

Complaint

IN THE MATTER OF

PENN NATIONAL GAMING, INC.CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATIONS OF
SEC. 7 OF THE CLAYTON ACT AND SEC. 5 OF THE FEDERAL TRADE
COMMISSION ACT*Docket C-4143; File No. 0510029*
Complaint, July 26, 2005--Decision, October 27, 2005

This consent order addresses the acquisition by Respondent Penn National Gaming, Inc. – which owns and operates a number of casino facilities offering casino gaming services such as slot machines, video poker machines, and table and counter games – of Argosy Gaming Company, another casino operator. The order, among other things, requires the respondent to divest Argosy’s Baton Rouge, Louisiana, casino and associated assets to Columbia Sussex Corporation within four months, or to another acquirer approved by the Commission. An accompanying Order to Hold Separate and Maintain Assets requires the respondent to preserve Argosy’s Baton Rouge casino and associated assets as a viable, competitive, and ongoing operation until the divestiture is achieved.

Participants

For the Commission: *Joseph Lipinsky, Steve Mays, Robert J. Schroeder, Charles A. Harwood, Arthur Strong, Michele Cerullo, Daniel P. Ducore, Roy B. Levy, Leslie Farber and Mark Frankena.*

For the Respondent: *Janet L. McDavid, Hogan & Hartson LLP.*

COMPLAINT

Pursuant to the Federal Trade Commission Act and the Clayton Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission (“Commission”), having reason to believe that Respondent Penn National Gaming, Inc. (“PNG”), a corporation subject to the jurisdiction of the Commission, has agreed to acquire Argosy Gaming Company (“Argosy”), a corporation subject to the jurisdiction of the Commission, in

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violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the Federal Trade Commission Act (“FTC Act”), as amended, 15 U.S.C. § 45, and it appearing to the Commission that a proceeding in respect thereof would be in the public interest, hereby issues its Complaint, stating its charges as follows:

I. RESPONDENT

1. Respondent PNG is a corporation organized, existing and doing business under and by virtue of the laws of the state of Pennsylvania, with its offices and principal place of business located at 825 Berkshire Blvd., Suite 200, Wyomissing, Pennsylvania 19610.
2. Respondent PNG is an owner and operator of casinos, as well as horse racetracks and associated off-track wagering facilities (“OTWs”). The company owns or operates nine casinos located in Colorado, Illinois, Louisiana, Mississippi, West Virginia, and Ontario, Canada. It also owns two racetracks and eleven OTWs in Pennsylvania, owns one racetrack in West Virginia, and, through a joint venture, owns and operates a racetrack in New Jersey.
3. Respondent PNG is, and at all times herein has been, engaged in commerce, as “commerce” is defined in Section 1 of the Clayton Act, as amended, 15 U.S.C. § 12, and is a corporation whose business is in or affects commerce, as “commerce” is defined in Section 4 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 44.

II. THE ACQUIRED COMPANY

4. Argosy is a corporation organized, existing and doing business under and by virtue of the laws of the state of Delaware, with its offices and principal place of business located at 219 Piasa Street, Alton, Illinois 62002.

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5. Argosy is an owner and operator of six casinos located in Illinois, Missouri, Louisiana, Indiana and Iowa.

III. THE ACQUISITION

6. PNG and Argosy entered into a stock Purchase Agreement dated as of November 3, 2004 (the “Purchase Agreement”) whereby PNG agreed to acquire Argosy for approximately \$2.2 billion (the “Acquisition”).

IV. THE RELEVANT MARKET

7. For the purposes of this Complaint, the relevant line of commerce in which to analyze the effects of the Acquisition is casino services. Casino services include a combination of slot machine, video poker machine, and table gaming services, and associated amenities such as parking, food and beverages, and entertainment.
8. For the purposes of this Complaint, the Baton Rouge, Louisiana, metropolitan area is the relevant area in which to analyze the effects of the Acquisition in the relevant line of commerce.

V. THE STRUCTURE OF THE MARKET

9. The Baton Rouge, Louisiana, metropolitan area market for casino services is highly concentrated. PNG and Argosy are the only two suppliers of casino services in Baton Rouge, Louisiana.

VI. ENTRY CONDITIONS

10. Entry into the relevant market would not be timely, likely, or sufficient to deter or counteract the anticompetitive effects of the Acquisition. The state of Louisiana allows for the licensing of fifteen riverboat casinos across the state, and all fifteen licenses have been awarded. The relocation

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of an existing Louisiana riverboat casino to the Baton Rouge, Louisiana, metropolitan area to deter or counteract the anticompetitive effects described in paragraph 11 is unlikely to occur in a timely manner because of, among other things, the time and cost associated with acquiring the necessary state, parish, and city approvals.

VII. EFFECTS OF THE ACQUISITION

11. The effects of the Acquisition, if consummated, may be substantially to lessen competition and to tend to create a monopoly in the relevant market in violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the FTC Act, as amended, 15 U.S.C. § 45, by eliminating actual, direct, and substantial competition between PNG and Argosy through a merger to monopoly in the relevant market, thereby: (i) increasing the likelihood that PNG would exercise market power in this market; (ii) reducing existing incentives to improve casino quality or pursue casino improvements; and, (iii) increasing the likelihood that customers would be forced to pay higher prices.

VIII. VIOLATIONS CHARGED

12. The Purchase Agreement described in Paragraph 6 constitutes a violation of Section 5 of the FTC Act, as amended, 15 U.S.C. § 45.
13. The Acquisition described in Paragraph 6, if consummated, would constitute a violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the FTC Act, as amended, 15 U.S.C. § 45.

WHEREFORE, THE PREMISES CONSIDERED, the Federal Trade Commission on this twenty-sixth day of July, 2005, issues its Complaint against said Respondent.

Exhibit A

PARCEL IV

- B. A certain lot or parcel of ground together with all buildings and improvements thereon, situated in that part of the City of Baton Rouge, known as BEAUREGARD TOWN, and being LOT ELEVEN (11) of a resubdivision of SQUARE NINETEEN (19) of said Beauregard Town, made for the heirs of J. S. Cothell by L. Q. Huey, C.E., and of record in the Clerk's office of the Parish of East Baton Rouge in Plan Book One, Folio 38, measuring twenty-five (25') feet frontage on the east side of St. Philip Street by depth at the right angles of One Hundred Twenty-Eight (128') feet.
- C. A certain lot or parcel of ground, together with the buildings and improvements thereon, situated in that subdivision of the City of Baton Rouge, Parish of East Baton Rouge, Louisiana, known as BEAUREGARD TOWN, and designated according to the official plan thereof in the office of the Clerk and Recorder of said Parish as LOT TEN (10) of the resubdivision of Lots Four (4) and Five (5), SQUARE NINETEEN (19), fronting thirty-four (34) feet on Europe Street, by a depth of eighty-one (81') feet between parallel lines.

PARCEL VI

One (1) certain lot or parcel of ground, together with all the buildings and improvements thereon, situated in that part of the City of Baton Rouge, State of Louisiana, known as BEAUREGARD TOWN, and designated on the official map of the City of Baton Rouge as LOT FOUR (4) OF SQUARE EIGHTEEN (18) [or Square Eighteen (18) South] said Beauregard Town, the said lot measuring sixty-four (64) feet front on the south side of Government Street by a depth at right angles and between parallel lines along the west side of St. Louis Street of one hundred six and two-thirds (106 and 2/3rds) feet, running through to the north side of France Street.

PARCEL VII

Three (3) certain fractional lots or parcels of ground, together with all buildings and improvements thereon, situated in that subdivision known as BEAUREGARD TOWN, and all of said fractional lots being situated in SQUARE EIGHTEEN (18) SOUTH of said subdivision; being further described as follows: FIRST: The NORTH FORTY-FOUR AND TWO-THIRDS (44 2/3) FEET OF LOT TWO (2), measuring sixty-four (64) feet front on Government Street by a depth between equal and parallel lines of forty-four and 2/3 (44 2/3) feet; SECOND: The SOUTHWESTERN PORTION OF LOT TWO (2), measuring thirty-two (32) feet front on the north side of France Street by a depth of sixty-two (62) feet between parallel lines; THIRD: The NORTH FIFTY-THREE AND ONE-THIRD (53 1/3) FEET OF LOT THREE (3), measuring sixty-four (64) feet front on Government Street by a depth between parallel lines of fifty-three and 1/3 (53 1/3) feet; and FOURTH: The SOUTHWEST ONE-QUARTER (SW 1/4) of LOT

THREE (3), measuring thirty-two (32) feet front on France Street by a depth between equal and parallel lines of fifty-three and $\frac{1}{3}$ (53 $\frac{1}{3}$) feet.

PARCEL VIII

One (1) certain fractional lot or parcel of ground, together with all of the buildings and improvements thereon, situated in that subdivision of the City of Baton Rouge, Parish of East Baton Rouge, Louisiana, known as BEAUREGARD TOWN, and being shown on the official map of the City of Baton Rouge and Beauregard Town as the SOUTHEAST ONE-FOURTH (1/4) OF LOT THREE (3), SQUARE EIGHTEEN (18) SOUTH, BEAUREGARD TOWN, and being further shown on the official map as measuring thirty-two (32) feet front on the north side of France Street by a depth between equal and parallel lines of fifty-three and one-third (53- $\frac{1}{3}$) feet.

PARCEL IX

- A. LOT FOUR (4), SQUARE NINETEEN (19), BEAUREGARD TOWN, East Baton Rouge Parish, Louisiana, as shown on the official plat of resubdivision of said Square 19, recorded in Book 101, folio 385 (Plan Book 1, folio 38, entry 2) of the Conveyance Records of East Baton Rouge Parish, Louisiana, measuring thirty-nine (39) feet front on the west side of St. Louis Street by a depth between parallel lines of one hundred twelve (112) feet.
- B. LOT FIVE (5), SQUARE NINETEEN (19), BEAUREGARD TOWN, as designated on a plat of resubdivision of Square 19, recorded in Book 101, page 385 (Plan Book 1, folio 38, entry 2) of the aforesaid Conveyance Records, measuring forty-one (41) feet front on St. Louis Street by a depth between parallel lines of ninety-six (96) feet.
- C. LOT SIX (6), SQUARE NINETEEN (19), BEAUREGARD TOWN, as designated on a plat of resubdivision of said Square 19, recorded in Book 101, folio 385 (Plan Book 1, folio 38, entry 2) of the aforesaid Conveyance records, measuring forty (40) feet front along the west side of St. Louis Street by a depth between parallel lines and along the north side of Europe Street of ninety-seven (97) feet.

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DECISION AND ORDER

The Federal Trade Commission ("Commission"), having initiated an investigation of the proposed acquisition by Respondent Penn National Gaming, Inc. ("PNG"), hereinafter referred to as "Respondent," of Argosy Gaming Company ("Argosy"), and Respondent having been furnished thereafter with a copy of a draft Complaint that the Bureau of Competition proposed to present to the Commission for its consideration and that, if issued by the Commission, would charge Respondent with violations of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 45; and

Respondent, its attorneys, and counsel for the Commission having thereafter executed an Agreement Containing Consent Orders ("Consent Agreement"), containing an admission by Respondent of all the jurisdictional facts set forth in the aforesaid draft of Complaint, a statement that the signing of said Consent Agreement is for settlement purposes only and does not constitute an admission by Respondent that the law has been violated as alleged in such Complaint, or that the facts as alleged in such Complaint, other than jurisdictional facts, are true, and waivers and other provisions as required by the Commission's Rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that Respondent has violated the said Acts, and that a Complaint should issue stating its charges in that respect, and having thereupon issued its Complaint and an Order to Hold Separate and Maintain Assets ("Hold Separate Order" attached to this Decision and Order as Appendix I), and having accepted the executed Consent Agreement and placed such Consent Agreement on the public record for a period of thirty (30) days for the receipt and consideration of public comments, and having modified this Decision and Order in certain respects, now in further conformity

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with the procedure described in Commission Rule 2.34, 16 C.F.R. § 2.34, the Commission hereby makes the following jurisdictional findings and issues the following Decision and Order ("Order"):

1. Respondent PNG is a corporation organized, existing and doing business under and by virtue of the laws of the state of Pennsylvania, with its offices and principal place of business located at 825 Berkshire Blvd., Suite 200, Wyomissing, Pennsylvania 19610.
2. The Commission has jurisdiction of the subject matter of this proceeding and of Respondent, and the proceeding is in the public interest.

ORDER

I.

IT IS ORDERED that, as used in the Order, the following definitions shall apply:

- A. "PNG" or "Respondent" means Penn National Gaming, Inc., its directors, officers, employees, agents, attorneys, representatives, predecessors, successors, and assigns; and its parents, joint ventures, subsidiaries, divisions, groups and affiliates controlled by Penn National Gaming, Inc., and the respective directors, officers, employees, agents, representatives, predecessors, successors, and assigns of each.
- B. "Argosy" means Argosy Gaming Company a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its offices and principal place of business located at 219 Piasa Street, Alton, Illinois 62002; and its joint ventures, subsidiaries, divisions, groups, and affiliates controlled by Argosy Gaming Company.

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- C. "Columbia Sussex" means Columbia Sussex Corporation a corporation organized, existing and doing business under and by virtue of the laws of the State of Kentucky, with its offices and principal place of business located at 206 Grandview Drive, Fort Mitchell, Kentucky 41017; and its joint ventures, subsidiaries, divisions, groups, and affiliates controlled by Columbia Sussex Corporation and/or William J. Yung III
- D. "Commission" means the Federal Trade Commission.
- E. "Acquisition" means the proposed acquisition by merger of Argosy by Respondent pursuant to the "Agreement and Plan of Merger" dated November 3, 2004 (as amended), by and among Argosy, Respondent and a subsidiary of Respondent, whereby Respondent agreed to acquire Argosy.
- F. "Acquisition Date" means the date the Acquisition is consummated.
- G. "Actual Cost" means all direct and indirect costs, including but not limited to, third party costs, labor, materials, and appropriately allocated overhead expenses and depreciation of capital equipment used to provide the relevant assistance or service, but "Actual Cost" does not include general administrative expenses.
- H. "Application" means the forms and schedules, including, but not limited to, any information, disclosure statements, or financial statements prescribed by the LAGC upon which the applicant seeks a license, permit, or renewal or any other approval by the LAGC for the operation of a casino.
- I. "Argosy Baton Rouge Assets" means all of the outstanding shares of capital stock, limited liability company interest, and partnership interests, as the case may be, of any of the ACBR Entities, and all of the real and personal, tangible and

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intangible, assets of the ACBR Entities, and any other assets of Respondent or Argosy, or any of their other subsidiaries used in or related to the Argosy Casino Baton Rouge, Catfish Town, and Centroplex Centre, including, but not limited to:

1. the Argosy Casino Baton Rouge;
2. Catfish Town;
3. Centroplex;
4. all owned or leased parking structures, parking garages, and parking lots used by or related to the Argosy Casino Baton Rouge, Catfish Town, or the Centroplex, including, but not limited to the Leased Properties;
5. all personal property (including, but not limited to, deck barges), fixtures, and improvements owned, placed on, located at, used in connection with the operation of, or related to the ACBR;
6. all studies, surveys, research, audio and video recordings, data (including, but not limited to, the Argosy Casino Baton Rouge Database), information, and documents relating to marketing, advertising, promotion of the ACBR, Catfish Town, and Centroplex;
7. all leases, agreements, and contracts of any kind relating to the ACBR, Catfish Town, and Centroplex, including, but not limited to:
 - a. upon the consent of Sheraton, a license to use the Sheraton name in connection with the operation of the Centroplex; and,
 - b. leases related to the Levee Building/Argosy Landing, Maritime I Building, Beauregard Building, Armour

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Building, Corner of Europe Street and St. Phillip Street in Baton Rouge, LA, S. Front Street in Baton Rouge, LA, and the dock and walkway in the Maritime Building;

8. all governmental approvals, consents, licenses, waivers, or other authorizations related to the Argosy Casino Baton Rouge;
9. all trademarks, trade names, or copyrights owned or used by the ACBR, Catfish Town, and Centroplex, including, but not limited to irrevocable licenses for the use of all trade names related to Catfish Town and Centroplex; and,
10. all books and records related to the ACBR, Catfish Town, and Centroplex, including but not limited to:
 - a. documents containing information about customers or patrons of the ACBR, Catfish Town, and Centroplex;
 - b. documents containing information about suppliers of any goods or services to the ACBR, Catfish Town, and Centroplex; and,
 - c. documents relating to government approvals required for the construction, maintenance, operation, or licensing (including, but not limited to, regulation by the LAGC) of all or any part of the ACBR (including, but not limited to, the Vessel), Catfish Town, and Centroplex.

Provided, however, that the Argosy Baton Rouge Assets do not include:

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1. any intellectual property owned, licensed to, or used by Respondent or Argosy, or their other subsidiaries, other than any and all intellectual property owned exclusively by the ACBR Entities;
 2. any contract or agreement for the service, sale, or lease of gaming machines or equipment used or located at any location other than the ACBR; or,
 3. any of the assets listed under the caption "Other Excluded Assets" in Section 2.5(a) of the Seller Disclosure Letter attached as Annex B to the Agreement to Execute Securities Purchase Agreement.
- J. "Argosy Baton Rouge Employees" means:
1. all of those individuals compensated for at least thirty-five (35) hours a week for at least forty (40) weeks within the twelve (12) month period immediately prior to the Effective Date of Divestiture whose duties related primarily to the Argosy Casino Baton Rouge; and,
 2. all of those individuals employed by Argosy (including, but not limited to, Centroplex Centre Convention Hotel, L.L.C.) within the twelve (12) month period immediately prior to the Effective Date of Divestiture in the positions of Director of Hotel Operations, Rooms Division Manager, Revenue Manager, Sales & Catering Manager, Hotel Controller, or Executive Chef.
- K. "Argosy Baton Rouge Primary Employees" means all Argosy Baton Rouge Employees:
1. who are required to be licensed or to hold a permit from either the State of Louisiana or the United States Coast Guard as a condition of employment with one or more of the ACBR Entities; and,

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2. compensated at a base hourly rate of \$8.00 or more immediately prior to the Effective Date of Divestiture.
- L. “Argosy Casino Baton Rouge” or “ACBR” means the Land, Vessel, and all other rights related to and required for the operation of the Land and/or Vessel.
- M. “Argosy Casino Baton Rouge Entities” or “ACBR Entities” means Argosy of Louisiana, Inc., Jazz Enterprises, Inc., Centroplex Centre Convention Hotel, L.L.C., and Catfish Queen Partnership in Commendam.
- N. “Argosy Casino Baton Rouge Database” means all customer databases, customer lists, historical records of customers, and any other customer information collected and used by Argosy for marketing, promotional, or any other purposes related to the operation of ACBR, Catfish Town, and Centroplex;
- provided, however, Argosy Casino Baton Rouge Database does not include any customer databases, customer lists, historical records of customers, or any other customer information collected and used by Argosy solely for the marketing or promotion of any assets other than the Argosy Baton Rouge Assets.*
- O. “Argosy License” means Louisiana Riverboat License Number R011700009 issued by the LAGC.
- P. “Catfish Town” means all owned and leased real property and any servitudes appurtenant thereto, structures, fixtures, and personal property constituting, on, or relating to the property commonly know as Catfish Town.

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- Q. “Centroplex” means all owned and leased real property and any servitudes appurtenant thereto, structures, fixtures, and personal property constituting, on, or relating to the property commonly known as the Centroplex Centre Convention Hotel.
- R. "Commission-approved Acquirer" means any Person approved by the Commission to acquire the Argosy Baton Rouge Assets that the Respondent is required to divest pursuant to this Order.
- S. “Condition to Closing” means a condition to the closing of the divestiture specified in the Divestiture Agreement, but not including a condition that requires the delivery of a certificate or other document, or the purchase price, at or immediately prior to the closing.
- T. “Confidential Business Information” means any information relating to the Argosy Baton Rouge Assets (before or after the divestiture required by this Order) that is not in the public domain, including, but not limited to:
1. All contracts, agreements, bids, purchase orders, or other documents or information relating to any acquisitions of goods or services related to the Argosy Baton Rouge Assets;
 2. All marketing studies, marketing plans, data (including, but not limited to, the Argosy Casino Baton Rouge Database), or other documents or information relating to marketing of any of the Argosy Baton Rouge Assets;
 3. All records, applications, data, reports, correspondence, and documents or information relating to any gaming license or other regulation by any political subdivision of the State of Louisiana of the business or operation of the Argosy Baton Rouge Assets; and,

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4. All records, data, or other information relating to visits, spending, or other activity by any patrons or customers of the Argosy Baton Rouge Assets.

U. “Divestiture Agreement” means:

1. if Respondent divests the Argosy Casino Baton Rouge Assets to Columbia Sussex, the Agreement to Execute Securities Purchase Agreement (dated as of June 20, 2005) among CP Baton Rouge Casino, L.L.C., Columbia Sussex Corporation, and Penn National Gaming, Inc., and any contract, exhibit, attachment or schedule, or agreement related thereto, including, but not limited to:
 - a. the Securities Purchase Agreement attached as Annex A to the Agreement to Execute Securities Purchase Agreement and all exhibits attached thereto;
 - b. the Seller Disclosure Letter attached as Annex B to the Agreement to Execute Securities Purchase Agreement and all exhibits or schedules attached thereto;
 - c. the Letter Agreement (October 3, 2005) between Columbia Sussex Corporation, CP Baton Rouge Casino, L.L.C., Wimar Tahoe Corporation, Penn National Gaming, Inc., and Argosy Gaming Company; and,
 - d. Any modifications of any such agreement, exhibit, attachment or schedule required by the Commission pursuant to Paragraph II. of this Order; or,
2. if Respondent (or the Divestiture Trustee) divests the Argosy Casino Baton Rouge Assets to any Commission-approved Acquirer other than Columbia Sussex, any agreement that receives the prior approval of the Commission between Respondent and a Commission-approved Acquirer (or between the Divestiture Trustee and a Commission-approved Acquirer) related to the Argosy Baton Rouge Assets required to be divested pursuant to Paragraphs II or IV of this Order and the

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rights or assets to be licensed or otherwise made available to the Commission-approved Acquirer pursuant to Paragraph II of this Order, including, but not limited to, any agreement between the Respondent and the Commission-approved Acquirer required or permitted by or pursuant to Paragraph II. of this Order.

- V. "Divestiture Trustee" means the trustee appointed by the Commission pursuant to Paragraph IV of this Order.
- W. "Effective Date of Divestiture" means the date on which Respondent (or a Divestiture Trustee) divests to a Commission-approved Acquirer the Argosy Baton Rouge Assets completely and as required by Paragraph II or IV of this Order.
- X. "Governmental Entity" means any Federal, state, local or non-U.S. government or any court, legislature, governmental agency or governmental commission or any judicial or regulatory authority of any government.
- Y. "Hold Separate Order" means the Order to Hold Separate and Maintain Assets incorporated into and made a part of the Agreement Containing Consent Orders.
- Z. "Hold Separate Trustee" means the person appointed pursuant to Paragraph II of the Hold Separate Order in this matter.
- AA. "Land" means all real property and/or land parcels related to the operation of the Argosy Baton Rouge Assets, including, but not limited to, all buildings, hotels, parking garages, parking structures, parking lots, Catfish Town, the Sheraton Hotel, Centroplex, and any other buildings or structures located on such land.
- BB. "Leased Properties" means two parking lots on South Front Street, Baton Rouge, LA leased by Catfish through

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a leasing agreement dated June 27, 2002, and as extended on August 3, 2004, between Phillips Connell Witter, as landlord, and Catfish Queen Partnership In Commendam, as tenant.

- CC. “Louisiana Gaming Control” (“LAGC”) means the Louisiana Gaming Control Board, Louisiana Department of Public Safety - Office of State Police - Gaming Enforcement Section, Louisiana Attorney General’s Office - Gaming Division, Louisiana Riverboat Gaming Commission, or any other judicial or regulatory authority responsible for granting approval(s), qualification(s), license(s), or permit(s) for any aspect of gaming in the state of Louisiana.
- DD. “Person” means any individual, partnership, joint venture, firm, corporation, association, trust, unincorporated organization, joint venture, or other business or governmental entity, and any subsidiaries, divisions, groups or affiliates thereof.
- EE. “Vessel” means the vessel known as Argosy III Riverboat, Official Number 1023758, including, but not limited to: (i) all superstructures currently constructed thereon; (ii) plans and specifications therefor; (iii) existing warranties therefor; and, (iv) all parts, spares, tools, equipment, machinery, gear, implements, broached and unbroached consumable stores, provisions for furniture, fixtures, fuel, pumps, anchors, cables, chains, apparel, rigging, tackle, fittings, accessories, appurtenances, appliances, supplies therefor, inventory parts, ramps, generators and related equipment (including, but not limited to, existing walkways), and all other appurtenances and accessories related to the vessel, whether located onboard the vessel or elsewhere;
- provided, however*, if any plans or specifications are not owned by or in the possession of Argosy, Respondent will

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use best efforts to obtain the consent of the owner or possessor of those plans to transfer such plans to the Commission-approved Acquirer.

II.

IT IS FURTHER ORDERED that:

- A. Respondent shall divest, absolutely and in good faith and at no minimum price, the Argosy Baton Rouge Assets to Columbia Sussex pursuant to and in accordance with the Divestiture Agreement by the earlier of: (1) three (3) days after the date upon which the LAGC grants the Application to transfer the interest of the licenses held by Catfish Town Partnership in Commendam (doing business as Argosy Casino Baton Rouge), Argosy of Louisiana, and Jazz Enterprises, Inc. to Columbia Sussex or its designee as required by the State of Louisiana to own and operate any of the Argosy Baton Rouge Assets (as determined pursuant to LAC 42:XIII.2501,2503,2505,2507); or, (2) one hundred and twenty (120) days after the date this Order becomes final.
- B. Within ten (10) days after the date Respondent signs the Agreement Containing Consent Orders in this matter, Respondent shall ensure that Columbia Sussex files a completed Application with the LAGC .
- C. Respondent shall cooperate fully and expeditiously with the Commission-Approved Acquirer and the LAGC in obtaining all approvals (including, but not limited to, approval of a transfer of interest in any of the Argosy Baton Rouge Assets) required by the State of Louisiana to own and operate any of the Argosy Baton Rouge Assets, including, but not limited to, providing the Commission-Approved Acquirer and the LAGC with any books, records, and information necessary to complete an Application or obtain a gaming license and any other approvals required by the

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State of Louisiana to own and operate any of the Argosy Baton Rouge Assets.

provided, however, that, if Respondent has divested the Argosy Baton Rouge Assets to Columbia Sussex prior to the date this Order becomes final, and if, at the time the Commission determines to make this Order final, the Commission notifies Respondent that:

1. Columbia Sussex is not an acceptable purchaser of the Argosy Baton Rouge Assets, then Respondent shall immediately rescind the transaction with Columbia Sussex and, within six (6) months from the date the Order becomes final, shall divest the Argosy Baton Rouge Assets to a Commission-approved Acquirer absolutely and in good faith, at no minimum price, and only in a manner that receives the prior approval of the Commission; or,
2. the manner in which the divestiture was accomplished is not acceptable, the Commission may direct Respondent, or appoint a Divestiture Trustee, pursuant to Paragraph IV. of this Order, to effect within sixty (60) days such modifications (including, but not limited to, entering into additional agreements or arrangements) as may be necessary to satisfy the requirements of this Order.

provided further that, if the LAGC has failed to issue a decision on Columbia Sussex's Application within one hundred and twenty (120) days after this Order is final, and:

1. Respondent has not violated this Order or the Hold Separate Order;
2. Respondent has not breached the Divestiture Agreement; and,

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3. the sole remaining Condition to Closing (determined as if the closing were to occur one hundred and twenty (120) days after this Order is final) is the failure to obtain one or more approvals, licenses, permits, rulings or decisions by the LAGC,

Respondent shall have until six (6) months from the date this Order is final to divest the Argosy Baton Rouge Assets to Columbia Sussex in a manner that receives the prior approval of the Commission; if Respondent has not divested the Argosy Baton Rouge Assets to Columbia Sussex within six (6) months after this Order is final, the Commission may appoint a Divestiture Trustee.

provided further that if the LAGC has disapproved Columbia Sussex's Application less than one hundred and twenty (120) days after the date this Order becomes final, and:

1. Respondent has not violated this Order or the Hold Separate Order;
2. Respondent has not breached the Divestiture Agreement; and,
3. the sole remaining Condition to Closing (determined as if the closing were to occur on the date of such LAGC disapproval) the divestiture is the failure to obtain one or more approvals, licenses, permits, rulings or decisions by the LAGC,

Respondent shall have until six (6) months from the date of such LAGC disapproval to divest the Argosy Baton Rouge Assets to a Commission-approved Acquirer in a manner that receives the prior approval of the Commission; if Respondent has not divested the Argosy Baton Rouge

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Assets within six (6) months from the date of such LAGC disapproval, the Commission may appoint a Divestiture Trustee.

- D. Subject to the prior approval of the Commission, the Divestiture Agreement shall include the following provisions and terms:
1. The Commission-approved Acquirer shall use best efforts expeditiously to file an application with the LAGC to acquire a gaming license and any other approvals required by the State of Louisiana to own and operate any of the Argosy Baton Rouge Assets;
 2. Respondent shall cooperate fully (including, but not limited to, providing to the Commission-approved Acquirer or the LAGC any books, records, and information, and any required consents) and expeditiously with the Commission-approved Acquirer in obtaining a gaming license and any other approvals required by the State of Louisiana to own and operate any of the Argosy Baton Rouge Assets;
 3. Respondent shall:
 - a. Not provide, disclose, or otherwise make available any Confidential Business Information to any Person; and,
 - b. Not use any Confidential Business Information for any reason other than as required or permitted by this Order;

Provided, however, that the Divestiture Agreement shall permit Respondent to use Confidential Business Information only: (i) for the purpose of performing or complying with the Respondent's obligations under this Order, the Hold Separate Order, and the Divestiture

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Agreement; or, (ii) for the purpose of complying with Respondent's financial, tax reporting, health, safety, and environmental obligations or any other disclosure obligations imposed by law, regulation, or judicial order (including, but not limited to, complying with laws of the state of Louisiana or requests by the LAGC).

- E. At the option of the Commission-approved Acquirer, and subject to the prior approval of the Commission, Respondent may retain the real property, together with buildings or improvements thereon, listed on Exhibit A to this Order.
- F. At the option of the Commission-approved Acquirer, and subject to the prior approval of the Commission, the Divestiture Agreement shall include the following provisions, terms, and agreements:
 - 1. A transition services agreement for a term not to exceed six (6) months following the Effective Date of Divestiture pursuant to which Respondent shall provide at its Actual Cost to the Commission-approved Acquirer such administrative, human resource, accounting, and other services as are reasonably necessary to achieve the purposes of this Order;
 - 2. Contracts, licenses, or other agreements sufficient to permit the Commission-approved Acquirer to use, for a period of one (1) year after the Effective Date of Divestiture, any tangible or intangible assets that are not included in the definition of the Argosy Baton Rouge Assets, but that have been used by the Argosy Casino Baton Rouge in some way in the twelve (12) months preceding the date this Order is accepted for public comment;
 - 3. Contracts, licenses, or other agreements sufficient to permit the Commission-approved Acquirer to obtain the

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equivalent economic and competitive benefit of any rights or obligations of the Argosy Baton Rouge Assets under any existing contract, license, or other agreement that, for any reason, Respondent did not divest to the Commission-approved Acquirer, which contract, license, or other agreement is reasonably necessary to achieve the purposes of this Order; and,

4. A license for no longer than six (6) months for the use of the Argosy name and tradenames.
- G. Until the Effective Date of Divestiture of the Argosy Baton Rouge Assets, Respondent shall take such actions as are necessary to maintain the viability and marketability of the Argosy Baton Rouge Assets and to prevent the destruction, removal, wasting, deterioration, or impairment of the Argosy Baton Rouge Assets, except for ordinary wear and tear (including, but not limited to, regular repair and maintenance efforts, continuation of any planned capital expenditures, and marketing and promotional programs).
- H. Respondent shall:
1. not interfere, directly or indirectly, with the hiring or employing by a Commission-approved Acquirer of the Argosy Baton Rouge Employees, and shall remove any impediments or incentives within the control of Respondent and Argosy that may deter these employees from accepting employment with a Commission-approved Acquirer, including, but not limited to, any non-compete provisions of employment or other contracts with Respondent or Argosy that would affect the ability or incentive of those individuals to be employed by a Commission-approved Acquirer. In addition, Respondent shall not make any counteroffer to

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a Argosy Baton Rouge Employee who receives a written offer of employment from a Commission-approved Acquirer;

2. provide all the Argosy Baton Rouge Employees with reasonable financial incentives to continue in their positions until the Effective Date of Divestiture. Such incentives shall include, but are not limited to, a continuation of all employee benefits, including regularly scheduled raises and bonuses and a vesting of all pension benefits (as permitted by law and for those Argosy Baton Rouge Employees covered by a pension plan), offered by Respondent until the Effective Date of Divestiture;
3. not, for a period of eighteen (18) months following the Effective Date of Divestiture, directly or indirectly, employ or enter into a contract for the services of any Argosy Baton Rouge Primary Employees;

Provided, however, that this Paragraph II.H. shall not prohibit Respondent from entering into a contract for the services of, making offers of employment to, or employing or contracting with any Argosy Baton Rouge Primary Employees:

- a. when a Commission-approved Acquirer has notified Respondent in writing that the Commission-approved Acquirer:
 - (1) does not intend to make an offer of employment to that employee; or,
 - (2) has terminated that employee without cause; or,
- b. when that employee voluntarily has declined to contract with or continue employment with the Commission-approved Acquirer, and the Commission-approved Acquirer has:
 - (1) not offered to contract with or employ that employee in a position with the same or similar

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- duties as the position occupied by that employee immediately prior to the Effective Date of Divestiture; or,
- (2) not offered that employee the same or increased monetary compensation and a substantially similar or better package of benefits and other compensation as the employee received immediately prior to the Effective Date of Divestiture;
4. No later than three (3) days after the Acquisition Date:
- a. circulate to all directors and managers of the Held Separate Business, and to Respondent's or Argosy's employees who have responsibilities associated with the Held Separate Business, a copy of the Hold Separate Order and this Order; and,
- b. circulate, in lieu of Exhibit A to the Hold Separate Order, a document in the form of Exhibit B to this Order to all employees of the Held Separate Business.
- I. Prior to the Effective Date of Divestiture, Respondent shall secure all consents and waivers from all Persons that are necessary for the divestiture of the Argosy Baton Rouge Assets to a Commission-approved Acquirer.
- J. Respondent shall comply with all terms of the Divestiture Agreement, and any breach by Respondent of any term of the Divestiture Agreement shall constitute a violation of this Order. If any term of the Divestiture Agreement varies from the terms of this Order ("Order Term"), then to the extent that Respondent cannot fully comply with both terms, the Order Term shall determine Respondent's obligations under this Order. Notwithstanding any paragraph, section, or other provision of the Divestiture Agreement, any failure to meet any condition precedent to closing (whether waived or not) or any modification of the Divestiture Agreement, without the prior approval of the Commission, shall constitute a failure to comply with this Order.

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- K. The purpose of the divestiture of the Argosy Baton Rouge Assets is to ensure the continuing, viable, and competitive operation of the Argosy Baton Rouge Assets in the same manner and in the same business in which the Argosy Baton Rouge Assets were engaged at the time of the announcement of the proposed Acquisition, and to remedy the lessening of competition resulting from the Acquisition as alleged in the Commission's Complaint.

III.

IT IS FURTHER ORDERED that:

- A. Respondent shall:
1. Not provide, disclose, or otherwise make available any Confidential Business Information to any Person; and,
 2. Not use any Confidential Business Information for any reason or purpose other than as required or permitted by this Order.
- B. Notwithstanding Paragraph III.A. of this Order and subject to the Hold Separate Order, Respondent shall use Confidential Business Information only: (i) for the purpose of performing and complying with Respondent's obligations under this Order, the Hold Separate Order, or the Divestiture Agreement; or, (ii) for the purpose of complying with Respondent's financial, tax reporting, health, safety, and environmental obligations or any other disclosure obligations imposed by law, regulation or judicial order (including, but not limited to, complying with laws of the state of Louisiana or requests by the LAGC).

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IV.**IT IS FURTHER ORDERED** that:

- A. If Respondent has not fully complied with the obligations to divest the Argosy Baton Rouge Assets as required by Paragraph II of this Order, the Commission may appoint a Divestiture Trustee to divest the Argosy Baton Rouge Assets in a manner that satisfies the requirements of Paragraph II. In the event that the Commission or the Attorney General brings an action pursuant to § 5(l) of the Federal Trade Commission Act, 15 U.S.C. § 45(l), or any other statute enforced by the Commission, Respondent shall consent to the appointment of a Divestiture Trustee in such action to divest the Argosy Baton Rouge Assets. Neither the appointment of a Divestiture Trustee nor a decision not to appoint a Divestiture Trustee under this Paragraph shall preclude the Commission or the Attorney General from seeking civil penalties or any other relief available to it, including a court-appointed Divestiture Trustee, pursuant to § 5(l) of the Federal Trade Commission Act, or any other statute enforced by the Commission, for any failure by Respondent to comply with this Order.
- B. The Commission shall select the Divestiture Trustee, subject to the consent of Respondent, which consent shall not be unreasonably withheld. The Divestiture Trustee shall be a person with experience and expertise in acquisitions and divestitures. If Respondent has not opposed, in writing, including the reasons for opposing, the selection of any proposed Divestiture Trustee within ten (10) days after notice by the staff of the Commission to Respondent of the identity of any proposed Divestiture Trustee, Respondent shall be deemed to have consented to the selection of the proposed Divestiture Trustee.

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- C. Not later than ten (10) days after the appointment of a Divestiture Trustee, Respondent shall execute a trust agreement that, subject to the prior approval of the Commission, transfers to the Divestiture Trustee all rights and powers necessary to permit the Divestiture Trustee to effect the divestiture required by this Order.
- D. If a Divestiture Trustee is appointed by the Commission or a court pursuant to this Paragraph IV, Respondent shall consent to the following terms and conditions regarding the Divestiture Trustee's powers, duties, authority, and responsibilities:
1. Subject to the prior approval of the Commission, the Divestiture Trustee shall have the exclusive power and authority to divest the Argosy Baton Rouge Assets.
 2. The Divestiture Trustee shall have one (1) year after the date the Commission approves the trust agreement described herein to accomplish the divestiture, which shall be subject to the prior approval of the Commission. If, however, at the end of the one (1) year period, the Divestiture Trustee has submitted a plan of divestiture or believes that the divestiture can be achieved within a reasonable time, the divestiture period may be extended by the Commission; *provided, however*, the Commission may extend the divestiture period only two (2) times.
 3. Subject to any demonstrated legally recognized privilege, the Divestiture Trustee shall have full and complete access to the personnel, books, records and facilities related to the relevant assets that are required to be divested by this Order and to any other relevant information (including, but not limited to, information related to any regulation of the Argosy Baton Rouge Assets by the LAGC), as the Divestiture Trustee may request. Respondent shall develop such financial or other information as the Divestiture Trustee may request

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and shall cooperate with the Divestiture Trustee. Respondent shall take no action to interfere with or impede the Divestiture Trustee's accomplishment of the divestiture. Any delays in divestiture caused by Respondent shall extend the time for divestiture under this Paragraph IV in an amount equal to the delay, as determined by the Commission.

4. The Divestiture Trustee shall use commercially reasonable best efforts to negotiate the most favorable price and terms available in each contract that is submitted to the Commission, subject to Respondent's absolute and unconditional obligation to divest expeditiously and at no minimum price. The divestiture shall be made in the manner and to an acquirer as required by this Order; *provided, however*, if the Divestiture Trustee receives bona fide offers from more than one acquiring entity, and if the Commission determines to approve more than one such acquiring entity, the Divestiture Trustee shall divest to the acquiring entity selected by Respondent from among those approved by the Commission; and, *provided further, however*, that Respondent shall select such entity within five (5) days after receiving notification of the Commission's approval.
5. The Divestiture Trustee shall serve, without bond or other security, at the cost and expense of Respondent, on such reasonable and customary terms and conditions as the Commission or a court may set. The Divestiture Trustee shall have the authority to employ, at the cost and expense of Respondent, such consultants, accountants, attorneys, investment bankers, business brokers, appraisers, and other representatives and assistants as are necessary to carry out the Divestiture Trustee's duties and responsibilities. The Divestiture Trustee shall account for all monies derived from the divestiture and all expenses incurred. After the approval

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by the Commission of the account of the Divestiture Trustee, including fees for the Divestiture Trustee's services, all remaining monies shall be paid at the direction of the Respondent, and the Divestiture Trustee's power shall be terminated. The compensation of the Divestiture Trustee shall be based at least in significant part on a commission arrangement contingent on the divestiture of all of the relevant assets that are required to be divested by this Order.

6. Respondent shall indemnify the Divestiture Trustee and hold the Divestiture Trustee harmless against any losses, claims, damages, liabilities, or expenses arising out of, or in connection with, the performance of the Divestiture Trustee's duties, including all reasonable fees of counsel and other expenses incurred in connection with the preparation for, or defense of, any claim, whether or not resulting in any liability, except to the extent that such losses, claims, damages, liabilities, or expenses result from misfeasance, gross negligence, willful or wanton acts, or bad faith by the Divestiture Trustee.
7. The Divestiture Trustee shall have no obligation or authority to operate or maintain the relevant assets required to be divested by this Order; *provided, however*, that the Divestiture Trustee appointed pursuant to Paragraph IV of this Order may be the same Person appointed as Hold Separate Trustee pursuant to the relevant provisions of the Hold Separate Order in this matter.
8. The Divestiture Trustee shall report in writing to Respondent and to the Commission every sixty (60) days concerning the Divestiture Trustee's efforts to accomplish the divestiture.
9. Respondent may require the Divestiture Trustee and each of the Divestiture Trustee's consultants, accountants,

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attorneys and other representatives and assistants to sign a customary confidentiality agreement; *provided, however*, such agreement shall not restrict the Divestiture Trustee from providing any information to the Commission or to the LAGC.

- E. If the Commission determines that a Divestiture Trustee has ceased to act or failed to act diligently, the Commission may appoint a substitute Divestiture Trustee in the same manner as provided in the Paragraph IV.
- F. The Commission or, in the case of a court-appointed Divestiture Trustee, the court, may on its own initiative or at the request of the Divestiture Trustee issue such additional orders or directions as may be necessary or appropriate to accomplish the divestiture required by this Order.

V.**IT IS FURTHER ORDERED** that:

- A. Within five (5) days after the Acquisition, Respondent shall submit to the Commission a letter certifying the date on which the Acquisition occurred.
- B. Within five (5) days after the earlier of the LAGC's approval of a motion to transfer interest in the Argosy License, or the LAGC's issuance of a notice of decision to Respondent or the Commission-approved Acquirer, Respondent shall submit to the Commission a letter certifying the date on which the approval was granted or the notice was issued.
- C. Within thirty (30) days after the date this Order becomes final, and every sixty (60) days thereafter until Respondent has fully complied with Paragraphs II and IV of this Order, Respondent shall submit to the Commission a verified written report setting forth in detail the manner and form in

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which it intends to comply, is complying, and has complied with this Order. Respondent shall submit at the same time a copy of its report concerning compliance with this Order to the Hold Separate Trustee, if any Hold Separate Trustee has been appointed pursuant to the Hold Separate Order in this matter. Respondent shall include in its reports, among other things that are required from time to time, a full description of the efforts being made to comply with the relevant Paragraphs of the Order, including a description of all substantive contacts or negotiations related to the divestiture of the relevant assets and the identity of all Persons (including, but not limited to, the LAGC) contacted. Respondent shall include in its report copies of all written communications to and from such Persons, all internal memoranda, and all reports and recommendations concerning completing the obligations.

- D. One (1) year after the date this Order becomes final, annually until Respondent has complied fully with its obligations under Paragraphs II and IV of this Order, and at other times as the Commission may require, Respondent shall file a verified written report with the Commission setting forth in detail the manner and form in which it has complied and is complying with the Order.

VI.

IT IS FURTHER ORDERED that Respondent shall notify the Commission at least thirty (30) days prior to any proposed (1) dissolution of the Respondent, (2) acquisition, merger or consolidation of Respondent, or (3) any other change in the Respondent that may affect compliance obligations arising out of the Order, including, but not limited to, assignment and the creation or dissolution of subsidiaries.

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VII.

IT IS FURTHER ORDERED that, for purposes of determining or securing compliance with this Order, and subject to any legally recognized privilege, and upon written request with reasonable notice, Respondent shall permit any duly authorized representative of the Commission:

- A. access, during business office hours of Respondent, in the presence of counsel, and as permitted by and in accordance with the laws, rules and regulations of the LAGC, to all facilities and access to inspect and copy all books, ledgers, accounts, correspondence, memoranda and all other records and documents in the possession or under the control of Respondent related to compliance with this Order; and
- B. upon five (5) days' notice to Respondent and without restraint or interference from Respondent, to interview officers, directors, or employees of Respondent, who may have counsel present, regarding such matters.

VIII.

IT IS FURTHER ORDERED that this Order shall terminate on October 27, 2015.

Exhibit A

PARCEL IV

- B. A certain lot or parcel of ground together with all buildings and improvements thereon, situated in that part of the City of Baton Rouge, known as BEAUREGARD TOWN, and being LOT ELEVEN (11) of a resubdivision of SQUARE NINETEEN (19) of said Beauregard Town, made for the heirs of J. S. Cothell by L. Q. Huey, C.E., and of record in the Clerk's office of the Parish of East Baton Rouge in Plan Book One, Folio 38, measuring twenty-five (25') feet frontage on the east side of St. Philip Street by depth at the right angles of One Hundred Twenty-Eight (128') feet.
- C. A certain lot or parcel of ground, together with the buildings and improvements thereon, situated in that subdivision of the City of Baton Rouge, Parish of East Baton Rouge, Louisiana, known as BEAUREGARD TOWN, and designated according to the official plan thereof in the office of the Clerk and Recorder of said Parish as LOT TEN (10) of the resubdivision of Lots Four (4) and Five (5), SQUARE NINETEEN (19), fronting thirty-four (34) feet on Europe Street, by a depth of eighty-one (81') feet between parallel lines.

PARCEL VI

One (1) certain lot or parcel of ground, together with all the buildings and improvements thereon, situated in that part of the City of Baton Rouge, State of Louisiana, known as BEAUREGARD TOWN, and designated on the official map of the City of Baton Rouge as LOT FOUR (4) OF SQUARE EIGHTEEN (18) [or Square Eighteen (18) South] said Beauregard Town, the said lot measuring sixty-four (64) feet front on the south side of Government Street by a depth at right angles and between parallel lines along the west side of St. Louis Street of one hundred six and two-thirds (106 and 2/3rds) feet, running through to the north side of France Street.

PARCEL VII

Three (3) certain fractional lots or parcels of ground, together with all buildings and improvements thereon, situated in that subdivision known as BEAUREGARD TOWN, and all of said fractional lots being situated in SQUARE EIGHTEEN (18) SOUTH of said subdivision; being further described as follows: FIRST: The NORTH FORTY-FOUR AND TWO-THIRDS (44 2/3) FEET OF LOT TWO (2), measuring sixty-four (64) feet front on Government Street by a depth between equal and parallel lines of forty-four and 2/3 (44 2/3) feet; SECOND: The SOUTHWESTERN PORTION OF LOT TWO (2), measuring thirty-two (32) feet front on the north side of France Street by a depth of sixty-two (62) feet between parallel lines; THIRD: The NORTH FIFTY-THREE AND ONE-THIRD (53 1/3) FEET OF LOT THREE (3), measuring sixty-four (64) feet front on Government Street by a depth between parallel lines of fifty-three and 1/3 (53 1/3) feet; and FOURTH: The SOUTHWEST ONE-QUARTER (SW 1/4) of LOT

THREE (3), measuring thirty-two (32) feet front on France Street by a depth between equal and parallel lines of fifty-three and $\frac{1}{3}$ (53 $\frac{1}{3}$) feet.

PARCEL VIII

One (1) certain fractional lot or parcel of ground, together with all of the buildings and improvements thereon, situated in that subdivision of the City of Baton Rouge, Parish of East Baton Rouge, Louisiana, known as BEAUREGARD TOWN, and being shown on the official map of the City of Baton Rouge and Beauregard Town as the SOUTHEAST ONE-FOURTH (1/4) OF LOT THREE (3), SQUARE EIGHTEEN (18) SOUTH, BEAUREGARD TOWN, and being further shown on the official map as measuring thirty-two (32) feet front on the north side of France Street by a depth between equal and parallel lines of fifty-three and one-third (53- $\frac{1}{3}$) feet.

PARCEL IX

- A. LOT FOUR (4), SQUARE NINETEEN (19), BEAUREGARD TOWN, East Baton Rouge Parish, Louisiana, as shown on the official plat of resubdivision of said Square 19, recorded in Book 101, folio 385 (Plan Book 1, folio 38, entry 2) of the Conveyance Records of East Baton Rouge Parish, Louisiana, measuring thirty-nine (39) feet front on the west side of St. Louis Street by a depth between parallel lines of one hundred twelve (112) feet.
- B. LOT FIVE (5), SQUARE NINETEEN (19), BEAUREGARD TOWN, as designated on a plat of resubdivision of Square 19, recorded in Book 101, page 385 (Plan Book 1, folio 38, entry 2) of the aforesaid Conveyance Records, measuring forty-one (41) feet front on St. Louis Street by a depth between parallel lines of ninety-six (96) feet.
- C. LOT SIX (6), SQUARE NINETEEN (19), BEAUREGARD TOWN, as designated on a plat of resubdivision of said Square 19, recorded in Book 101, folio 385 (Plan Book 1, folio 38, entry 2) of the aforesaid Conveyance records, measuring forty (40) feet front along the west side of St. Louis Street by a depth between parallel lines and along the north side of Europe Street of ninety-seven (97) feet.

[to be inserted], 2005

From: Peter M. Carlino

To: All Argosy Casino-Baton Rouge Employees

Subject: FTC Order to Hold Separate and Maintain Assets

As you may know, on **[to be inserted]**, 2005, Penn National Gaming, Inc. ("Penn") completed its acquisition of Argosy Gaming Company ("Argosy"), and executed an agreement with Columbia Sussex Corporation ("Columbia Sussex") to divest the casino property commonly known as the Argosy Casino-Baton Rouge ("ACBR"). In our press release, we confirmed that Penn elected to divest the ACBR in order to expedite securing Federal Trade Commission ("FTC") and state gaming board approval of the Argosy merger. Penn also announced that the FTC accepted an Agreement Containing Consent Orders (the "Orders"), which incorporates a Decision and Order and an Order to Hold Separate and Maintain Assets. If you have not seen these Orders, you may find them on the FTC's home page at <http://www.ftc.gov/opa/2005/07/pngaming.htm>. Copies are also available at the Human Resources Office, located in Maritime II.

Generally, the Orders require Penn to divest the ACBR, and to hold separate and maintain the casino property from the other Penn properties pending the completion of sale to Columbia Sussex. The Orders also require Penn to appoint a Hold Separate Trustee, who is responsible for managing the business and operation of the ACBR, and for maintaining its independence from Penn prior to the sale to Columbia Sussex. Frank Quigley has agreed to serve as the Hold Separate Trustee of the ACBR during this interim period.

I'm sure that many of you – as well as your families and friends – have questions and concerns about this matter, and I'd like to provide you with some thoughts as you go about the business of serving customers during the course of your day-to-day jobs.

I want to emphasize that during this Hold Separate Period – that is, the time period between Penn’s acquisition of Argosy and its sale of the ACBR to Columbia Sussex – the ACBR should continue to operate as efficiently and as competitively as it has always operated, and should continue to view Penn’s Casino Rouge as a key competitor. In addition, confidential or proprietary information regarding the ACBR, which includes financial results, marketing strategies and customer information, should continue to remain confidential, and should not be discussed or otherwise shared with anyone employed by or associated with Penn.

Penn is very proud of its reputation for and track record of excellence and commitment to upholding the highest ethical standards. We are dedicated to compliance with all applicable antitrust laws in all of our activities and locations.

We understand that you may have additional questions about this matter, and that you may receive questions from customers and others who have read media reports about the Argosy merger and ACBR divestiture. If you have questions about the FTC Orders or their application to your work, please contact Richard Williams at Extension 6043. If you receive any calls from members of the media, please refer the queries to Eric Schippers, Vice President of Public Affairs, at 610-378-8321; eric.schippers@pngaming.com. If you receive any calls from customers, please refer them to Frank Quigley.

I appreciate your efforts, and want to thank you for continuing to work diligently to service customers to the best of your ability.

Best regards,
Peter M. Carlino

Order

IN THE MATTER OF

PENN NATIONAL GAMING, INC.

ORDER TO HOLD SEPARATE AND MAINTAIN ASSETS

The Federal Trade Commission (“Commission”), having initiated an investigation of the proposed acquisition by Respondent Penn National Gaming, Inc. (“PNG”) of Argosy Gaming Company (“Argosy”), and Respondent having been furnished thereafter with a copy of the draft Complaint that the Bureau of Competition proposed to present to the Commission for its consideration and that, if issued by the Commission, would charge Respondent with violations of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 45; and

Respondent, its attorneys, and counsel for the Commission having thereafter executed an Agreement Containing Consent Orders (“Consent Agreement”), containing an admission by Respondent of all the jurisdictional facts set forth in the aforesaid draft of Complaint, a statement that the signing of the Consent Agreement is for settlement purposes only and does not constitute an admission by Respondent that the law has been violated as alleged in such Complaint, or that the facts as alleged in such Complaint, other than jurisdictional facts, are true, and waivers and other provisions as required by the Commission’s Rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that Respondent has violated the said Acts and that a Complaint should issue stating its charges in that respect, and having determined to accept the executed Consent Agreement and to place such Consent Agreement containing the Decision and Order on the public record for a period of thirty (30) days for the receipt and consideration of public comments, now in further conformity with the procedure described in Commission Rule 2.34, 16 C.F.R. § 2.34, the Commission hereby issues its Complaint, makes the