

DOVER DOWNS GAMING & ENTERTAINMENT INC
Form SC TO-I
December 19, 2005

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Schedule TO

(Rule 14d-100)

**Tender Offer Statement under Section 14(d)(1) or 13(e)(1) of the
Securities Exchange Act of 1934**

DOVER DOWNS GAMING & ENTERTAINMENT, INC.

(Name of Issuer and Person Filing Statement)

**Common Stock, par value \$0.10 per share
Class A Common Stock, par value \$0.10 per share**

(Title of Class of Securities)

**001 750 26009510 (Common Stock)
001 750 260095DM (Class A Common Stock)**

(CUSIP Number of Class of Securities)

**Klaus M. Belohoubek
Senior Vice President General Counsel
Dover Downs Gaming & Entertainment, Inc.
3505 Silverside Road
Plaza Centre Building, Suite 203
Wilmington, DE 19810
(302) 475-6756**

(Name, address and telephone number of person authorized to receive
notices and communications on behalf of filing persons)

Copies to:

**Timothy R. Horne
Senior Vice President Finance, Treasurer
and Chief Financial Officer
Dover Downs Gaming & Entertainment, Inc.
1131 N. DuPont Highway
Dover, DE 19901
(302) 857-3292**

CALCULATION OF FILING FEE

Transaction valuation (*)

Amount of Filing Fee

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\$34,646,373

\$3,707.16

*

Determined pursuant to Rule 0-11(b)(1) of the Securities Exchange Act of 1934, assuming that 2,389,405 shares of Common Stock and Class A Common Stock are purchased for \$14.50 per share.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid: Not applicable.
Form or Registration No.: Not applicable

Filing Party: Not applicable.
Date Filed: Not applicable.

Check box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

Check the appropriate boxes below to designate any transaction to which the statement relates:

- third-party tender offer subject to Rule 14d-1.
- issuer tender offer subject Rule 13e-4.
- going-private transaction subject to Rule 13e-3.
- amendment to Schedule 13D under Rule 13d-2.

Check the following box if the filing is a final amendment reporting the results of the tender offer:

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This issuer Tender Offer Statement on Schedule TO relates to an offer by Dover Downs Gaming & Entertainment, Inc., a Delaware corporation (the "Company"), to purchase, upon the terms and subject to the conditions contained in the offer to purchase dated December 19, 2005 (the "Offer to Purchase") and the accompanying letter of transmittal (the "Letter of Transmittal") (which, together with the Offer to Purchase, constitutes the "Offer," and both of which are filed as part of Exhibit (a)(1) to this Schedule TO) up to 1,063,937 shares of the Company's common stock, par value \$0.10 per share (the "Common Stock"), and 1,325,468 shares of the Company's Class A common stock, par value \$0.10 per share (the "Class A Common Stock"), in each case at a price of \$14.50 per share, net to the seller in cash without interest thereon.

Item 1. Summary Term Sheet.

The information set forth in the Offer to Purchase in the section entitled "Summary Term Sheet" is incorporated herein by reference.

Item 2. Subject Company Information.

(a) Name and Address.

The information set forth in the Offer to Purchase in the sections entitled "Where You Can Find More Information" and "The Offer Information About Dover Downs Gaming & Entertainment, Inc." is incorporated herein by reference.

(b) Securities.

The information set forth in the Offer to Purchase on the cover page and in the sections entitled "Introduction" and "The Offer Purpose of the Offer; Certain Effects of the Offer; Plans or Proposals" is incorporated herein by reference.

(c) Trading Market and Price.

The information set forth in the Offer to Purchase in the section entitled "The Offer Price Range of Shares; Dividends" is incorporated herein by reference.

Item 3. Identity and Background of Filing Person.

(a) Name and Address.

The filing person is the Company. The information set forth in Item 2(a) of this Tender Offer Statement on Schedule TO is incorporated herein by reference.

Item 4. Terms of the Transaction.

(a) Material Terms.

The information set forth in the Offer to Purchase in the sections entitled "Introduction," "The Offer Number of Shares; Proration; Expiration Date," "The Offer Procedures for Tendering Shares," "The Offer Withdrawal Rights," "The Offer Acceptance for Payment of Shares and Payment of Purchase Price," "The Offer Extension of the Offer; Termination; Amendments," "The Offer Purpose of the Offer; Certain Effects of the Offer; Plans or Proposals," and "The Offer U.S. Federal Income Tax Considerations" is incorporated herein by reference.

(b) Purchases.

The information set forth in the Offer to Purchase in the section entitled "The Offer Interests of Directors, Executive Officers and Affiliates; Transactions and Arrangements Concerning the Common Stock" is incorporated herein by reference.

Item 5. Past Contacts, Transactions, Negotiations and Agreements.

(e) Agreements Involving the Subject Company's Securities.

The information set forth in the Offer to Purchase in the section entitled "The Offer Interests of Directors, Executive Officers and Affiliates; Transactions and Arrangements Concerning the Common Stock" is incorporated herein by reference.

Item 6. Purposes of the Transaction and Plans or Proposals.

(a) Purposes.

The information set forth in the Offer to Purchase in the section entitled "The Offer Purpose of the Offer; Certain Effects of the Offer; Plans or Proposals" is incorporated herein by reference.

(b) Use of Securities Acquired.

The information set forth in the Offer to Purchase in the section entitled "The Offer Purpose of the Offer; Certain Effects of the Offer; Plans or Proposals" is incorporated herein by reference.

(c) Plans.

The information set forth in the Offer to Purchase in the section entitled "The Offer Purpose of the Offer; Certain Effects of the Offer; Plans or Proposals" is incorporated herein by reference.

Item 7. Source and Amount of Funds or Other Consideration.

(a) Source of Funds.

The information set forth in the Offer to Purchase in the section entitled "The Offer Source and Amount of Funds" is incorporated herein by reference.

(b) Conditions.

The information set forth in the Offer to Purchase in the section entitled "The Offer Conditions of the Offer" is incorporated herein by reference.

(d) Borrowed Funds.

The information set forth in the Offer to Purchase in the section entitled "The Offer Source and Amount of Funds" is incorporated herein by reference.

Item 8. Interest in Securities of the Subject Company.

(a) Securities Ownership.

The information set forth in the Offer to Purchase in the section entitled "The Offer Interests of Directors, Executive Officers and Affiliates; Transactions and Arrangements Concerning the Common Stock" is incorporated herein by reference.

(b) Securities Transactions.

The information set forth in the Offer to Purchase in the section entitled "The Offer Interests of Directors, Executive Officers and Affiliates; Transactions and Arrangements Concerning the Common Stock" is incorporated herein by reference.

Item 9. Persons/Assets, Retained, Employed, Compensated or Used.

(a) Solicitations or Recommendations.

The information set forth in the Offer to Purchase in the sections entitled "Introduction," "The Offer Purpose of the Offer; Certain Effects of the Offer; Plans or Proposals" and "The Offer Fees and Expenses" is incorporated herein by reference.

Item 10. Financial Statements.

(a) and (b) Financial Information; Pro Forma Information.

Not applicable. The consideration in the offer consists solely of cash. The offer is not subject to any financing condition and the Company is a public reporting company under Section 13(a) or 15(d) of the Act that files reports electronically on EDGAR.

Item 11. Additional Information.

(a) Agreements, Regulatory Requirements and Legal Proceedings.

The information set forth in the Offer to Purchase in the sections entitled "The Offer Interests of Directors, Executive Officers and Affiliates; Transactions and Arrangements Concerning the Common Stock" and "The Offer Legal Matters; Regulatory Approvals" is incorporated herein by reference.

(b) Other Material Information.

The information set forth in the Offer to Purchase in the sections entitled "The Offer Purpose of the Offer; Certain Effects of the Offer; Plans or Proposals" and "The Offer Information About Dover Downs Gaming & Entertainment, Inc." is incorporated herein by reference.

Item 12. Exhibits.

- (a)(1)(i) Offer to Purchase, dated December 19, 2005.
- (a)(1)(ii) Letter of Transmittal and instructions thereto.
- (a)(1)(iii) Notice of Guaranteed Delivery.
- (a)(1)(iv) Letter from the Dealer Manager to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
- (a)(1)(v) Letter to Clients for use by Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
- (a)(1)(vi) Letter to stockholders from Denis McGlynn, President and Chief Executive Officer, Dover Downs Gaming & Entertainment, Inc., dated December 19, 2005.
- (a)(1)(vii) Letter to employees from Denis McGlynn, President and Chief Executive Officer, Dover Downs Gaming & Entertainment, Inc., dated December 15, 2005.
- (a)(5)(i) Press release issued by Dover Downs Gaming & Entertainment, Inc. on December 19, 2005.
- (a)(5)(ii) Summary advertisement published in the Wall Street Journal on December 19, 2005.

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- (d)(i) Amended and Restated Credit Agreement among Dover Downs Gaming & Entertainment, Inc. and Wilmington Trust Company, as agent, dated as of March 25, 2002 (incorporated herein by reference to Exhibit 10.6 to the Company's Form 10-Q filed on May 10, 2002).
- (d)(ii) Amendment to Amended and Restated Credit Agreement among Dover Downs Gaming & Entertainment, Inc. and Wilmington Trust Company, as agent, dated as of August 12, 2002 (incorporated herein by reference to Exhibit 10.1 to the Company's Form 10-Q filed on November 4, 2002).
- (d)(iii) Second Amendment to Amended and Restated Credit Agreement among Dover Downs Gaming & Entertainment, Inc. and Wilmington Trust Company, as agent, dated as of February 19, 2004 (incorporated herein by reference to Exhibit 10.14 to the Company's Form 10-K filed on March 9, 2004).
- (d)(iv) Third Amendment to Amended and Restated Credit Agreement among Dover Downs Gaming & Entertainment, Inc. and Wilmington Trust Company, as agent, dated as of November 5, 2004 (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on November 8, 2004).
- (d)(v) Fourth Amendment to Amended and Restated Credit Agreement among Dover Downs Gaming & Entertainment, Inc. and Wilmington Trust Company, as agent, dated as of December 14, 2005 (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on December 16, 2005).
- (d)(vi) Dover Downs Gaming & Entertainment, Inc. 2002 Stock Incentive Plan, as Amended and Restated (incorporated herein by reference to Exhibit A to the Company's 2004 Proxy Statement dated and filed on March 29, 2004).
- (d)(vii) Form of Incentive Stock Option Agreement Used with Dover Downs Gaming & Entertainment, Inc. 2002 Stock Incentive Plan, as Amended and Restated (incorporated herein by reference to Exhibit 10.1 to the Form 10-Q filed on November 3, 2004).
- (d)(viii) Form of Restricted Stock Grant Agreement Used with Dover Downs Gaming & Entertainment, Inc. 2002 Stock Incentive Plan, as Amended and Restated (incorporated herein by reference to Exhibit 10.2 to the Form 10-Q filed on November 3, 2004).
- (d)(ix) Rights Agreement dated as of January 2, 2002 between Dover Downs Gaming & Entertainment, Inc. and Mellon Investor Services, as Rights Agent (incorporated herein by reference to Exhibit 4.2 to the Company's Form 10 filed on January 16, 2002, which was declared effective on March 7, 2002).
- (d)(x) Seconded Amended and Restated Stockholders Voting Agreement and Irrevocable Proxy dated as of December 16, 2005 between Henry B. Tippie and R. Randall Rollins.
- (g) Not Applicable
- (h) Not Applicable

Item 13. Information Required by Schedule 13E-3.

Not applicable.

SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

DOVER DOWNS GAMING & ENTERTAINMENT, INC.

By: /s/ Denis McGlynn

Denis McGlynn
President and Chief Executive Officer

Dated: December 19, 2005

EXHIBIT INDEX

| Exhibit No. | Description |
|-------------|--|
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| (d)(x) | Seconded Amended and Restated Stockholders Voting Agreement and Irrevocable Proxy dated as of December 16, 2005 between Henry B. Tippie and R. Randall Rollins. |
| (g) | Not Applicable |
| (h) | Not Applicable |

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