollo Hamlet B), TPG Hamlet Holdings B, LLC (TPG Hamlet B), TPG Hamlet Holdings, LLC (TPG Hamlet), Co-Invest Hamlet Holdings, Series, LLC (Co-Invest Series), Co-Invest Hamlet Holdings B, LLC (Co-Invest B), and Hamlet Holdings, LLC (Hamlet Holdings) and the various entity qualifier companies and individual qualifiers affiliated with TPG. The Division avers that all of the qualifiers have met the statutory standards for plenary qualification and thus interposes no objection to a finding by the Commission that they are qualified. Additionally, the Division

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interposes no objection to a finding of qualification by the Commission for the entities identified and required to qualify as financial sources.

Respectfully submitted,

JOSH LICHTBLAU
DIRECTOR

By: _____
John E. Adams, Jr.
Deputy Attorney General

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