TENARIS SA
Form 6-K
May 03, 2012

FORM 6 - K

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Report of Foreign Private Issuer
Pursuant to Rule 13a - 16 or 15d - 16 of
the Securities Exchange Act of 1934

As of May 3, 2012

TENARIS, S.A.
(Translation of Registrant's name into English)

TENARIS, S.A.
46a, Avenue John F. Kennedy
L-1855 Luxembourg
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or 40-F.

Form 20-F ü Form 40-F__

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12G3-2(b) under the Securities Exchange Act of 1934.

Yes__ No ü

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-__.

The attached material is being furnished to the Securities and Exchange Commission pursuant to Rule 13a-16 and Form 6-K under the Securities Exchange Act of 1934, as amended. This report contains Tenaris's press release announcing that shareholders have approved all resolutions on the agenda of Tenaris's Annual General Meeting and Extraordinary General Meeting.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: May 3, 2012

Tenaris, S.A.

By: /s/ Cecilia Bilesio
Cecilia Bilesio
Corporate Secretary

Giovanni Sardagna
Tenaris
1-888-300-5432
www.tenaris.com

Shareholders approve all resolutions on the agenda of Tenaris's Annual General Meeting and Extraordinary General Meeting

Luxembourg, May 2, 2012 - Tenaris S.A. (NYSE, Buenos Aires and Mexico: TS and MTA Italy: TEN) announced that its annual general meeting of shareholders approved today all resolutions on its agenda.

Among other resolutions adopted at the meeting, the shareholders approved the consolidated financial statements as of and for the year ended December 31, 2011 and the annual accounts as at December 31, 2011, and acknowledged the related management and independent auditors' reports and certifications.

The meeting also approved the payment of a dividend for the year ended December 31, 2011, of US$0.38 per share (or US$0.76 per ADS), or approximately US$449 million, which includes the interim dividend of US$0.13 per share (or US$0.26 per ADS) paid in November 2011. Tenaris will pay the balance of the annual dividend in the amount of US$0.25 per share (US$0.50 per ADS), or approximately US$295 million, on May 24, 2012, with an ex-dividend date of May 21, 2012.

The annual general meeting of shareholders approved the re-election of the current members of the board of directors, each to hold office until the meeting that will be convened to decide on the 2012 accounts.

The board of directors subsequently confirmed and re-appointed Amadeo Vázquez y Vázquez, Jaime Serra Puche and Roberto Monti as members of Tenaris's audit committee, with Mr. Vázquez y Vázquez to continue as chairman. All three members of the audit committee qualify as independent directors under the articles and applicable law.

The meeting appointed PricewaterhouseCoopers S.à r.l., Réviseur d'entreprises agréé (member firm of PwC International Limited) as Tenaris's independent auditors for the fiscal year ending December 31, 2012.

The extraordinary general meeting of shareholders also held today resolved to renew Tenaris's authorized unissued share capital and to grant related waivers and authorizations, and approved certain amendments to Tenaris's articles of association, including, among others, amendments to address certain provisions in the Luxembourg Law of May 24, 2011, on the exercise of certain shareholders rights in general meetings of listed companies. Copies of the amended articles of association may be obtained by contacting the Company's registered office in Luxembourg.

A copy of the minutes of the ordinary and extraordinary meetings can be downloaded from Tenaris's website at www.tenaris.com/investors.

Tenaris is a leading global supplier of steel tubes and related services for the world's energy industry and certain other industrial applications.

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F-61

Table of Contents

HARRAH S ENTERTAINMENT, INC.

(PREDECESSOR ENTITY)

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

FOR THE PERIOD

JANUARY 1, 2008 THROUGH JANUARY 27, 2008

(In millions)

	HET (Parent)	Subsidiary Issuer	Guarantors	Non-Guarantors	Consolidating/ Eliminating Adjustments	Total
Cash flows provided by/(used in) operating activities	$ 43.9	$ (106.4)	$ (25.3)	$ 95.0	$	$ 7.2
Cash flows provided by/(used in) investing activities						
Land, buildings, riverboats and equipment additions, net of change in construction payables		(1.4)	(66.3)	(57.9)		(125.6)
Payments for businesses acquired, net of cash acquired				0.1		0.1
Proceeds from other asset sales			0.1	3.0		3.1
Other			(1.2)	(0.5)		(1.7)
Cash flows used in investing activities		(1.4)	(67.4)	(55.3)		(124.1)
Cash flows provided by/(used in) financing activities						
Proceeds from issuance of long-term debt						
Debt issuance costs						
Borrowings under lender agreements		11,316.3				11,316.3
Repayments under lending agreements		(11,288.6)		(0.2)		(11,288.8)
Cash paid in connection with early extinguishments of debt			(87.7)			(87.7)
Non-controlling interests distributions, net of contributions				(1.6)		(1.6)
Proceeds from exercises of stock options	2.4					2.4
Excess tax benefit from stock equity plans	77.5					77.5
Other			(0.7)	(0.1)		(0.8)
Transfers (to)/from affiliates	(121.5)	75.4	90.5	(44.4)		
Cash flows (used in)/provided by financing activities	(41.6)	103.1	2.1	(46.3)		17.3
Cash flows provided by discontinued operations						

Cash flows provided by operating activities			0.5			0.5
Cash flows provided by discontinued operations			0.5			0.5
Net increase/(decrease) in cash and cash equivalents	2.3	(4.7)	(90.1)	(6.6)		(99.1)
Cash and cash equivalents, beginning of period		15.2	353.1	341.7		710.0
Cash and cash equivalents, end of period	$ 2.3	$ 10.5	$ 263.0	$ 335.1	$	$ 610.9

Table of Contents

HARRAH S ENTERTAINMENT, INC.

(PREDECESSOR ENTITY)

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2007

(In millions)

	HET (Parent)	Subsidiary Issuer	Guarantors	Non-Guarantors	Consolidating/ Eliminating Adjustments	Total
Cash flows provided by/(used in) operating activities	$ 65.4	$ (450.9)	$ 639.4	$ 1,254.9	$	$ 1,508.8
Cash flows provided by/(used in) investing activities						
Land, buildings, riverboats and equipment additions, net of change in construction payables		(61.5)	(777.3)	(537.9)		(1,376.7)
Insurance proceeds for hurricane losses from asset recovery			29.1			29.1
Payments for businesses acquired, net of cash acquired				(584.3)		(584.3)
Purchase of non-controlling interest in subsidiary				(8.5)		(8.5)
Investments in and advances to non-consolidated affiliates			(1.8)			(1.8)
Proceeds from other asset sales		88.2	7.7	3.7		99.6
Other			(21.3)	(59.7)		(81.0)
Cash flows provided by/(used in) investing activities		26.7	(763.6)	(1,186.7)		(1,923.6)
Cash flows provided by/(used in) financing activities						
Proceeds from issuance of long-term debt						
Debt issuance costs		(6.4)				(6.4)
Borrowings under lending agreements		39,078.7		52.1		39,130.8
Repayments under lending agreements		(37,617.6)		(1.9)		(37,619.5)
Cash paid on early extinguishments of debt				(120.1)		(120.1)
Scheduled debt retirements		(996.7)		(5.0)		(1,001.7)
Dividends paid	(299.2)					(299.2)
Non-controlling interests distributions, net of contributions				(20.0)		(20.0)
Proceeds from exercises of stock options	126.2					126.2
Excess tax benefit from stock equity plans	51.7					51.7
Other		(2.7)	(2.4)	(0.2)		(5.3)
Transfers from/(to) affiliates	55.9	(28.5)	(80.4)	53.0		
	(65.4)	426.8	(82.8)	(42.1)		236.5

Cash flows (used in)/provided by financing activities						
Cash flows provided by/(used in) discontinued operations						
Cash flows provided by operating activities			88.9			88.9
Cash flows used in investing activities			(0.2)			(0.2)
Cash flows provided by discontinued operations			88.7			88.7
Net increase/(decrease) in cash and cash equivalents		2.6	(118.3)	26.1		(89.6)
Cash and cash equivalents, beginning of period		12.6	471.4	315.6		799.6
Cash and cash equivalents, end of period	$	$ 15.2	$ 353.1	$ 341.7	$	$ 710.0

F-63

Table of Contents

Note 23 Quarterly Results of Operations (Unaudited)

(In millions)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
2009					
Revenues	$ 2,254.7	$ 2,271.4	$ 2,282.2	$ 2,099.1	$ 8,907.4
Income/(loss) from operations[(a)]	285.4	6.3	(1,050.2)	150.7	(607.8)
(Loss)/income from continuing operations, net of taxes[(c)]	(127.4)	2,296.8	(1,621.0)	298.3	846.4
Net (loss)/income attributable to Harrah s Entertainment, Inc.	(132.7)	2,289.0	(1,624.3)	295.6	827.6

	Predecessor	Successor				
(In millions)	January 1 through January 27	January 28 through March 31	Second Quarter	Third Quarter	Fourth Quarter	January 28 through December 31[(c)]
2008						
Revenues	$ 760.1	$ 1,840.5	$ 2,602.1	$ 2,645.9	$ 2,278.4	$ 9,366.9
(Loss)/income from operations[(b)]	(36.8)	437.8	323.1	349.6	(5,348.0)	(4,237.5)
Loss from continuing operations, net of taxes[(c)]	(99.4)	(175.6)	(97.6)	(123.2)	(4,778.2)	(5,174.7)
Net loss attributable to Harrah s Entertainment, Inc.	(100.9)	(86.9)	(97.6)	(129.7)	(4,782.1)	(5,096.3)

(a) 2009 includes the following:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
Expense					
Pretax charges for					
Project opening costs	$ 2.0	$ 0.6	$ 0.3	$ 0.7	$ 3.6
Impairment of intangible assets		297.1	1,328.6	12.3	1,638.0
Write-downs, reserves and recoveries	27.4	26.9	24.3	29.3	107.9
Acquisition and integration costs	0.2	0.1			0.3

(b)2008 includes the following:

	Predecessor	Successor				
	January 1 through January 27	January 28 through March 31	Second Quarter	Third Quarter	Fourth Quarter	January 28 through December 31
Expense/(income)						
Pretax charges for						
Project opening costs	$ 0.7	$ 2.8	$ 7.2	$ 16.3	$ 2.6	$ 28.9
Impairment of goodwill and other intangible assets					5,489.6	5,489.6
Write-downs, reserves and recoveries	4.7	(158.8)	50.1	46.8	78.0	16.2
Acquisition and integration costs	125.6	17.0	5.1	1.0	1.0	24.0

(c) The sum of the quarterly amounts may not equal the annual amount reported, as quarterly amounts are computed independently for each quarter and for the full year.

Table of Contents

Note 24 Earnings Per Share

The following table reconciles net income/(loss) attributable to Harrah s Entertainment, Inc. to income/(loss) available to common stockholders used in our calculation of basic earnings per share and to net income/(loss) available to common stockholders used in our calculation of diluted earnings per share. It also reconciles the weighted-average number of common and common equivalent shares used in the calculations of basic and diluted earnings per share.

	Successor		Predecessor	
(in millions, except share and per share amounts)	**Year ended Dec. 31, 2009**	**Jan. 28, 2008 through Dec. 31, 2008**	**Jan. 1, 2008 through Jan. 27, 2008**	**Year ended Dec. 31, 2007**
Net income/(loss) attributable to Harrah s Entertainment, Inc.	$ 827.6	$ (5,096.3)	$ (100.9)	$ 619.4
Preferred stock dividends	(354.8)	(297.8)		
Net income/(loss) available to common stockholders used to calculate basic earnings per share	472.79	(5,394.1)	(100.9)	619.4
Effect of dilutive securities on income/(loss) available to common stockholders	354.8			
Net income/(loss) available to common stockholders used to calculate diluted earnings per share	$ 827.6	$ (5,394.1)	$ (100.9)	$ 619.4
Weighted-average common shares outstanding used in the calculation of basic earnings per share	40,684,515	40,749,898	188,122,643	186,274,374
Potential dilution from stock options and warrants	33,063			2,358,826
Potential dilution from restricted stock				190,771
Potential dilution from SARs				230,592
Potential dilution from convertible debt				1,502,534
Potential dilution from convertible preferred shares	79,507,717			
Weighted-average common and common equivalent shares used in the calculation of diluted earnings per share	120,225,295	40,749,898	188,122,643	190,557,097
Antidilutive stock options, warrants, restricted stock, SARs, convertible debt and convertible preferred shares excluded from the calculation of diluted earnings per share	3,008,504	33,605,549	4,469,335	
Earnings per share on net income/(loss) basic	$ 11.62	$ (132.37)	$ (0.54)	$ 3.33
Earnings per share on net income/(loss) diluted	$ 6.88	$ (132.37)	$ (0.54)	$ 3.25

Table of Contents

Schedule II

HARRAH S ENTERTAINMENT, INC.

CONSOLIDATED VALUATION AND QUALIFYING ACCOUNTS

(In millions)

Column A	Column B	Column C (Additions)		Column D	Column E
	Balance at Beginning of Period	Charged to Costs and Expenses	Charged to Other Accounts	Deductions from Reserves	Balance at End of Period
YEAR ENDED DECEMBER 31, 2009					
Allowance for doubtful accounts					
Current	$ 201.4	$ 72.1	$ 13.1	$ (79.5)[a]	$ 207.1
Long-term	$ 0.3	$	$	$	$ 0.3
Liability to sellers under acquisition [b]	$ 1.6	$	$	$ (0.2)	$ 1.4
YEAR ENDED DECEMBER 31, 2008					
Allowance for doubtful accounts					
Current	$ 126.2	$ 85.9	$ 45.3	$ (56.0)[a]	$ 201.4
Long-term	$ 0.3	$	$	$	$ 0.3
Liability to sellers under acquisition [b]	$ 1.8	$	$	$ (0.2)	$ 1.6
YEAR ENDED DECEMBER 31, 2007					
Allowance for doubtful accounts					
Current	$ 94.7	$ 135.3	$	$ (103.8)[a]	$ 126.2
Long-term	$ 0.3	$	$	$	$ 0.3
Liability to sellers under acquisition [b]	$ 2.0	$	$	$ (0.2)	$ 1.8

(a) Uncollectible accounts written off, net of amounts recovered.

(b) We acquired Players International, Inc., (Players) in March 2000. In 1995, Players acquired a hotel and land adjacent to its riverboat gaming facility in Lake Charles, Louisiana, for cash plus future payments to the seller based on the number of passengers boarding the riverboat casinos during a defined term. In accordance with the guidance provided by ASC 805 regarding the recognition of liabilities assumed in a business combination accounted for as a purchase, Players estimated the net present value of the future payments to be made to the sellers and recorded that amount as a component of the total consideration paid to acquire these assets. Our recording of this liability in connection with the purchase price allocation process following the Players acquisition was originally reported in 2000. Our casino operations in Lake Charles sustained significant damage in late third quarter 2005 as a result of Hurricane Rita. As a result of hurricane damage, and upon the Company s subsequent decision to scale back operations in Lake Charles and ultimately sell the property, the current and long-term portions of this obligation were written down in fourth quarter 2005; the credit was included in Discontinued operations on our Consolidated Statements of Operations. We sold Harrah s Lake Charles in fourth quarter 2006. Prior to the sale, the current and long-term portions of this obligation were included in Liabilities held for sale on our Consolidated Balance Sheets. The remaining long-term portion of this liability is included in Deferred credits and other on our Consolidated Balance Sheets; the current portion of this obligation is included in Accrued expenses on our Consolidated Balance Sheets.

Table of Contents

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Table of Contents

HARRAH S ENTERTAINMENT, INC.

CONSOLIDATED CONDENSED BALANCE SHEETS

(UNAUDITED)

(in millions, except share amounts)

Assets	**September 30, 2010**	**December 31, 2009**
Current assets		
Cash and cash equivalents	$ 1,323.7	$ 918.1
Receivables, less allowance for doubtful accounts of $215.6 and $207.1	334.4	323.5
Deferred income taxes	154.2	148.2
Prepayments and other	172.3	156.4
Federal income tax receivable	233.3	
Inventories	48.5	52.7
Total current assets	2,266.4	1,598.9
Land, buildings, riverboats and equipment	19,732.3	19,206.0
Less: accumulated depreciation	(1,815.4)	(1,281.2)
	17,916.9	17,924.8
Assets held for sale	2.9	16.7
Goodwill	3,413.7	3,456.9
Intangible assets other than goodwill	4,799.2	4,951.3
Investments in and advances to non-consolidated affiliates	36.2	94.0
Deferred charges and other	852.6	936.6
	$ 29,287.9	$ 28,979.2
Liabilities and Stockholders Equity/(Deficit)		
Current liabilities		
Accounts payable	$ 261.5	$ 260.8
Interest payable	429.7	195.6
Accrued expenses and other current liabilities	1,198.4	1,074.8
Current portion of long-term debt	255.1	74.3
Total current liabilities	2,144.7	1,605.5
Long-term debt	19,462.0	18,868.8
Deferred credits and other	970.9	872.5
Deferred income taxes	5,647.7	5,856.9
	28,225.3	27,203.7
Commitments and contingencies		
Preferred stock; $0.01 par value; 40,000,000 shares authorized, zero and 19,893,515 shares issued and outstanding (net of zero and 42,020 shares held in treasury) as of September 30, 2010 and December 31, 2009, respectively		2,642.5
Stockholders equity/(deficit)		

Common stock, non-voting and voting; $0.01 par value; 80,000,020 shares authorized; 60,543,317 and 40,672,302 shares issued and outstanding (net of 150,427 and 85,907 shares held in treasury) as of September 30, 2010 and December 31, 2009, respectively		0.6		0.4
Additional paid-in capital		6,137.2		3,480.0
Accumulated deficit		(4,903.7)		(4,269.3)
Accumulated other comprehensive loss		(215.7)		(134.0)
Total Harrah s Entertainment, Inc. Stockholders equity/(deficit)		1,018.4		(922.9)
Non-controlling interests		44.2		55.9
Total stockholders equity/(deficit)		1,062.6		(867.0)
	$	29,287.9	$	28,979.2

See accompanying Notes to Consolidated Condensed Financial Statements.

HARRAH S ENTERTAINMENT, INC.

CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS

(UNAUDITED)

(In millions, except share and per share data)	Quarter Ended September 30, 2010	Quarter Ended September 30, 2009	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009
Revenues				
Casino	$ 1,784.3	$ 1,822.0	$ 5,251.3	$ 5,444.8
Food and beverage	395.0	381.5	1,157.8	1,129.3
Rooms	296.0	271.5	858.5	817.8
Management fees	9.1	14.9	31.2	43.5
Other	155.5	159.5	439.9	447.9
Less: casino promotional allowances	(351.4)	(367.2)	(1,041.1)	(1,075.0)
Net revenues	2,288.5	2,282.2	6,697.6	6,808.3
Operating expenses				
Direct				
Casino	1,010.9	997.6	2,982.9	2,968.0
Food and beverage	164.0	152.9	469.7	451.1
Rooms	67.2	54.3	195.5	160.4
Property general, administrative and other	540.8	513.7	1,580.0	1,518.3
Depreciation and amortization	181.4	175.6	548.1	516.8
Project opening costs	1.7	0.3	4.0	2.9
Write-downs, reserves and recoveries	28.7	24.3	136.3	78.6
Impairment of intangible assets	44.0	1,328.6	144.0	1,625.7
Loss on interests in nonconsolidated affiliates	1.7	1.2	2.1	1.3
Corporate expense	32.4	39.7	103.8	111.7
Acquisition and integration costs	0.7		8.3	0.3
Amortization of intangible assets	39.3	44.2	121.7	131.7
Total operating expenses	2,112.8	3,332.4	6,296.4	7,566.8
Income/(loss) from continuing operations	175.7	(1,050.2)	401.2	(758.5)
Interest expense, net of interest capitalized	(523.6)	(444.5)	(1,471.9)	(1,404.7)
Gains/(losses) on early extinguishments of debt	77.4	(1.5)	48.7	4,279.2
Other income, including interest income	9.8	4.1	28.2	23.2
(Loss)/income from continuing operations before income taxes	(260.7)	(1,492.1)	(993.8)	2,139.2
Benefit/(provision) for income taxes	97.5	(128.9)	364.5	(1,590.8)
(Loss)/income from continuing operations, net of tax	(163.2)	(1,621.0)	(629.3)	548.4
Discontinued operations				
Loss from discontinued operations		(0.1)		(0.4)
Benefit for income taxes				0.1
Loss from discontinued operations, net of tax		(0.1)		(0.3)
Net (loss)/income	(163.2)	(1,621.1)	(629.3)	548.1
Less: net income attributable to non-controlling interests	(1.6)	(3.2)	(5.1)	(16.1)

Net (loss)/income attributable to Harrah s Entertainment, Inc.		(164.8)		(1,624.3)		(634.4)		532.0
Preferred stock dividends				(82.0)				(259.3)
Net (loss)/income attributable to common stockholders	$	(164.8)	$	(1,706.3)	$	(634.4)	$	272.7
Earnings per share - basic								
(Loss)/income from continuing operations	$	(2.72)	$	(41.95)	$	(11.70)	$	6.71
Discontinued operations, net								(0.01)
Net (loss)/income	$	(2.72)	$	(41.95)	$	(11.70)	$	6.70
Earnings per share - diluted								
(Loss)/income from continuing operations	$	(2.72)	$	(41.95)	$	(11.70)	$	4.53
Discontinued operations, net								
Net (loss)/income	$	(2.72)	$	(41.95)	$	(11.70)	$	4.53
Basic weighted-average common shares outstanding		60,551,645		40,678,117		54,218,369		40,687,765
Diluted weighted-average common shares outstanding		60,551,645		40,678,117		54,218,369		117,351,685

See accompanying Notes to Consolidated Condensed Financial Statements.

Table of Contents

HARRAH S ENTERTAINMENT, INC.

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS

(UNAUDITED)

(in millions)	**Nine months ended September 30, 2010**	**2009**
Cash flows provided by/(used in) operating activities		
Net (loss)/income	$ (629.3)	$ 548.1
Adjustments to reconcile net (loss)/income to cash flows provided by operating activities:		
Loss from discontinued operations, before income taxes		0.4
Gains on early extinguishments of debt	(48.7)	(4,279.2)
Depreciation and amortization	889.9	873.4
Non-cash write-downs, reserves and recoveries, net	102.0	17.6
Impairment of intangible assets	144.0	1,625.7
Share-based compensation expense	16.5	12.4
Deferred income taxes	(176.7)	1,490.6
Gain on adjustment of investment	(7.1)	
Change in federal income tax receivable	(233.3)	
Net change in long-term accounts	(38.1)	142.4
Net change in working capital accounts	263.9	(5.6)
Other	25.3	(28.2)
Cash flows provided by operating activities	308.4	397.6
Cash flows provided by/(used in) investing activities		
Land, buildings, riverboats and equipment additions, net of change in construction payables	(124.6)	(411.9)
Investments in subsidiaries	(63.2)	
Payment made for partnership interest	(19.5)	
Payment made for Pennsylvania gaming rights	(16.5)	
Cash acquired in business acquisition	33.0	
Investments in and advances to non-consolidated affiliates	(5.0)	(12.8)
Proceeds from asset sales	14.3	20.0
Other	(14.4)	(12.3)
Cash flows used in investing activities	(195.9)	(417.0)
Cash flows provided by/(used in) financing activities		
Proceeds from the issuance of long-term debt	1,292.2	2,259.6
Debt issuance costs	(20.1)	(54.1)
Discount on debt	(38.8)	
Borrowings under lending agreements	1,175.0	1,651.6
Repayments under lending agreements	(1,605.0)	(2,707.1)
Cash paid in connection with early extinguishments of debt	(273.5)	(680.8)
Scheduled debt retirements	(214.7)	(40.5)
Purchase of additional interest in subsidiary		(83.7)
Non-controlling interests distributions, net of contributions	(5.8)	(13.0)
Other	(8.3)	(14.5)
Cash flows provided by financing activities	301.0	317.5

Cash flows from discontinued operations		
Cash flows from operating activities		(0.4)
Effect of deconsolidation of variable interest entities	(7.9)	
Net increase in cash and cash equivalents	405.6	297.7
Cash and cash equivalents, beginning of period	918.1	650.5
Cash and cash equivalents, end of period	$ 1,323.7	$ 948.2

See accompanying notes to Consolidated Condensed Financial Statements.

Table of Contents

HARRAH S ENTERTAINMENT, INC.

CONSOLIDATED CONDENSED STATEMENT OF STOCKHOLDERS EQUITY/(DEFICIT) AND COMPREHENSIVE INCOME

(UNAUDITED)

(in millions)	Common Stock Shares Outstanding	Common Stock Amount	Additional Paid-in-Capital	Retained Earnings/ (Accumulated Deficit)	Accumulated Other Comprehensive Income/(Loss)	Non-controlling Interests	Total	Comprehensive (Loss)/Income
Balance at December 31, 2009	40.7	$ 0.4	$ 3,480.0	$ (4,269.3)	$ (134.0)	$ 55.9	$ (867.0)	
Net (loss)/income				(634.4)		5.1	(629.3)	(629.3)
Share-based compensation			16.3			0.2	16.5	
Repurchase of treasury shares	*	**	(1.3)				(1.3)	
Cumulative preferred stock dividends			(64.6)				(64.6)	
Cancellation of cumulative preferred stock dividends in connection with conversion of preferred stock to common stock			717.2				717.2	
Conversion of non-voting perpetual preferred stock to non-voting common stock	19.9	0.2	1,989.6				1,989.8	
Pension adjustment, net of tax benefit of $0.0					(0.7)		(0.7)	(0.7)
Foreign currency translation adjustments, net of tax benefit of $0.0					9.0	(1.4)	7.6	7.6
Fair market value of swap agreements, net of tax benefit of $29.9					(73.1)		(73.1)	(73.1)
Fair market value of interest rate cap agreements, net of tax benefit of $0.1					(0.1)		(0.1)	(0.1)
Fair market value of interest rate cap agreements on commercial mortgage backed securities, net of tax benefit of $1.7					(17.2)		(17.2)	(17.2)
Reclassification of loss on interest rate locks from other comprehensive loss to interest expense, net of tax provision of $0.2					0.4		0.4	0.4
Non-controlling distributions, net of contributions						(5.8)	(5.8)	
Effect of deconsolidation of variable interest entities						(9.8)	(9.8)	
Comprehensive Loss, nine months ended September 30, 2010								$ (712.4)
Balance at September 30, 2010	60.5	$ 0.6	$ 6,137.2	$ (4,903.7)	$ (215.7)	$ 44.2	$ 1,062.6	

* Amount rounds to zero but results in a reduction of 0.1 to the rounded total

** Amount rounds to zero and does not change rounded total.

See accompanying Notes to Consolidated Condensed Financial Statements.

Table of Contents

HARRAH S ENTERTAINMENT, INC.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

(UNAUDITED)

Note 1 Basis of Presentation and Organization

Harrah s Entertainment, Inc. (Harrah s Entertainment, the Company, we, our or us, and including our subsidiaries where the context requir Delaware corporation. As of September 30, 2010, we owned, operated or managed 52 casinos in seven countries, but primarily in the United States and England. Our casino entertainment facilities operate primarily under the Harrah s, Caesars and Horseshoe brand names in the United States. Our casino entertainment facilities include 33 land-based casinos, 12 riverboat or dockside casinos, three managed casinos on Indian lands in the United States, one managed casino in Canada, one combination thoroughbred racetrack and casino, one combination greyhound racetrack and casino, and one combination harness racetrack and casino. Our 33 land-based casinos include one in Uruguay, nine in England, one in Scotland, two in Egypt and one in South Africa. We view each property as an operating segment and aggregate all operating segments into one reporting segment.

On January 28, 2008, Harrah s Entertainment was acquired by affiliates of Apollo Global Management, LLC (Apollo) and TPG Capital, LP (TPG) in an all cash transaction, hereinafter referred to as the Acquisition. Harrah s Entertainment continued as the same legal entity after the Acquisition. As a result of the Acquisition, the issued and outstanding shares of non-voting common stock and non-voting preferred stock of Harrah s Entertainment are owned by entities affiliated with Apollo, TPG, certain co-investors and members of management, and the issued and outstanding shares of voting common stock of Harrah s Entertainment are owned by Hamlet Holdings LLC, which is owned by certain individuals affiliated with Apollo and TPG. As a result of the Acquisition, our stock is no longer publicly traded.

We have recast certain amounts for prior periods to conform to our 2010 presentation.

Note 2 Recently Issued Accounting Pronouncements

The following are accounting standards adopted or issued during 2010 that could have an impact on our Company.

On July 21, 2010, the Financial Accounting Standard Board (FASB) issued Accounting Standards Updates (ASU) 2010-20, Disclosures About the Credit Quality of Financing receivables and the Allowance for Credit Losses, (ASC Topic 310, Receivables). The amendments in the update require more robust and disaggregated disclosures about the credit quality of an entity s financing receivables and its allowance for credit losses. The objective of enhancing these disclosures is to improve financial statement users understanding of the nature of an entity s credit risk associated with its financing receivables and the entity s assessment of that risk in estimating its allowance for credit losses as well as changes in the allowance and the reasons for those changes. The amendments in the update are effective for the first interim or annual reporting period ending on or after December 15, 2010. We are currently assessing what impact the adoption of this update will have on our consolidated financial position, results of operations and cash flows.

In September 2010, the FASB ratified the final consensus of Emerging Issues Task Force (EITF) Issue 10-C (ASU 2010-25, Plan Accounting Defined Contribution Pension Plans (Topic 962): Reporting Loans to Participants by Defined Contribution Pension Plans (a consensus of the FASB Emerging Issues Task Force)). The Task Force concluded that participant loans should be classified as notes receivables and measured at the unpaid principal balance plus any accrued by unpaid interest. The update also excludes participant loans from the credit quality disclosure requirements in ASU 2010-20, Disclosures About the Credit Quality of Financing Receivables and the Allowance for Credit Losses. The update is effective for fiscal years ending after

Table of Contents

HARRAH S ENTERTAINMENT, INC.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Continued)

SEPTEMBER 30, 2010

(UNAUDITED)

December 15, 2010, and should be applied retrospectively to all prior periods presented. We are currently assessing what impact the adoption of the update will have on our consolidated financial position, results of operations and cash flows

In April 2010, the FASB issued ASU 2010-16, Accruals for Casino Jackpot Liabilities, (ASC Topic 924, Entertainment Casinos). The amendments in this update clarify that an entity should not accrue jackpot liabilities (or portions thereof) before a jackpot is won if the entity can avoid paying that jackpot. Instead, jackpots should be accrued and charged to revenue when an entity has the obligation to pay the jackpot. This update applies to both base and progressive jackpots. The amendments in this update are effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2010. We have elected not to adopt early application. Upon adoption of this standard on January 1, 2011, we will adjust our recorded accrual with a corresponding cumulative effect adjustment to Retained Earnings, neither of which are expected to be material to our consolidated balance sheet.

We adopted the provision of ASU No. 2010-06, Improving Disclosures About Fair Value Measurements, on February 1, 2010. This update adds new requirements for disclosure about transfers into and out of Level 1 and Level 2 measurements, and separate disclosures about purchases, sales, issuances, and settlements relating to Level 3 measurements. The ASU also clarifies existing fair value disclosures about the level of disaggregation and about inputs and valuation techniques used to measure fair value. Further, the ASU amends guidance on employers disclosures about postretirement benefit plan assets under ASC 715, Compensation Retirement Benefits, to require that disclosures be provided by classes of assets instead of by major categories of assets. Because ASU No. 2010-06 applies only to financial statement disclosures, it did not have a material impact on our consolidated financial position, results of operations and cash flows.

In June 2009, the FASB issued ASU 2009-17 (ASC Topic 810), Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities, which is effective as of January 1, 2010. The new standard amends existing consolidation guidance for variable interest entities and requires a company to perform a qualitative analysis when determining whether it must consolidate a variable interest entity. This analysis identifies the primary beneficiary of a variable interest entity as the company that has both the power to direct the activities of a variable interest entity that most significantly impact the entity s economic performance and either the obligation to absorb losses or the right to receive benefits from the entity that could potentially be significant to the variable interest entity. As a result of the adoption of ASU 2009-17, we have two joint ventures which were consolidated within our financial statements for all periods prior to December 31, 2009, and are no longer consolidated beginning in January 2010.

Selected financial information for 2009 related to the two joint ventures that were deconsolidated is as follows:

(In millions)	**Quarter Ended September 30, 2009**	**Nine Months Ended September 30, 2009**
Net Revenues	$ 10.3	$ 31.9
(Loss)/income from operations	(0.1)	1.9

Note 3 Acquisitions

Planet Hollywood

On February 19, 2010, Harrah s Operating Company, Inc. (HOC), a wholly-owned subsidiary of Harrah s Entertainment, Inc., acquired 100% of the equity interests of PHW Las Vegas, LLC (PHW Las Vegas), which

Table of Contents

HARRAH S ENTERTAINMENT, INC.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Continued)

SEPTEMBER 30, 2010

(UNAUDITED)

owns and operates the Planet Hollywood Resort and Casino (Planet Hollywood) located in Las Vegas, Nevada. PHW Las Vegas is an unrestricted subsidiary of HOC and therefore not a borrower under HOC s credit facilities.

The Company paid approximately $67.2 million during the second half of 2009 for the combination of i) the Company s initial debt investment in certain predecessor entities of PHW Las Vegas; and ii) certain interest only participations associated with the debt of certain predecessor entities of PHW Las Vegas. In connection with the cancellation of our debt investment in such predecessor entities of PHW Las Vegas in exchange for the equity of PHW Las Vegas, the Company recognized a gain of $7.1 million to adjust our investments to reflect the estimated fair value of consideration paid for the acquisition. This gain is reflected in Other income, including interest income, in our Statement of Operations for the nine months ended September 30, 2010. Also, as a result of the acquisition, the Company acquired the net cash balance of PHW Las Vegas, resulting in a net positive cash flow of $12.7 million for the nine months ended September 30, 2010.

In connection with this transaction, PHW Las Vegas assumed a $554.3 million, face value, senior secured loan, and a subsidiary of HOC canceled certain debt issued by PHW Las Vegas predecessor entities. In connection with the transaction and the assumption of debt, PHW Las Vegas entered into an amended and restated loan agreement (the Amended and Restated Loan Agreement) as discussed in Note 5, Debt, below.

Selected financial information related to Planet Hollywood for periods subsequent to our date of acquisition is as follows:

(In millions)	Quarter ended September 30, 2010	Acquisition through September 30, 2010
Net Revenues	$ 67.7	$ 159.2
Income from operations	7.9	23.4

PHW Las Vegas is not a significant subsidiary of the Company and, as a result, pro forma information for periods prior to the acquisition of PHW Las Vegas is not provided.

Table of Contents

HARRAH S ENTERTAINMENT, INC.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Continued)

SEPTEMBER 30, 2010

(UNAUDITED)

Purchase Accounting

The Company accounted for the acquisition of PHW Las Vegas in accordance with ASC 805, Business Combinations, under which the purchase price of the acquisition has been allocated based upon preliminary estimated fair values of the assets acquired and liabilities assumed, with the excess of estimated fair value over net tangible and intangible assets acquired recorded as goodwill. The preliminary purchase price allocation includes assets and liabilities of PHW Las Vegas as follows:

(In millions)		**February 19, 2010**
Assets		
Current assets		
Cash and cash equivalents	$	31.5
Accounts receivable		14.6
Prepayments and other		6.1
Inventories		1.8
Total current assets		54.0
Land, buildings, riverboats and equipment		461.0
Goodwill		9.2
Intangible assets other than goodwill		5.4
Deferred charges and other		13.2
		542.8
Liabilities		
Current liabilities		
Accounts payable		(1.9)
Interest payable		(1.1)
Accrued expenses		(28.3)
Current portion of long-term debt		(4.5)
Total current liabilities		(35.8)
Long-term debt, net of discount		(433.3)
Deferred credits and other		(12.6)
Total liabilities		(481.7)
Net assets acquired	$	61.1

During the quarter ended September 30, 2010, the Company continued to review its preliminary purchase price allocation and the supporting valuations and related assumptions. Based upon these reviews, the Company made adjustments to its preliminary purchase price allocation (included in the table above) that resulted in an increase to the recorded goodwill of $0.3 million. The Company has not finalized its review of the purchase price allocation.

Thistledown Racetrack

On September 15, 2009, we announced that the United States Bankruptcy Court for the District of Delaware had approved an agreement for the sale of Thistledown Racetrack in Cleveland, Ohio from Magna Entertainment Corporation to HOC. The closing of the sale was subject to the satisfaction of certain conditions and receipt of all

HARRAH S ENTERTAINMENT, INC.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Continued)

SEPTEMBER 30, 2010

(UNAUDITED)

required regulatory approvals. The conditions to closing were never satisfied, and the agreement was never consummated. As a result the agreement was terminated by the seller on May 17, 2010.

On May 25, 2010, HOC entered into a new agreement to purchase the assets of Thistledown Racetrack. The acquisition was completed on July 28, 2010. The results of Thistledown Racetrack for periods subsequent to July 28, 2010 were consolidated with our results. In connection with this acquisition, we paid approximately $42.5 million during July 2010 to acquire the assets of Thistledown Racetrack.

The Company accounted for the acquisition of Thistledown Racetrack in accordance with ASC 805, Business Combinations, under which the purchase price of the acquisition has been allocated based upon preliminary estimated fair values of the assets acquired and liabilities assumed, with the excess of estimated fair value over net tangible and intangible assets acquired recorded as goodwill. The preliminary purchase price allocation includes assets, liabilities and net assets acquired of Thistledown Racetrack of $46.8 million, $4.3 million and $42.5 million, respectively.

The Company has not finalized its purchase price allocation. The most significant of the items not finalized is the determination of deferred tax balances associated with differences between the estimated fair values and the tax bases of assets acquired and liabilities assumed.

Thistledown Racetrack is not a significant subsidiary of the Company and, as a result, pro forma information for periods prior to the acquisition of Thistledown Racetrack is not provided.

Note 4 Goodwill and Other Intangible Assets

We account for our goodwill and other intangible assets in accordance with ASC 350, Intangible Assets Goodwill and Other, which provides guidance regarding the recognition and measurement of intangible assets, eliminates the amortization of indefinite-lived intangible assets and requires assessments for impairment of intangible assets that are not subject to amortization at least annually.

The following table sets forth changes in our goodwill and other intangible assets for the nine months ended September 30, 2010:

	Amortizing	Non-Amortizing Intangible Assets	
(In millions)	**Intangible Assets**	**Goodwill**	**Other**
Balance at December 31, 2009	$ 1,391.0	$ 3,456.9	$ 3,560.3
Impairment charges		(92.0)	(52.0)
Acquisitions	5.4	29.3	
Amortization Expense	(121.7)		
Other	(0.2)	19.5	16.4
Balance at September 30, 2010	$ 1,274.5	$ 3,413.7	$ 3,524.7

In March 2010, the Company paid $19.5 million to a former owner of Chester Downs for resolution of the final contingency associated with the Company s purchase of additional interest in this property. This payment was recorded as goodwill. In June 2010, the Company paid $16.5 million to the State of Pennsylvania for the right to operate table games at Harrah s Chester. This payment was recorded as a non-amortizing intangible asset.

Table of Contents

HARRAH S ENTERTAINMENT, INC.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Continued)

SEPTEMBER 30, 2010

(UNAUDITED)

The following table provides the gross carrying value and accumulated amortization for each major class of intangible assets other than goodwill:

		September 30, 2010			December 31, 2009		
(In millions)	Weighted Average Remaining Useful Life (in years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Amortizing intangible assets							
Customer relationships	9.2	$ 1,457.0	$ (335.2)	$ 1,121.8	$ 1,454.5	$ (240.8)	$ 1,213.7
Contract rights	4.1	132.8	(81.8)	51.0	130.1	(66.5)	63.6
Patented technology	5.3	93.5	(31.2)	62.3	93.5	(22.4)	71.1
Gaming rights	13.8	42.8	(7.0)	35.8	42.8	(5.0)	37.8
Trademarks	2.3	7.8	(4.2)	3.6	7.8	(3.0)	4.8
		$ 1,733.9	$ (459.4)	1,274.5	$ 1,728.7	$ (337.7)	1,391.0
Non-amortizing intangible assets							
Trademarks				1,927.8			1,937.0
Gaming rights				1,596.9			1,623.3
				3,524.7			3,560.3
Total intangible assets other than goodwill				$ 4,799.2			$ 4,951.3

The aggregate amortization of intangible assets for the quarter and nine months ended September 30, 2010 was $39.3 million and $121.7 million, respectively. Estimated annual amortization expense for the years ending December 31, 2010, 2011, 2012, 2013 and 2014 is $160.8 million, $156.2 million, $154.9 million, $152.5 million and $142.3 million, respectively.

Patented technology was assigned lives ranging from 1 to 10 years based on the estimated remaining usefulness of that technology for Harrah s Entertainment. Amortizing contract rights were assigned lives based on the remaining life of the contract, ranging from 3 months to 4 years. Amortizing customer relationships were given lives of 10 to 14 years based upon attrition rates and computations of incremental value derived from existing relationships.

We have completed a preliminary assessment of goodwill and other non-amortizing intangible assets as of September 30, 2010, and as a result of this assessment, recorded a charge of $44.0 million within our Consolidated Statement of Operations in the third quarter which brings the charge recorded for the nine months ended September 30, 2010 to $144.0 million. This impairment charge is largely a result of adjustments to our long-term operating plan as a result of the current economic climate. We are not able to finalize our impairment charge until such time as we finalize our 2011 operating plan and certain other assumptions, which we expect to complete during fourth quarter 2010 in conjunction with our annual assessment for impairment as of September 30, 2010. Changes to the preliminary 2011 operating plan or other assumptions could require us to update our assessment of impairment, which could increase the required impairment charge.

Table of Contents

HARRAH S ENTERTAINMENT, INC.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Continued)

SEPTEMBER 30, 2010

(UNAUDITED)

For our preliminary assessment, we determined the estimated fair value of each reporting unit as a function, or multiple, of earnings before interest, taxes, depreciation and amortization (EBITDA), combined with estimated future cash flows discounted at rates commensurate with the Company s capital structure and the prevailing borrowing rates within the casino industry in general. Both EBITDA multiples and discounted cash flows are common measures used to value and buy or sell cash-intensive businesses such as casinos. A break- down of the impairment charge is highlighted below. We determine the estimated fair values of our non-amortizing intangible assets by using the Relief From Royalty Method under the income approach.

The table below summarizes the 2010 impairments of goodwill and other non-amortizing intangible assets:

(in millions)	Quarter ended September 30, 2010	Nine months ended September 30, 2010
Goodwill	$	$ 92.0
Trademarks	9.0	9.0
Gaming rights and other	35.0	43.0
Total impairment of goodwill and other non-amortizing intangible assets	$ 44.0	$ 144.0

F-78

HARRAH S ENTERTAINMENT, INC.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Continued)

SEPTEMBER 30, 2010

(UNAUDITED)

Note 5 Debt

The following table presents our debt as of September 30, 2010 and December 31, 2009:

Detail of Debt (dollars in millions)	Maturity	Rate(s) at Sept. 30, 2010	Face Value at Sept. 30, 2010	Book Value at Sept. 30, 2010	Book Value at Dec. 31, 2009
Credit Facilities and Secured Debt					
Term Loans					
Term Loans B1-B3	2015	3.50%-3.53%	$ 5,820.1	$ 5,820.1	$ 5,835.3
Term Loan B4	2016	9.5%	992.5	970.1	975.3
Revolving Credit Facility	2014	3.23%-3.75%			427.0
Senior Secured Notes	2017	11.25%	2,095.0	2,048.4	2,045.2
CMBS financing	2015*	3.26%	5,380.9	5,342.9	5,551.2
Second-Priority Senior Secured Notes	2018	12.75%	750.0	741.1	
Second-Priority Senior Secured Notes	2018	10.0%	4,553.1	2,012.5	1,959.1
Second-Priority Senior Secured Notes	2015	10.0%	214.8	155.6	150.7
Secured debt	2010	6.0%			25.0
Chester Downs term loan	2016	12.375%	212.8	201.3	217.2
PHW Las Vegas senior secured loan	2015**	3.12%	551.4	441.0	
Other, various maturities	Various	4.25%-6.0%	0.9	0.9	
Subsidiary-guaranteed debt					
Senior Notes	2016	10.75%	478.6	478.6	478.6
Senior PIK Toggle Notes	2018	10.75%/11.5%	10.5	10.5	9.4
Unsecured Senior Debt					
5.5%	2010	5.5%			186.9
8.0%	2011	8.0%			12.5
5.375%	2013	5.375%	125.2	100.0	95.5
7.0%	2013	7.0%	0.6	0.7	0.7
5.625%	2015	5.625%	784.3	564.4	319.5
6.5%	2016	6.5%	568.5	403.6	251.9
5.75%	2017	5.75%	532.2	340.9	151.3
Floating Rate Contingent Convertible Senior Notes	2024	0.51%	0.2	0.2	0.2
Unsecured Senior Subordinated Notes					
7.875%	2010	7.875%			142.5
8.125%	2011	8.125%			11.4
Other Unsecured Borrowings					
5.3% special improvement district bonds	2035	5.3%	67.1	67.1	68.4
Other	Various	Various	11.6	11.6	18.1
Capitalized Lease Obligations					
6.42%-9.8%	to 2020	6.42%-9.8%	5.6	5.6	10.2
Total debt			23,155.9	19,717.1	18,943.1

Current portion of long-term debt	(255.1)	(255.1)	(74.3)
Long-term debt	$ 22,900.8	$ 19,462.0	$ 18,868.8

* We are permitted to extend the maturity of the CMBS Loans from 2013 to 2015, subject to satisfying certain conditions, in connection with the amendment to the CMBS Facilities

** The Planet Hollywood Las Vegas senior secured loan is subject to extension options moving its maturity from 2011 to 2015, subject to certain conditions

Book values of debt as of September 30, 2010 are presented net of unamortized discounts of $3,438.9 million and unamortized premiums of $0.1 million. As of December 31, 2009, book values are presented net of unamortized discounts of $3,108.9 million and unamortized premiums of $0.1 million.

Our current maturities of debt include required interim principal payments on each of our Term Loans, our Chester Downs term loan, and the special improvement district bonds.

Table of Contents

HARRAH S ENTERTAINMENT, INC.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Continued)

SEPTEMBER 30, 2010

(UNAUDITED)

Amendment to CMBS Financing

On August 31, 2010, we executed an agreement with the lenders under our commercial mortgage-backed securities (CMBS) financing to amend the terms of our CMBS financing to, among other things, (i) provide our subsidiaries that are borrowers under the CMBS mortgage loan and/or related mezzanine loans (CMBS Loans) the right to extend the maturity of the CMBS Loans, subject to certain conditions, by up to 2 years until February 2015, (ii) amend certain terms of the CMBS Loans with respect to reserve requirements, collateral rights, property release prices and the payment of management fees, (iii) provide for ongoing mandatory offers to repurchase CMBS Loans using excess cash flow from the CMBS entities at discounted prices, (iv) provide for the amortization of the mortgage loan in certain minimum amounts upon the occurrence of certain conditions and (v) provide for certain limitations with respect to the amount of excess cash flow from the CMBS entities that may be distributed to us. Any CMBS Loan purchased pursuant to the amendments will be canceled.

In the fourth quarter of 2009, we purchased $948.8 million of face value of CMBS Loans for $237.2 million. Pursuant to the terms of the amendment as initially agreed to on March 5, 2010, we have agreed to pay lenders selling CMBS Loans during the fourth quarter 2009 an additional $48.0 million for their loans previously sold, to be paid no later than December 31, 2010. This additional liability was recorded as a loss on early extinguishment of debt during the first quarter of 2010.

In June 2010, we purchased $46.6 million face value of CMBS Loans for $22.6 million, recognizing a net gain on the transaction of approximately $23.3 million during the second quarter of 2010. In September 2010, in connection with the amendment, we purchased $123.8 million face value of CMBS Loans for $37.1 million, of which $31.0 million was paid at the closing of the CMBS amendment, and the remainder of which will be paid prior to December 31, 2010. We recognized a pre-tax gain on the transaction of approximately $77.4 million, net of deferred finance charges.

As part of the CMBS Loan Agreement, in order to extend the maturity of the CMBS Loans under the extension option, we will be required to extend our interest rate cap agreement to cover the two years of extended maturity of the CMBS Loans, with a maximum aggregate purchase price for such extended interest rate cap for $5.0 million. We have funded the $5.0 million obligation in connection with the closing of the CMBS Loan Agreement on September 1, 2010. As part of the amendment, we have also agreed to purchase $191.3 million of face value of CMBS Loans for $95.7 million during fourth quarter 2010.

Issuances and Redemptions

During the second quarter of 2010, HOC completed the offering of $750.0 million aggregate principal amount of 12.75% second-priority senior secured notes due 2018 and used the proceeds of this offering to redeem or repay the following outstanding debt:

Debt (dollars in millions)	Maturity	Interest Rate	Face Value
5.5% Senior Notes	2010	5.5%	$ 191.6
8.0% Senior Notes	2011	8.0%	13.2
8.125% Senior Subordinated Notes	2011	8.125%	12.0
Revolving Credit Facility	2014	3.23%-3.25%	525.0

In connection with the retirement of the outstanding senior and senior subordinated notes above, HOC recorded a pre-tax loss of $4.5 million during the second quarter of 2010.

Table of Contents

HARRAH S ENTERTAINMENT, INC.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Continued)

SEPTEMBER 30, 2010

(UNAUDITED)

On June 3, 2010, Harrah s announced an agreement under which affiliates of each of Apollo, TPG and Paulson & Co. Inc. (Paulson) will exchange approximately $1,118.3 million face amount of debt for approximately 15.6% of the common equity of Harrah s Entertainment, subject to regulatory approvals and certain other conditions. In connection with the transaction, Apollo, TPG, and Paulson purchased approximately $835.4 million, face amount, of HOC notes that were held by another subsidiary of Harrah s Entertainment for aggregate consideration of approximately $557.0 million, including accrued interest. The exchange of the debt for equity is expected to be completed in the fourth quarter of 2010 or first quarter of 2011. Any notes exchanged for equity will be held by a subsidiary of Harrah s Entertainment and will remain outstanding for purposes of HOC.

In connection with this debt sale, HOC recorded additional discount reducing the net book value of HOC s outstanding debt by approximately $27.4 million at the date of the transaction.

Credit Agreement and Incremental Facility Amendment

HOC is party to the senior secured credit facilities (the Credit Facilities). This financing is neither secured nor guaranteed by Harrah s Entertainment s other direct, wholly-owned subsidiaries, including the subsidiaries that own properties that are security for certain real estate loans (the CMBS Financing) and certain of HOC s subsidiaries that are unrestricted subsidiaries. In late 2009, HOC completed cash tender offers for certain of its outstanding debt, and in connection with these tender offers, HOC borrowed $1,000.0 million of new term loans under its Credit Facilities pursuant to an incremental amendment (the Incremental Loans).

As of September 30, 2010, our Credit Facilities provide for senior secured financing of up to $8,442.6 million, consisting of (i) senior secured term loan facilities in an aggregate principal amount of $6,812.6 million with $5,820.1 million maturing on January 20, 2015 and $992.5 million maturing on October 31, 2016, and (ii) a senior secured revolving credit facility in an aggregate principal amount of up to $1,630.0 million, maturing January 28, 2014, including both a letter of credit sub-facility and a swingline loan sub-facility. The term loans under the Credit Facilities require scheduled quarterly payments of $7.5 million, with the balance due at maturity. A total of $6,812.6 million face amount of borrowings were outstanding under the Credit Facilities as of September 30, 2010, with $120.0 million of the revolving credit facility committed to outstanding letters of credit. After consideration of these borrowings and letters of credit, $1,510.0 million of additional borrowing capacity was available to the Company under its revolving credit facility as of September 30, 2010.

Interest and Fees

Borrowings under the Credit Facilities, other than borrowings under the Incremental Loans, bear interest at a rate equal to the then-current LIBOR rate or at a rate equal to the alternate base rate, in each case plus an applicable margin. As of September 30, 2010, the Credit Facilities, other than borrowings under the Incremental Loans, bore interest at LIBOR plus 300 basis points for the term loans and a portion of the revolver loan, 150 basis points over the alternate base rate for the swingline loan and at the alternate base rate plus 200 basis points for the remainder of the revolver loan.

Borrowings under the Incremental Loans bear interest at a rate equal to either the alternate base rate or the greater of (i) the then-current LIBOR rate or (ii) 2.0%; in each case plus an applicable margin. At September 30, 2010, borrowings under the Incremental Loans bore interest at the minimum base rate of 2.0%, plus 750 basis points.

HARRAH S ENTERTAINMENT, INC.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Continued)

SEPTEMBER 30, 2010

(UNAUDITED)

In addition, on a quarterly basis, we are required to pay each lender (i) a commitment fee in respect of any unborrowed amounts under the revolving credit facility and (ii) a letter of credit fee in respect of the aggregate face amount of outstanding letters of credit under the revolving credit facility. As of September 30, 2010, the Credit Facilities bore a commitment fee for unborrowed amounts of 50 basis points.

We make monthly interest payments on our CMBS Financing. Our outstanding notes (secured and unsecured) have semi-annual interest payments, with the majority of those payments on June 15 and December 15.

A change in interest rates on variable-rate debt will impact our financial results. For example, assuming a constant outstanding balance for our variable-rate debt, for the next twelve months, a hypothetical 1% increase in corresponding interest rates would change interest expense for the twelve months following September 30, 2010 by approximately $62.8 million. At September 30, 2010, the three-month USD LIBOR rate was 0.2914%. A hypothetical reduction of this rate to 0% would decrease interest expense for the next twelve months by approximately $18.3 million. These hypothetical interest amounts exclude interest on the $5,810.1 million of variable-rate debt for which our effective interest rate swap agreements are designated as hedging instruments for accounting purposes, through the earlier of the expiration of such swap agreements or twelve months. At September 30, 2010, our variable-rate debt, excluding the aforementioned $5,810.1 million of variable-rate debt hedged against effective interest rate swap agreements, represents approximately 35.2% of our total debt, while our fixed-rate debt is approximately 64.8% of our total debt.

Collateral and Guarantors

HOC s Credit Facilities are guaranteed by Harrah s Entertainment, and are secured by a pledge of HOC s capital stock and by substantially all of the existing and future property and assets of HOC and its material, wholly-owned domestic subsidiaries other than certain unrestricted subsidiaries, including a pledge of the capital stock of HOC s material, wholly-owned domestic subsidiaries and 65% of the capital stock of the first-tier foreign subsidiaries, in each case subject to exceptions. The following casino properties have mortgages under the Credit Facilities:

Las Vegas	**Atlantic City**	**Louisiana/Mississippi**	**Iowa/Missouri**
Caesars Palace	Bally s Atlantic City	Harrah s New Orleans Hotel (only)	Harrah s St. Louis
Bally s Las Vegas	Caesars Atlantic City	Harrah s Louisiana Downs	Harrah s Council Bluffs
Imperial Palace	Showboat Atlantic City	Horseshoe Bossier City	Horseshoe Council Bluffs/ Bluffs Run
Bill s Gamblin Hall & Saloon		Harrah s Tunica	
		Horseshoe Tunica	
		Tunica Roadhouse Hotel & Casino	

Illinois/Indiana	**Other Nevada**
Horseshoe Southern Indiana	Harrah s Reno
Harrah s Metropolis	Harrah s Lake Tahoe
Horseshoe Hammond	Harveys Lake Tahoe

Additionally, certain undeveloped land in Las Vegas also is mortgaged.

F-82

HARRAH S ENTERTAINMENT, INC.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Continued)

SEPTEMBER 30, 2010

(UNAUDITED)

Restrictive Covenants and Other Matters

The Credit Facilities require compliance on a quarterly basis with a maximum net senior secured first lien debt leverage test. In addition, the Credit Facilities include negative covenants, subject to certain exceptions, restricting or limiting HOC s ability and the ability of its restricted subsidiaries to, among other things: (i) incur additional debt; (ii) create liens on certain assets; (iii) enter into sale and lease-back transactions (iv) make certain investments, loans and advances; (v) consolidate, merge, sell or otherwise dispose of all or any part of its assets or to purchase, lease or otherwise acquire all or any substantial part of assets of any other person; (vi) pay dividends or make distributions or make other restricted payments; (vii) enter into certain transactions with its affiliates; (viii) engage in any business other than the business activity conducted at the closing date of the loan or business activities incidental or related thereto; (ix) amend or modify the articles or certificate of incorporation, by-laws and certain agreements or make certain payments or modifications of indebtedness; and (x) designate or permit the designation of any indebtedness as Designated Senior Debt .

Harrah s Entertainment is not bound by any financial or negative covenants contained in HOC s credit agreement, other than with respect to the incurrence of liens on and the pledge of its stock of HOC.

All borrowings under the senior secured revolving credit facility are subject to the satisfaction of customary conditions, including the absence of a default and the accuracy of representations and warranties, and the requirement that such borrowing does not reduce the amount of obligations otherwise permitted to be secured under our new senior secured credit facilities without ratably securing the retained notes.

Certain covenants contained in HOC s credit agreement require the maintenance of a senior first priority secured debt to last twelve months Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) ratio, as defined in the agreement, (Senior Secured Leverage Ratio). The June 3, 2009 amendment and waiver to our credit agreement excludes from the Senior Secured Leverage Ratio (a) the $1,375.0 million first lien notes issued June 15, 2009 and the $720.0 million first lien notes issued on September 11, 2009 and (b) up to $250.0 million aggregate principal amount of consolidated debt of subsidiaries that are not wholly-owned subsidiaries. Certain covenants contained in HOC s credit agreement governing its senior secured credit facilities, the indenture and other agreements governing HOC s 10.0% Second-Priority Senior Secured Notes due 2015 and 2018, and our first lien notes restrict our ability to take certain actions such as incurring additional debt or making acquisitions if we are unable to meet last twelve months Adjusted EBITDA to Fixed Charges, senior secured debt to last twelve months Adjusted EBITDA and consolidated debt to last twelve months Adjusted EBITDA ratios (in each case as calculated pursuant to the applicable agreements). The covenants that restrict additional indebtedness and the ability to make future acquisitions require an last twelve months Adjusted EBITDA to Fixed Charges ratio (measured on a trailing four-quarter basis) of 2.0:1.0. Failure to comply with these covenants can result in limiting our long-term growth prospects by hindering our ability to incur future indebtedness or grow through acquisitions.

The indenture governing the 10.75% Senior Notes, 10.75%/11.5% Senior Toggle Notes and the agreements governing the other cash pay debt and PIK toggle debt limit HOC s (and most of its subsidiaries) ability to among other things: (i) incur additional debt or issue certain preferred shares; (ii) pay dividends or make distributions in respect of our capital stock or make other restricted payments; (iii) make certain investments; (iv) sell certain assets; (v) with respect to HOC only, engage in any business or own any material asset other than all of the equity interest of HOC so long as certain investors hold a majority of the notes; (vi) create or permit to exist dividend and/or payment restrictions affecting its restricted subsidiaries; (vii) create liens on certain assets to secure debt; (viii) consolidate, merge, sell or otherwise dispose of all or substantially all of its assets; (ix) enter into certain transactions with its affiliates; and (x) designate its subsidiaries as unrestricted subsidiaries. Subject

HARRAH S ENTERTAINMENT, INC.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Continued)

SEPTEMBER 30, 2010

(UNAUDITED)

to certain exceptions, the indenture governing the notes and the agreements governing the other cash pay debt and PIK toggle debt will permit us and our restricted subsidiaries to incur additional indebtedness, including secured indebtedness.

The CMBS Financing includes negative covenants, subject to certain exceptions, restricting or limiting the ability of the borrowers and operating companies under the CMBS Financing (collectively, the CMBS entities) to, among other things: (i) incur additional debt; (ii) create liens on assets; (iii) make certain investments, loans and advances; (iv) consolidate, merge, sell or otherwise dispose of all or any part of its assets or to purchase, lease or otherwise acquire all or any substantial part of assets of any other person; (v) enter into certain transactions with its affiliates; (vi) engage in any business other than the ownership of the properties and business activities ancillary thereto; and (vi) amend or modify the articles or certificate of incorporation, by-laws and certain agreements. The CMBS Financing also includes affirmative covenants that require the CMBS entities to, among other things, maintain the borrowers as special purpose entities , maintain certain reserve funds in respect of FF&E, taxes, and insurance, and comply with other customary obligations for CMBS real estate financings. In addition, the CMBS Financing obligates the CMBS entities to apply excess cash flow from the CMBS properties in certain specified manners, depending on the outstanding principal amount of various tranches of the CMBS loans and other factors. These obligations will limit the amount of excess cash flow from the CMBS entities that may be distributed to Harrah s Entertainment. For example, the CMBS entities are required to use 100% of excess cash flow to make ongoing mandatory offers on a quarterly basis to purchase CMBS mezzanine loans at discounted prices from the holders thereof. To the extent such offers are accepted, such excess cash flow will need to be so utilized and will not be available for distribution to Harrah s Entertainment. To the extent such offers are not accepted with respect to any fiscal quarter, the amount of excess cash flow that may be distributed to Harrah s Entertainment is limited to 85% of excess cash flow with respect to such quarter. In addition, the CMBS Financing provides that once the aggregate principal amount of the CMBS mezzanine loans is less than or equal to $625.0 million, the mortgage loan will begin to amortize on a quarterly basis in an amount equal to the greater of 100% of excess cash flow for such quarter and $31.25 million If the CMBS mortgage loan begins to amortize, the excess cash flow from the CMBS entities will need to be utilized in connection with such amortization and will not be available for distribution to Harrah s Entertainment.

Acquisition of Planet Hollywood

On February 19, 2010, HOC acquired 100% of the equity interests of PHW Las Vegas, which owns and operates the Planet Hollywood Resort and Casino located in Las Vegas, Nevada. In connection with this transaction, PHW Las Vegas assumed a $554.3 million, face value, senior secured loan, and a subsidiary of HOC cancelled certain debt issued by PHW Las Vegas predecessor entities. The outstanding amount is secured by the assets of PHW Las Vegas, and is non-recourse to other subsidiaries of the Company.

In connection with the transaction and the assumption of debt, PHW Las Vegas entered into the Amended and Restated Loan Agreement with Wells Fargo Bank, N.A., as trustee for The Credit Suisse First Boston Mortgage Securities Corp. Commercial Mortgage Pass-Through Certificates, Series 2007-TFL2 (Lender). PHW Las Vegas is an unrestricted subsidiary of HOC and therefore not a borrower under HOC s Credit Facilities. A subsidiary of HOC manages the property for PHW Las Vegas for a fee. The maturity date for this loan is December 2011, with two extension options, which, if exercised, would extend maturity until April 2015.

Table of Contents

HARRAH S ENTERTAINMENT, INC.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Continued)

SEPTEMBER 30, 2010

(UNAUDITED)

Guaranty

In connection with PHW Las Vegas Amended and Restated Loan Agreement, Harrah s Entertainment entered into a Guaranty Agreement (the Guaranty) for the benefit of Lender pursuant to which Harrah s Entertainment guaranteed to Lender certain recourse liabilities of PHW Las Vegas. Harrah s Entertainment s maximum aggregate liability for such recourse liabilities is limited to $30.0 million provided that such recourse liabilities of PHW Las Vegas do not arise from (i) events, acts, or circumstances that are actually committed by, or voluntarily or willfully brought about by Harrah s Entertainment or (ii) event, acts, or circumstances (regardless of the cause of the same) that provide actual benefit (in cash, cash equivalent, or other quantifiable amount) to the Registrant, to the full extent of the actual benefit received by the Registrant. Pursuant to the Guaranty, Harrah s Entertainment is required to maintain a net worth or liquid assets of at least $100.0 million.

Prepayments

PHW Las Vegas may, at its option, voluntarily prepay the loan in whole or in part upon twenty (20) days prior written notice to Lender.

PHW Las Vegas is required to prepay the loan in (i) the amount of any insurance proceeds received by Lender for which Lender is not obligated to make available to PHW Las Vegas for restoration in accordance with the terms of the Amended and Restated Loan Agreement, (ii) the amount of any proceeds received from the operator of the timeshare property adjacent to the Planet Hollywood Resort and Casino, subject to the limitations set forth in the Amended and Restated Loan Agreement and (iii) the amount of any excess cash remaining after application of the cash management provisions of the Amended and Restated Loan Agreement.

Interest Payments

The amount outstanding under the Amended and Restated Loan Agreement bears interest, payable to third party lenders on a monthly basis, at a rate per annum equal to LIBOR plus 1.533%. Interest only participations of PHW Las Vegas bear interest at a fixed rate equal to $7.3 million per year, payable to a subsidiary of Harrah s Operating Company, Inc. that owns such participations.

F-85

Table of Contents

HARRAH S ENTERTAINMENT, INC.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Continued)

SEPTEMBER 30, 2010

(UNAUDITED)

Derivative Instruments Interest Rate Swap Agreements

We use interest rate swaps to manage the mix of our debt between fixed and variable rate instruments. As of September 30, 2010 we have entered into 13 interest rate swap agreements, three of which have effective dates starting in 2011, subsequent to the expiration of seven of our other swap agreements. As a result of staggering the effective dates, we have a notional amount of $6,500.0 million outstanding through April 25, 2011, and a notional amount of $5,750.0 million outstanding beginning after April 25, 2011. The difference to be paid or received under the terms of the interest rate swap agreements is accrued as interest rates change and recognized as an adjustment to interest expense for the related debt. Changes in the variable interest rates to be paid or received pursuant to the terms of the interest rate swap agreements will have a corresponding effect on future cash flows. The major terms of the interest rate swap agreements as of September 30, 2010 are as follows:

Effective Date	Notional Amount (in millions)	Fixed Rate Paid	Variable Rate Received as of Sept 30, 2010	Next Reset Date	Maturity Date
April 25, 2007	$ 200	4.898%	0.498%	October 26, 2010	April 25, 2011
April 25, 2007	200	4.896%	0.498%	October 26, 2010	April 25, 2011
April 25, 2007	200	4.925%	0.498%	October 26, 2010	April 25, 2011
April 25, 2007	200	4.917%	0.498%	October 26, 2010	April 25, 2011
April 25, 2007	200	4.907%	0.498%	October 26, 2010	April 25, 2011
September 26, 2007	250	4.809%	0.498%	October 26, 2010	April 25, 2011
September 26, 2007	250	4.775%	0.498%	October 26, 2010	April 25, 2011
April 25, 2008	2,000	4.276%	0.498%	October 26, 2010	April 25, 2013
April 25, 2008	2,000	4.263%	0.498%	October 26, 2010	April 25, 2013
April 25, 2008	1,000	4.172%	0.498%	October 26, 2010	April 25, 2012
April 26, 2011	250	1.351%		April 26, 2011	January 25, 2015
April 26, 2011	250	1.347%		April 26, 2011	January 25, 2015
April 26, 2011	250	1.350%		April 26, 2011	January 25, 2015

The variable rate on our interest rate swap agreements did not materially change as a result of the October 26, 2010 reset.

Until October 2009, our effective interest rate swap agreements were designated as cash flow hedging instruments for accounting purposes. During October 2009, we borrowed $1,000.0 million under the Incremental Loans and used a majority of the net proceeds to temporarily repay most of our revolving debt under the Credit Facilities. As a result, we no longer had a sufficient amount of outstanding debt under the same terms as our interest rate swap agreements to support hedge accounting treatment for the full $6,500.0 million in interest rate swaps. Thus, as of September 30, 2009, we removed the cash flow hedge designation for the $1,000.0 million swap agreement, freezing the amount of deferred losses recorded in Accumulated Other Comprehensive Loss associated with this swap agreement, and reducing the total notional amount on interest rate swaps designated as cash flow hedging instruments to $5,500.0 million. Beginning October 1, 2009, we began amortizing deferred losses frozen in Accumulated Other Comprehensive Loss into income over the original remaining term of the hedged forecasted transactions that are still considered to be probable of occurring. For the quarter and nine months ended September 30, 2010, we recorded $2.2 million and $6.5 million, respectively, as an increase to interest expense, and we will record an additional $8.7 million as an increase to interest expense and other comprehensive income over the next twelve months, all related to deferred losses on the $1,000.0 million interest rate swap.

Table of Contents

HARRAH S ENTERTAINMENT, INC.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Continued)

SEPTEMBER 30, 2010

(UNAUDITED)

During the fourth quarter of 2009, we re-designated approximately $310.1 million of the $1,000.0 million swap as a cash flow hedging instrument. Also, on September 29, 2010, we entered into three forward interest rate swap agreements for notional amounts totaling $750.0 million that have been designated as cash flow hedging instruments. As a result, at September 30, 2010, $6,560.0 million of our total interest rate swap agreements notional amount of $7,250.0 million remained designated as hedging instruments for accounting purposes. Any future changes in fair value of the portion of the interest rate swap agreement not designated as a hedging instrument will be recognized in interest expense during the period in which the changes in value occur.

Derivative Instruments Interest Rate Cap Agreements

On January 28, 2008, we entered into an interest rate cap agreement to partially hedge the risk of future increases in the variable rate of the CMBS Financing. The interest rate cap agreement, which was effective January 28, 2008 and terminates February 13, 2013, is for a notional amount of $6,500.0 million at a LIBOR cap rate of 4.5%. The interest rate cap was designated as a cash flow hedging instrument for accounting purposes on May 1, 2008.

On November 30, 2009, June 7, 2010, and September 1, 2010, we purchased and extinguished approximately $948.8 million, $46.6 million, and $123.8 million, respectively, of the CMBS Financing. The hedging relationship between the CMBS Financing and the interest rate cap remained effective subsequent to each debt extinguishment. As a result of the extinguishments, in the fourth quarter 2009, second quarter 2010, and third quarter 2010, we reclassified approximately $12.1 million, $0.6 million, and $1.5 million, respectively, of deferred losses out of Accumulated Other Comprehensive Loss and into interest expense associated with hedges for which the forecasted future transactions are no longer probable of occurring.

On January 31, 2010, we removed the cash flow hedge designation for the $6,500.0 million interest rate cap, freezing the amount of deferred losses recorded in Accumulated Other Comprehensive Loss associated with the interest rate cap. Beginning February 1, 2010, we began amortizing deferred losses frozen in Accumulated Other Comprehensive Loss into income over the original remaining term of the hedge forecasted transactions that are still probable of occurring. For the quarter and nine months ended September 30, 2010, we recorded $6.7 million and $16.2 million, respectively, as an increase to interest expense, and we will record an additional $20.9 million as an increase to interest expense and Accumulated Other Comprehensive Loss over the next twelve months, all related to deferred losses on the interest rate cap. In connection with the extinguishment of $46.6 million of the CMBS Financing, on June 7, 2010, we reclassified approximately $1.0 million of deferred losses recorded in Accumulated Other Comprehensive Loss associated with the interest rate cap into interest expense associated with hedges for which the forecasted transactions are no longer probable of occurring.

On January 31, 2010, we re-designated $4,650.2 million of the interest rate cap as a cash flow hedging instrument for accounting purposes. Any future changes in fair value of the portion of the interest rate cap not designated as a hedging instrument will be recognized in interest expense during the period in which the changes in value occur.

On April 5, 2010, as required under the amended and restated loan agreement, we entered into an interest rate cap agreement to partially hedge the risk of future increases in the variable rate of the PHW Las Vegas senior secured loan. The interest rate cap agreement is for a notional amount of $554.3 million at a LIBOR cap rate of 5.0%, and matures on December 9, 2011. To give proper consideration to the prepayment requirements of the PHW Las Vegas senior secured loan, we have designated $525.0 million of the $554.3 million notional amount of the interest rate cap as a cash flow hedging instrument for accounting purposes.

F-87

Table of Contents

HARRAH S ENTERTAINMENT, INC.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Continued)

SEPTEMBER 30, 2010

(UNAUDITED)

Derivative Instruments Impact on Financial Statements

The following table represents the fair values of derivative instruments in the Consolidated Condensed Balance Sheets as of September 30, 2010 and December 31, 2009:

	Asset Derivatives				**Liability Derivatives**			
	September 30, 2010		**December 31, 2009**		**September 30, 2010**		**December 31, 2009**	
	Balance Sheet Location	**Fair Value**	**Balance Sheet Location**	**Fair Value**	**Balance Sheet Location**	**Fair Value**	**Balance Sheet Location**	**Fair Value**
Derivatives designated as hedging instruments								
Interest rate swaps					Accrued expenses	$ (37.9)	Accrued expenses	$
Interest rate swaps		$		$	Deferred credits and other	(342.7)	Deferred credits and other	(337.6)
Interest rate cap	Deferred charges and other	1.0	Deferred charges and other	56.8				
Subtotal		1.0		56.8		(380.6)		(337.6)
Derivatives not designated as hedging instruments								
Interest rate swaps					Deferred credits and other	(37.5)	Deferred credits and other	(37.6)
Interest rate cap	Deferred charges and other	0.3	Deferred charges and other					
Subtotal		0.3				(37.5)		(37.6)
Total Derivatives		$ 1.3		$ 56.8		$ (418.1)		$ (375.2)

The following table represents the effect of derivative instruments in the Consolidated Condensed Statements of Operations for the quarters ended September 30, 2010 and 2009 for amounts transferred into or out of Accumulated Other Comprehensive Loss:

	Amount of (Gain) or Loss Recognized in OCI (Effective Portion)	**Location of (Gain) or Loss Reclassified From**	**Amount of (Gain) or Loss Reclassified from Accumulated OCI into Income (Effective**	**Location of (Gain) or Loss Recognized in Income (Ineffective Portion and Amount Excluded from**	**Amount of (Gain) or Loss Recognized in Income**

Derivatives designated as hedging instruments	Quarter Ended Sept 30, 2010	Quarter Ended Sept 30, 2009	Accumulated OCI Into Income (Effective Portion)	Portion) Quarter Ended Sept 30, 2010	Quarter Ended Sept 30, 2009	Effectiveness Testing)	(Ineffective Portion and Amount Excluded from Effectiveness Testing) Quarter Ended Sept 30, 2010	Quarter Ended Sept 30, 2009
Interest rate contracts	$ 19.1	$ 94.7	Interest expense	$ 9.1	$ 0.2	Interest expense	$ (6.4)	$

Derivatives not designated as hedging instruments	Location of (Gain) or Loss Recognized in Income	Amount of (Gain) or Loss Recognized in Income Quarter Ended Sept 30, 2010	Quarter Ended Sept 30, 2009
Interest rate contracts	Interest expense	$ 1.0	$

F-88

Table of Contents

HARRAH S ENTERTAINMENT, INC.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Continued)

SEPTEMBER 30, 2010

(UNAUDITED)

The following table represents the effect of derivative instruments in the Consolidated Condensed Statements of Operations for the nine months ended September 30, 2010 and 2009 for amounts transferred into or out of accumulated other comprehensive loss:

Derivatives designated as hedging instruments	Amount of (Gain) or Loss Recognized in OCI (Effective Portion) Nine Months Ended Sept 30, 2010	Nine Months Ended Sept 30, 2009	Location of (Gain) or Loss Reclassified From Accumulated OCI Into Income (Effective Portion)	Amount of (Gain) or Loss Reclassified from Accumulated OCI into Income (Effective Portion) Nine Months Ended Sept 30, 2010	Nine Months Ended Sept 30, 2009	Location of (Gain) or Loss Recognized in Income (Ineffective Portion and Amount Excluded from Effectiveness Testing)	Amount of (Gain) or Loss Recognized in Income (Ineffective Portion and Amount Excluded from Effectiveness Testing) Nine Months Ended Sept 30, 2010	Nine Months Ended Sept 30, 2009
Interest rate contracts	$ 143.0	$ 54.7	Interest expense	$ 23.4	$ 0.6	Interest expense	$ (55.1)	$

Derivatives not designated as hedging instruments	Location of (Gain) or Loss Recognized in Income	Amount of (Gain) or Loss Recognized in Income Nine Months Ended Sept 30, 2010	Nine Months Ended Sept 30, 2009
Interest rate contracts	Interest expense	$ 10.8	$

In addition to the impact on interest expense from amounts reclassified from accumulated other comprehensive loss, the difference to be paid or received under the terms of the interest rate swap agreements is recognized as interest expense and is paid quarterly. This cash settlement portion of the interest rate swap agreements increased interest expense for the quarters ended September 30, 2010 and 2009 by approximately $64.8 million and $50.0 million, respectively. This cash settlement portion of the interest rate swap agreements increased interest expense for the nine months ended September 30, 2010 and 2009 by approximately $199.3 million and $147.6 million, respectively.

Note 6 Stock-Based Employee Compensation

Our share-based compensation expense consists primarily of time-based and performance-based options that have been granted to management, other personnel and key service providers. As of September 30, 2010, there was approximately $58.8 million of total unrecognized compensation cost related to stock option grants. The Company has recognized compensation expense associated with its stock-based employee compensation programs as follows:

(In millions)	Quarter Ended September 30, 2010	Quarter Ended September 30, 2009	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009
Amounts included in:				
Corporate expense	$ 1.6	$ 2.6	$ 9.2	$ 5.8
Property general, administrative and other	2.3	1.4	7.3	6.6
Total stock-based compensation expense	$ 3.9	$ 4.0	$ 16.5	$ 12.4

Table of Contents

HARRAH S ENTERTAINMENT, INC.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Continued)

SEPTEMBER 30, 2010

(UNAUDITED)

On February 23, 2010, the Human Resources Committee of the Board of Directors of the Company adopted an amendment to the Harrah s Entertainment, Inc. Management Equity Incentive Plan (the Plan). The amendment provides for an increase in the available number shares of the Registrant s non-voting common stock for which options may be granted to 4,566,919 shares.

The amendment also revised the vesting hurdles for performance-based options under the Plan. The performance options vest if the return on investment in the Company of TPG, Apollo, and their respective affiliates and co-investors (the Majority Stockholders) achieve a specified return. Previously, 50% of the performance-based options vested upon a 2x return and 50% vested upon a 3x return. The triggers have been revised to 1.5x and 2.5x, respectively. In addition, a pro-rata portion of the 2.5x options will vest if the Majority Stockholders achieve a return on their investment that is greater than 2.0x, but less than 2.5x. The pro rata portion will increase on a straight line basis from zero to a participant s total number of 2.5x options depending upon the level of returns that the Majority Stockholders realize between 2.0x and 2.5x.

The following is a summary of share-based option activity for the nine months ended September 30, 2010:

Options	**Shares**	**Weighted Average Exercise Price**	**Weighted Average Remaining Contractual Term (years)**
Outstanding at December 31, 2009	3,194,175	$ 91.53	8.0
Options granted	1,277,895	57.19	
Canceled	(109,968)		
Outstanding at September 30, 2010	4,362,102	81.48	7.9
Exercisable at September 30, 2010	811,828	86.14	6.3

The assumptions used to estimate fair value and the resulting estimated fair value of options granted during the nine months ended September 30, 2010 are as follows:

	Nine months ended September 30, 2010
Expected volatility	71.4%
Expected dividend yield	
Expected term (in years)	6.63
Risk-free interest rate	2.36%
Weighted-average fair value per share of options granted	$ 26.83

Note 7 Preferred and Common Stock

Preferred Stock

At September 30, 2010 and December 31, 2009, the authorized shares of preferred stock were 40,000,000, par value $0.01 per share, stated value $100.00 per share.

On January 28, 2008, our Board of Directors adopted a resolution authorizing the creation and issuance of a series of preferred stock known as the Non-Voting Perpetual Preferred Stock. The number of shares constituting such series was 20,000,000. Each share of non-voting preferred stock accrued dividends at a rate of 15.0% per annum, compounded quarterly, and such dividends were cumulative. As of December 31, 2009, dividends in arrears were $652.6 million.

Table of Contents

HARRAH S ENTERTAINMENT, INC.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Continued)

SEPTEMBER 30, 2010

(UNAUDITED)

In February 2010, the Board of Directors approved revisions to the Certificate of Designation for the non-voting perpetual preferred stock to eliminate dividends (including all existing accrued but unpaid dividends totaling $717.2 million at the revision approval date) and to specify that the conversion right of the non-voting perpetual preferred stock be at the original value of the Company s non-voting common stock. In March 2010, Hamlet Holdings LLC (the holder of all of the Company s voting common stock) and holders of a majority of our non-voting perpetual preferred stock approved the revisions to the Certificate of Designation. Also in March 2010, the holders of a majority of our non-voting perpetual preferred stock voted to convert all of the non-voting perpetual preferred stock to non-voting common stock.

As a result of the conversion of preferred stock into common stock, the Company has no shares of preferred stock outstanding as of September 30, 2010.

Common Stock

As of December 31, 2009, the authorized common stock of the Company totaled 80,000,020 shares, consisting of 20 shares of voting common stock, par value $0.01 per share and 80,000,000 shares of non-voting common stock, par value $0.01 per share.

As disclosed above, in March 2010, the holders of our voting common stock and of a majority of our non-voting preferred stock voted to convert all of the non-voting perpetual preferred stock to non-voting common stock. As a result of this conversion, the Company issued 19,935,534 additional shares of non-voting common stock.

The voting common stock has no economic rights or privileges, including rights in liquidation. The holders of voting common stock shall be entitled to one vote per share on all matters to be voted on by the stockholders of the Company.

In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company, holders of non-voting common stock will receive a pro rata distribution of any remaining assets after payment of or provision for liabilities and the liquidation preference on preferred stock, if any.

In connection with the debt for equity exchange described earlier and upon receipt of the requisite regulatory approvals, we intend to (i) reclassify Harrah s Entertainment s existing non-voting common stock into a new class of voting common stock, which will be the class of stock that Apollo, TPG and Paulson will receive in the debt for equity exchange, and (ii) cancel the existing class of non-voting common stock that is currently held by Hamlet Holdings, LLC. Concurrently with this reclassification, we intend to effect a 4.258 for 1 split of Harrah s Entertainment s new voting common stock such that Apollo, TPG and Paulson will each receive 42.58 shares of common stock for each $1,000 principal amount of Notes exchanged rather than 10 shares, and Harrah s Entertainment s then existing stockholders, including entities affiliated with Apollo and TPG, their co-investors and members of management, will each receive 4.258 shares of the new voting common stock described above in clause (i) above for each share of non-voting common stock they hold at that time.

Table of Contents

HARRAH S ENTERTAINMENT, INC.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Continued)

SEPTEMBER 30, 2010

(UNAUDITED)

Note 8 Write-downs, Reserves and Recoveries

Write-downs, reserves and recoveries include various pretax charges to record long-lived tangible asset impairments, contingent liability reserves, project write-offs, demolition costs, recoveries of previously recorded non-routine reserves and other non-routine transactions. The components of write-downs, reserves and recoveries were as follows:

	Quarter ended September 30,		Nine months ended September 30,	
(In millions)	**2010**	**2009**	**2010**	**2009**
Remediation costs	$ 6.9	$ 8.4	$ 38.7	$ 28.2
Write-down of long-term note receivable			52.2	
Litigation reserves, awards and settlements	(6.0)	(29.3)	21.0	(29.2)
Efficiency projects	0.3	6.0	0.9	27.9
Impairment of long-lived tangible assets		35.7		43.7
Loss on divested or abandoned assets	26.9	3.3	27.1	4.8
Other	0.6	0.2	(3.6)	3.2
Total write-downs, reserves and recoveries	$ 28.7	$ 24.3	$ 136.3	$ 78.6

Remediation costs related to room remediation projects at certain of our Las Vegas properties.

The $52.2 million write-down of long-term note receivable related to land and pre-development costs contributed to a venture for development of a casino project in Philadelphia with which we were involved prior to December 2005. In April 2010, the proposed operator for the project withdrew from the project and the Pennsylvania Gaming Control Board commenced proceedings to revoke the license for the project. As a result, we fully reserved the note during the second quarter 2010. Subsequently, in October 2010, the Company executed a term sheet pursuant to which, upon the occurrence of certain conditions, we intend to convert the note receivable and make an additional equity investment in the holder of the license, assume primary responsibility for design and development of the casino project, and manage the casino upon completion, as more fully discussed in Note 17, Subsequent Events.

Litigation reserves, awards and settlements for the quarter ended September 30, 2010 included a $9.0 million settlement received by the Company to settle an outstanding litigation matter. Litigation reserves, awards and settlements for the nine months ended September 30, 2010 also included a $25.0 million charge related to the Hilton matter, which is more fully discussed in Note 11, Commitments and Contingent Liabilities.

Efficiency program expenses in 2010 and 2009 represent costs incurred to identify and implement efficiency projects aimed at stream-lining corporate and operating functions to achieve cost savings and efficiencies. In 2009, the majority of the costs incurred related to the closing of the office in Memphis, Tennessee, which previously housed certain corporate functions.

We account for long-lived tangible assets to be held and used by evaluating their carrying value in relation to the operating performance and estimated future undiscounted cash flows generated by such assets, when indications of impairment are present. The nine months ended September 30, 2009, included impairment charges of $43.7 million, of which $35.7 million was recorded during the third quarter 2009 related to the closing of the office in Memphis, Tennessee.

HARRAH S ENTERTAINMENT, INC.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Continued)

SEPTEMBER 30, 2010

(UNAUDITED)

Loss on divested or abandoned assets for the quarter and nine months ended September 30, 2010 includes charges of $21.2 million to write-off specific assets as a result of the indefinite deferral of certain capital projects in the Las Vegas and Atlantic City regions.

Other write-downs, reserves and recoveries for the nine months ended September 30, 2010 included the first quarter 2010 release of a $4.8 million reserve for excise tax for which the statute of limitations expired.

Note 9 Income Taxes

We are subject to income taxes in the United States as well as various states and foreign jurisdictions in which we operate. We account for income taxes under ASC 740 Accounting for Income Taxes, whereby deferred tax assets and liabilities are recognized for the expected future tax consequences of events that have been included in the financial statements or income tax returns. Deferred tax assets and liabilities are determined based on differences between financial statement carrying amounts of existing assets and their respective tax bases using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. We reduce deferred tax assets by a valuation allowance when it is more likely than not that some or all of the deferred tax assets will not be realized.

The Company s income tax benefit/(provision) and effective tax rate were as follows:

	Quarter Ended September 30,		Nine Months Ended September 30,	
(In millions, except effective tax rate)	**2010**	**2009**	**2010**	**2009**
(Loss)/income from continuing operations before income tax	$ (260.7)	$ (1,492.1)	$ (993.8)	$ 2,139.2
Benefit/(provision) for income taxes	$ 97.5	$ (128.9)	$ 364.5	$ (1,590.8)
Effective tax rate	37.4%	N/M	36.7%	74.4%

Our effective tax rate for the quarter was favorably impacted by the effects of state tax benefits and discrete items. Our effective tax rate for the nine months ending September 30, 2010 was favorably impacted by the tax effects of state tax benefits, the reversal of previously accrued taxes and interest related to a state income tax settlement, a state effective rate change on our deferred tax balances, and other discrete items, partially offset by the impact of the goodwill impairment for which we did not receive tax benefit.

We classify reserves for tax uncertainties within Accrued expenses and Deferred credits and other in our Consolidated Balance Sheets, separate from any related income tax payable or deferred income taxes. In accordance with ASC 740, reserve amounts relate to any potential income tax liabilities (uncertain tax benefits (UTB)) resulting from uncertain tax positions as well as potential interest or penalties associated with those liabilities. During the quarter ended September 30, 2010, our UTB, excluding related interest and penalties, increased by $61.1 million as a result of tax positions taken in a prior year related to cancellation of indebtedness income and several accounting method changes for tax purposes. During the nine months ended September 30, 2010, our UTB, excluding related interest and penalties, increased by $120.5 million as a result of tax positions taken during a prior year related to cancellation of indebtedness income and several accounting method changes for tax purposes, partially offset by a state income tax settlement. The change in gross UTB, excluding related interest and penalties, during the quarter and nine months ended September 30, 2010 benefited the effective rate by $0.0 million and $17.6 million, respectively.

We file income tax returns, including returns for our subsidiaries, with federal, state, and foreign jurisdictions. We are under regular and recurring audit by the Internal Revenue Service (IRS) on open tax

HARRAH S ENTERTAINMENT, INC.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Continued)

SEPTEMBER 30, 2010

(UNAUDITED)

positions, and it is possible that the amount of the liability for unrecognized tax benefits could change during the next twelve months. As a result of the expiration of the statute of limitations and closure of IRS audits, our 2004 and 2005 federal income tax years were closed during the year ended December 31, 2009. The IRS audit of our 2006 federal income tax year also concluded during the year ended December 31, 2009. The IRS audit of our 2007 federal income tax year concluded during the quarter ended March 31, 2010. The IRS audit of our 2008 federal income tax year concluded during the quarter ended June 30, 2010. During the quarter ended June 30, 2010, we submitted a protest to the IRS Appeals office regarding several issues from the 2008 IRS audit. We do not believe that it is reasonably possible that these issues will be settled in the next twelve months.

We are also subject to exam by various state and foreign tax authorities. Tax years prior to 2005 are generally closed for foreign and state income tax purposes as the statutes of limitations have lapsed. However, various subsidiaries could be examined by the New Jersey Division of Taxation for tax years beginning with 1999 due to our execution of New Jersey statute of limitation extensions.

Federal Income Tax Receivable

During 2010, in conjunction with filing our 2009 tax return, we implemented several accounting method changes for tax purposes including a method change to deduct currently certain repairs and maintenance expenditures which had been previously capitalized. As a result of the combination of the tax accounting method changes with our net operating loss, we reported a taxable loss for 2009 of $1,248.9 million. Approximately $170.9 million of this loss was carried back to the 2008 tax year to offset federal taxable income recognized and tax payable from that year.

On November 6, 2009, the Worker, Homeownership, and Business Act of 2009 was signed into law which provides an election to carryback a loss to the third, fourth or fifth year that precedes the year of loss. Because of this change in tax law, we elected to extend our U.S. federal 2009 net operating loss carryback period. Approximately $630.3 million of the 2009 taxable loss was carried back to the extended carryback period, resulting in an income tax refund receivable which is recorded in Federal income tax receivable as of September 30, 2010. We expect to receive the income tax refund of approximately $220.0 million, net of interest due on the 2008 tax payable, in the fourth quarter 2010. Our remaining 2009 federal net operating loss of approximately $447.7 million is available for carryover to future tax years.

Note 10 Fair Value Measurements

ASC 820 Fair Value Measurements and Disclosures, outlines a valuation framework and creates a fair value hierarchy in order to increase the consistency and comparability of fair value measurements and the related disclosures. ASC 820 clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based upon assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, ASC 820 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1: Observable inputs such as quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date;

Level 2: Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and

Level 3: Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

Table of Contents

HARRAH S ENTERTAINMENT, INC.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Continued)

SEPTEMBER 30, 2010

(UNAUDITED)

Under ASC 825, Financial Instruments, entities are permitted to choose to measure many financial instruments and certain other items at fair value. We did not elect the fair value measurement option under ASC 825 for any of our financial assets or financial liabilities. See Note 4, Goodwill and Other Intangible Assets , for the application of ASC 820 to goodwill and other intangible assets.

Items Measured at Fair Value on a Recurring Basis

The following table shows the fair value of our financial assets and financial liabilities that are required to be measured at fair value as of September 30, 2010 and December 31, 2009.

(In millions)	Balance	Level 1	Level 2	Level 3
September 30, 2010				
Assets:				
Cash equivalents	$ 685.0	$ 685.0	$	$
Investments	94.9	92.2	2.7	
Derivative instruments	1.3		1.3	
Liabilities:				
Derivative instruments	(418.1)		(418.1)	
December 31, 2009				
Assets:				
Cash equivalents	$ 132.7	$ 132.7	$	$
Investments	88.9	73.4	15.5	
Derivative instruments	56.8		56.8	
Liabilities:				
Derivative instruments	(375.2)		(375.2)	

The following section describes the valuation methodologies used to estimate or measure fair value, key inputs, and significant assumptions:

Cash equivalents Cash equivalents are investments in money market accounts and utilize Level 1 inputs to determine fair value.

Derivative instruments The estimated fair values of our derivative instruments are derived from market prices obtained from dealer quotes for similar, but not identical, assets or liabilities. Such quotes represent the estimated amounts we would receive or pay to terminate the contracts. Derivative instruments are included in either Deferred charges and other, or Deferred credits and other, in our Consolidated Condensed Balance Sheets. Our derivatives are recorded at their fair values, adjusted for the credit rating of the counterparty if the derivative is an asset, or adjusted for the credit rating of the Company if the derivative is a liability. See Note 5, Debt, for more information on our derivative instruments.

Investments Investments are primarily debt and equity securities, the majority of which are traded in active markets, have readily determined market values and use level 1 inputs. Those debt and equity securities for which there are not active markets or the market values are not readily determinable are valued using Level 2 inputs. All of these investments are included in either Prepayments and other, or Deferred charges and other, in our Consolidated Balance Sheets.

HARRAH S ENTERTAINMENT, INC.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Continued)

SEPTEMBER 30, 2010

(UNAUDITED)

Items to be Disclosed at Fair Value

Long-Term Debt The fair value of the Company s debt has been calculated based on the borrowing rates available as of September 30, 2010, for debt with similar terms and maturities and market quotes of our publicly traded debt. As of September 30, 2010, the Company s outstanding debt had a fair value of $19,870.9 million and a carrying value of $19,717.1 million. The Company s interest rate swaps used for hedging purposes had fair values equal to their carrying values, in the aggregate a liability of $418.1 million, and our interest rate cap agreements had a fair value equal to their carrying value as an asset of $1.3 million at September 30, 2010. See additional discussion about derivatives in Note 5, Debt.

Interest-only Participations Late in 2009, a subsidiary of HOC acquired certain interest only participations payable by certain predecessor entities of PHW Las Vegas. When the Company assumed the debt in connection with the acquisition of Planet Hollywood, these interest only participations survived the transaction and remain outstanding as an asset of a subsidiary of HOC as of September 30, 2010. In connection with both the initial acquisition of the interest only participations and the acquisition of Planet Hollywood, the fair value of these participations was determined based upon valuations as of each date. As the Company owns 100% of the outstanding participations, there is no active market available to determine a trading fair value at any point in time. As a result, the Company does not have the ability to update the fair value of the interest only participations subsequent to their acquisition and valuation, other than by estimating fair value based upon discounted future cash flows. Since discounted cash flows were used as the primary basis for valuation upon their acquisition, and are also being used as the method to determine the amortization of the value of such participations into earnings, the Company believes that the book value of the interest only participations at September 30, 2010 approximates their fair value.

Note 11 Commitments and Contingent Liabilities

Contractual Commitments

We continue to pursue additional casino development opportunities that may require, individually and in the aggregate, significant commitments of capital, up-front payments to third parties and development completion guarantees.

The agreements pursuant to which we manage casinos on Indian lands contain provisions required by law that provide that a minimum monthly payment be made to the tribe. That obligation has priority over scheduled repayments of borrowings for development costs and over the management fee earned and paid to the manager. In the event that insufficient cash flow is generated by the operations to fund this payment, we must pay the shortfall to the tribe. Subject to certain limitations as to time, such advances, if any, would be repaid to us in future periods in which operations generate cash flow in excess of the required minimum payment. These commitments will terminate upon the occurrence of certain defined events, including termination of the management contract. Our aggregate monthly commitment for the minimum guaranteed payments, pursuant to these contracts for the three managed Indian-owned facilities now open, which extend for periods of up to 51 months from September 30, 2010, is $1.2 million. Each of these casinos currently generates sufficient cash flows to cover all of its obligations, including its debt service.

In February 2008, we entered into an agreement with the State of Louisiana whereby we extended our guarantee of an annual payment obligation of $60.0 million of Jazz Casino Company, LLC, our wholly-owned subsidiary and owner of Harrah s New Orleans owed to the State of Louisiana. The guarantee currently expires on March 31, 2011.

Table of Contents

HARRAH S ENTERTAINMENT, INC.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Continued)

SEPTEMBER 30, 2010

(UNAUDITED)

In addition to the guarantees discussed above, we had total aggregate non-cancelable purchase obligations of $932.5 million as of September 30, 2010, including construction-related commitments.

Contingent Liability Nevada Sales and Use Tax

The Supreme Court of Nevada decided in early 2008 that food purchased for subsequent use in the provision of complimentary and/or employee meals is exempt from use tax. Previously, such purchases were subject to use tax and the Company has claimed, but not recognized into earnings, a use tax refund totaling $32.2 million, plus interest, as a result of the 2008 decision. In early 2009, the Nevada Department of Taxation audited our refund claim, but has taken the position that those same purchases are now subject to sales tax; therefore, they subsequently issued a sales tax assessment totaling $27.4 million plus interest after application of our refund on use tax. While we have established certain reserves against possible loss on this matter, we believe that the Nevada Department of Taxation s position has no merit and we moved the matter to a procedural, administrative hearing before a Nevada Department of Taxation administrative law judge.

On October 21, 2010, the administrative law judge issued a decision and ruled in our favor on a number of key issues. Each party may file an appeal with the Nevada Tax Commission and we are contemplating whether to appeal certain rulings.

Contingent Liability Employee Benefit Obligations

In December 1998, Hilton Hotels Corporation (Hilton) spun-off its gaming operations as Park Place Entertainment Corporation (Park Place). In connection with the spin-off, Hilton and Park Place entered into various agreements, including an Employee Benefits and Other Employment Allocation Agreement dated December 31, 1998 (the Allocation Agreement) whereby Park Place assumed or retained, as applicable, certain liabilities and excess assets, if any, related to the Hilton Hotels Retirement Plan (the Hilton Plan) based on the accrued benefits of Hilton employees and Park Place employees. Park Place changed its name to Caesars Entertainment, Inc. (Caesars) and the Company acquired Caesars in June 2005. In 1999 and 2005, the United States District Court for the District of Columbia certified two nationwide classes in the lawsuit against Hilton and others alleging that the Hilton Plan s benefit formula was backloaded in violation of ERISA, and that Hilton and the other defendants failed to properly calculate Hilton Plan participants service for vesting purposes. In May 2009, the Court issued a decision granting summary judgment to the plaintiffs. Thereafter, the Court required the parties to attempt to agree on a remedies determination and further required the parties to submit briefs to the Court in support of their positions. On September 7, 2010, the Court issued an opinion resolving certain of Hilton s and the plaintiffs issues regarding a remedies determination and requiring the parties to confer and take other actions in an effort to resolve the remaining issues. The Court may require the parties to submit additional briefs and schedules to support their positions and intends to hold another hearing before issuing a final judgment. Prior to the Court s latest opinion, we were advised by counsel for the defendants that the plaintiffs have estimated that the damages are in the range of $180.0 million to $250.0 million. Counsel for the defendants further advised that approximately $50.0 million of the damages relates to questions regarding the proper size of the class and the amount, if any, of damages to any additional class members due to issues with Hilton s record keeping.

The Company received a letter from Hilton dated October 7, 2009 notifying the Company for the first time of this lawsuit and alleging that the Company has potential liability for the above described claims under the terms of the Allocation Agreement. Based on the terms of the Allocation Agreement, the Company believes its maximum potential exposure is approximately 30% to 33% of the amount ultimately awarded as damages. The

HARRAH S ENTERTAINMENT, INC.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Continued)

SEPTEMBER 30, 2010

(UNAUDITED)

Company is not a party to the proceedings between the plaintiffs and the defendants and has not participated in the defense of the litigation or in any discussions between the plaintiffs and the defendants about potential remedies or damages. Further, the Company does not have access to information sufficient to enable the Company to make an independent judgment about the possible range of loss in connection with this matter. Based on conversations between a representative of the Company and a representative of the defendants, the Company believes it is probable that damages will be at least $80.0 million and, accordingly, the Company recorded a charge of $25.0 million in accordance with ASC 450, Contingencies, during the second quarter 2010 in relation to this matter. The Company has not changed its belief respecting the damages which may be awarded in this lawsuit as a result of the aforementioned recent opinion of the Court. The Company also continues to believe that it may have various defenses if a claim under the Allocation Agreement is asserted against the Company, including defenses as to the amount of damages. Because the Company has not had access to sufficient information regarding this matter, we cannot at this time predict the ultimate outcome of this matter or the possible additional loss, if any.

Employment Agreements

We have an employment agreement with one executive that provides for payments to the executive in the event of his termination after a change in control, as defined, and provides for, among other things, a compensation payment of 3.0 times the executive s average annual compensation, as defined. The estimated amount, computed as of September 30, 2010, that would be payable under the agreement to the executive based on the compensation payment aggregated approximately $17.3 million. The estimated amount that would be payable to the executive does not include the tax gross-up payment, provided for in the agreement, that would be payable to the executive if the executive becomes entitled to severance payments which are subject to federal excise tax.

Self-Insurance

We are self-insured for various levels of general liability, workers compensation, employee medical coverage and other coverage. Insurance claims and reserves include accruals of estimated settlements for known claims, as well as accruals of actuarial estimates of incurred but not reported claims.

Note 12 Litigation

Litigation Related to Development

On March 6, 2008, Caesars Bahamas Investment Corporation (CBIC), an indirect subsidiary of HOC, terminated its previously announced agreement to enter into a joint venture in the Bahamas with Baha Mar Joint Venture Holdings Ltd. and Baha Mar JV Holding Ltd. (collectively, Baha Mar). To enforce its rights, on March 13, 2008, CBIC filed a complaint against Baha Mar, and the Baha Mar Development Company Ltd., in the Supreme Court of the State of New York, seeking a declaratory judgment with respect to CBIC s rights under the Subscription and Contribution Agreement (the Subscription Agreement), between CBIC and Baha Mar dated January 12, 2007. Pursuant to the Subscription Agreement, CBIC agreed, subject to certain conditions, to subscribe for shares in Baha Mar Joint Venture Holdings Ltd., which was formed to develop and construct a casino, golf course and resort project in the Bahamas. The complaint alleges that (i) the Subscription Agreement grants CBIC the right to terminate the agreement at any time prior to the closing of the transactions contemplated therein, if the closing does not occur on time; (ii) the closing did not occur on time; and, (iii) CBIC exercised its right to terminate the Subscription Agreement, and to abandon the transactions contemplated therein. The complaint seeks a declaratory judgment that the Subscription Agreement has been terminated in accordance with its terms and the transactions contemplated therein have been abandoned.

F-98

HARRAH S ENTERTAINMENT, INC.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Continued)

SEPTEMBER 30, 2010

(UNAUDITED)

Baha Mar and Baha Mar Development Company Ltd. (Baha Mar Development) filed an Amended Answer and Counterclaims against CBIC and a Third Party Complaint dated June 18, 2008 against HOC in the Supreme Court of the State of New York. Baha Mar and Baha Mar Development allege that CBIC wrongfully terminated the Subscription Agreement and that CBIC wrongfully failed to make capital contributions under the Joint Venture Investors Agreement, by and between CBIC and Baha Mar, dated January 12, 2007. In addition, Baha Mar and Baha Mar Development allege that HOC wrongfully failed to perform its purported obligations under the Harrah s Baha Mar Joint Venture Guaranty, dated January 12, 2007. Baha Mar and Baha Mar Development assert claims for breach of contract, breach of fiduciary duty, promissory estoppel, equitable estoppel and negligent misrepresentation. Baha Mar and Baha Mar Development seek (i) declaratory relief; (ii) specific performance; (iii) the recovery of alleged monetary damages; (iv) the recovery of attorneys fees, costs, and expenses and (v) the dismissal with prejudice of CBIC s Complaint. CBIC and HOC each answered, denying all allegations of wrongdoing. During the quarter ended June 30, 2009, both sides filed motions for summary judgment.

At the conclusion of oral argument on October 6, 2009, on cross motions for summary judgment, the Court stated that it was going to grant summary judgment to CBIC and HOC and that Baha Mar Development s claims are dismissed. The Court entered its written decision on February 1, 2010. On February 18, 2010, Baha Mar Development filed an appeal. CBIC and HOC filed an appellate brief on April 21, 2010. Additionally, in January 2010 CBIC and HOC filed a motion to recover attorney s fees and in March 2010 Baha Mar Development filed a motion for a stay of fee hearing pending appeal. On April 1, 2010, the state appeals court refused to grant Baha Mar Development s motion for a stay of the fee hearing.

The fee hearing was heard on June 23, 2010 and was continued until July 2, 2010. On July 1, 2010, in a unanimous opinion, the appeals court affirmed the trial court s grant of summary judgment in HOC s favor dismissing Baha Mar s tort, fraud and breach of contract claims and declaring that HOC properly exercised a valid right to terminate the joint venture. The appeals court also held that HOC was entitled to recover its attorney s fees and costs incurred in the litigation with the amount to be determined per the trial court fee hearing process. Because the appeals court decision is unanimous, Baha Mar has no right to appeal to the New York Court of Appeals. On July 2, 2010, HOC and Baha Mar had an evidentiary hearing on HOC s fee claim. On August 10, 2010, a special referee appointed by the court to recommend a fee judgment amount against the plaintiff recommended that the court enter an order awarding the Company nearly $12.2 million in fees. We await the court s decision.

Litigation Related to the December 2008 Exchange Offer

On January 9, 2009, S. Blake Murchison and Willis Shaw filed a purported class action lawsuit in the United Stated District Court for the District of Delaware, Civil Action No. 09-00020-SLR, against Harrah s Entertainment, Inc. and its board of directors, and Harrah s Operating Company, Inc. The lawsuit was amended on March 4, 2009, alleging that the bond exchange offer which closed on December 24, 2008 wrongfully impaired the rights of bondholders. The amended complaint alleges, among others, breach of the bond indentures, violation of the Trust Indenture Act of 1939, equitable rescission, and liability claims against the members of the board. The amended complaint seeks, among other relief, class certification of the lawsuit, declaratory relief that the alleged violations occurred, unspecified damages to the class, and attorneys fees. On April 30, 2009 the defendants stipulated to the plaintiff s request to dismiss the lawsuit, without prejudice, which the court entered on June 18, 2009. Plaintiff requested the court to award it attorneys fees. On March 31, 2010, the court denied plaintiff s request for fees and plaintiff filed a notice of appeal with the Third Circuit United States Courts of Appeal.

Table of Contents

HARRAH S ENTERTAINMENT, INC.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Continued)

SEPTEMBER 30, 2010

(UNAUDITED)

Note 13 Comprehensive Loss

The following activity affected comprehensive loss:

(In millions)	Quarter Ended September 30, 2010	Quarter Ended September 30, 2009	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009
Net (loss)/income	$ (163.2)	$ (1,621.1)	$ (629.3)	$ 548.1
Pension adjustments	(1.1)	(1.0)	(0.7)	(0.7)
Reclassification of loss on derivative instruments from other comprehensive loss to net loss, net of tax	0.1	0.1	0.4	0.4
Foreign current translation adjustment, net of tax	9.0	11.2	7.6	33.5
Fair market value of swap agreements, net of tax	(9.9)	(54.9)	(73.1)	(50.2)
Fair market value of interest rate cap agreements, net of tax			(0.1)	
Fair market value of interest rate cap agreements on commercial mortgage-backed securities, net of tax	4.6	(5.8)	(17.2)	15.5
Total comprehensive (loss)/income	$ (160.5)	$ (1,671.5)	$ (712.4)	$ 546.6

F-100

HARRAH S ENTERTAINMENT, INC.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Continued)

SEPTEMBER 30, 2010

(UNAUDITED)

Note 14 Earnings Per Share

The following table reconciles net (loss)/income attributable to Harrah s Entertainment, Inc. to net (loss)/income available to common stockholders used in our calculation of basic earnings per share and to net (loss)/income available to common stockholders used in our calculation of diluted earnings per share. It also reconciles the weighted-average number of common and common equivalent shares used in the calculations of basic and diluted earnings per share.

	Quarter ended September 30,		Nine months ended September 30,	
(in millions, except share and per share amounts)	**2010**	**2009**	**2010**	**2009**
Net (loss)/income attributable to Harrah s Entertainment, Inc.	$ (164.8)	$ (1,624.3)	$ (634.4)	$ 532.0
Preferred stock dividends		(82.0)		(259.3)
Net (loss)/income available to common stockholders used to calculate basic earnings per share	(164.8)	(1,706.3)	(634.4)	272.7
Effect of dilutive securities on net (loss)/income available to common stockholders				259.3
Net (loss)/income available to common stockholders used to calculate diluted earnings per share	$ (164.8)	$ (1,706.3)	$ (634.4)	$ 532.0
Weighted-average common shares outstanding used in the calculation of basic earnings per share	60,551,645	40,678,117	54,218,369	40,687,765
Potential dilution from stock options and warrants				33,063
Potential dilution from convertible preferred shares				76,630,857
Weighted-average common and common equivalent shares used in the calculation of diluted earnings per share	60,551,645	40,678,117	54,218,369	117,351,685
Antidilutive stock options, warrants, and convertible preferred shares excluded from the calculation of diluted earnings per share	4,364,199	79,579,564	22,899,789	2,998,941
Earnings per share on net (loss)/income basic	$ (2.72)	$ (41.95)	$ (11.70)	$ 6.70
Earnings per share on net (loss)/income diluted	$ (2.72)	$ (41.95)	$ (11.70)	$ 4.53

F-101

Table of Contents

HARRAH S ENTERTAINMENT, INC.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Continued)

SEPTEMBER 30, 2010

(UNAUDITED)

Note 15 Supplemental Cash Flow Disclosures

Cash Paid for Interest and Taxes

The following table reconciles our interest expense, net of capitalized interest, per the Consolidated Condensed Statements of Operations, to cash paid for interest, net of amount capitalized:

	Nine months ended September 30,	
(In millions)	**2010**	**2009**
Interest expense, net of interest capitalized	$ 1,471.9	$ 1,404.7
Adjustments to reconcile to cash paid for interest:		
Net change in accruals	(237.8)	104.1
Amortization of deferred finance charges	(59.9)	(106.7)
Net amortization of discounts and premiums	(120.2)	(105.7)
Amortization of other comprehensive income	(31.4)	(2.2)
Rollover of Paid-in-Kind (PIK) interest into principal	(1.1)	(79.1)
Change in accrual (related to PIK interest)		(40.1)
Change in fair value of derivative instruments	54.1	
Cash paid for interest, net of amount capitalized	$ 1,075.6	$ 1,175.0
Cash payments of income taxes, net	$ 25.9	$ 29.2

Significant 2010 non-cash transactions include the acquisition of Planet Hollywood discussed in Note 3, Acquisitions, the impairment of goodwill and other non-amortizing intangible assets discussed in Note 4, Goodwill and Other Intangible Assets, the first quarter 2010 conversion of preferred shares into common shares and the elimination of cumulative dividends on such preferred shares discussed in Note 7, Preferred and Common Stock, the second quarter 2010 write-down of long-term note receivable and litigation charge discussed in Note 8, Write-downs, Reserves and Recoveries, and the recording of a federal income tax receivable discussed in Note 9, Income Taxes.

Note 16 Related Party Transactions

In connection with the Acquisition, Apollo, TPG and their affiliates entered into a services agreement with Harrah s Entertainment relating to the provision of financial and strategic advisory services and consulting services. In addition, we pay a monitoring fee for management services and advice. Fees, which are included in Corporate expense in our Consolidated Statements of Operations, for the quarter and nine months ended September 30, 2010, were $7.1 million and $21.4 million, respectively. For the quarter and nine months ended September 30, 2009, fees paid to Apollo and TPG totaled approximately $7.2 million and $21.5 million, respectively. We also reimburse Apollo and TPG for expenses that they incur related to their management services.

Note 17 Subsequent Events

On October 15, 2010, Harrah s Entertainment filed a registration statement with the Securities and Exchange Commission relating to an initial public offering of its common stock as an amendment to a previously filed registration statement. Harrah s Entertainment intends to sell up to $575.0 million of its common stock in this offering and anticipates using the net proceeds from this offering to fund growth projects and for general corporate purposes. We refer to this equity offering as the IPO .

Table of Contents

HARRAH S ENTERTAINMENT, INC.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Continued)

SEPTEMBER 30, 2010

(UNAUDITED)

On October 28, 2010, Chester Downs and Marina, LLC, a majority-owned subsidiary of HOC and owner of Harrah s Chester, amended its existing senior secured term loan facility to obtain an additional $40.0 million of term loans. The additional loans have substantially the same terms as the existing term loans including with respect to interest rate, maturity and security. The proceeds of the additional loans will be used for general corporate purposes, including the repayment of indebtedness and capital expenditures.

Also in October 2010, the Company executed a term sheet pursuant to which it may acquire a minority interest in Philadelphia Entertainment and Development Partners, L.P., the holder of a license to develop and operate a casino project in Philadelphia, Pennsylvania. In addition to acquiring a minority interest, the Company would be primarily responsible for design and development of the project and enter into a management agreement to manage the project upon opening. The casino project is expected to open during 2012. Completion of the transaction is subject to a number of conditions, including without limitation the negotiation of definitive documentation, receipt of required regulatory approvals, receipt of acceptable financing, and other terms and conditions.

Note 18 Consolidating Financial Information of Guarantors and Issuers

As of September 30, 2010, HOC is the issuer of certain debt securities that have been guaranteed by Harrah s Entertainment and certain subsidiaries of HOC. The following consolidating schedules present condensed financial information for Harrah s Entertainment, the parent and guarantor; HOC, the subsidiary issuer; guarantor subsidiaries of HOC; and non-guarantor subsidiaries of Harrah s Entertainment and HOC, which include PHW Las Vegas and the CMBS properties, as of September 30, 2010, and December 31, 2009, and for the quarters and nine months ended September 30, 2010 and 2009.

In lieu of providing separate unaudited financial statements for the guarantor subsidiaries, we have included the accompanying consolidating condensed financial statements based on the Securities and Exchange Commission s interpretation and application of ASC 470-10-S99, (Rule 3-10 of the Securities and Exchange Commission s Regulation S-X). Management does not believe that separate financial statements of the guarantor subsidiaries are material to our investors. Therefore, separate financial statements and other disclosures concerning the guarantor subsidiaries are not presented.

Table of Contents

HARRAH S ENTERTAINMENT, INC.

CONDENSED CONSOLIDATING BALANCE SHEET

SEPTEMBER 30, 2010

(in millions)	HET (Parent)	Subsidiary Issuer	Guarantors	Non-Guarantors	Consolidating/ Eliminating Adjustments	Total
Assets						
Current assets						
Cash and cash equivalents	$ 316.7	$ 380.5	$ 262.1	$ 364.4	$	$ 1,323.7
Receivables, net of allowance for doubtful accounts		9.7	225.5	99.2		334.4
Deferred income taxes		71.6	64.5	18.1		154.2
Prepayments and other		15.4	86.0	70.9		172.3
Federal income tax receivable		233.3				233.3
Inventories		0.4	32.5	15.6		48.5
Intercompany receivables	2.2	266.5	324.7	295.1	(888.5)	
Total current assets	318.9	977.4	995.3	863.3	(888.5)	2,266.4
Land, buildings, riverboats and equipment, net of accumulated depreciation		227.6	10,557.3	7,132.0		17,916.9
Assets held for sale			2.9			2.9
Goodwill			1,646.1	1,767.6		3,413.7
Intangible assets other than goodwill		5.8	4,124.5	668.9		4,799.2
Investments in and advances to nonconsolidated affiliates	501.1	13,784.2	7.6	62.1	(14,318.8)	36.2
Deferred charges and other		414.2	195.0	243.4		852.6
Intercompany receivables	210.0	1,108.3	1,187.7	706.6	(3,212.6)	
	$ 1,030.0	$ 16,517.5	$ 18,716.4	$ 11,443.9	$ (18,419.9)	$ 29,287.9
Liabilities and Stockholders Equity/ (Deficit)						
Current liabilities						
Accounts payable	$ 4.2	$ 105.2	$ 86.5	$ 65.6	$	$ 261.5
Interest payable		418.0	1.9	9.8		429.7
Accrued expenses and other current liabilities	3.6	234.8	459.4	500.6		1,198.4
Current portion of long-term debt		30.0	5.7	219.4		255.1
Intercompany payables		37.7	477.4	373.4	(888.5)	
Total current liabilities	7.8	825.7	1,030.9	1,168.8	(888.5)	2,144.7
Long-term debt		13,629.8	68.6	5,776.7	(13.1)	19,462.0
Deferred credits and other		737.8	134.1	99.0		970.9
Deferred income taxes	(0.2)	1,226.0	2,536.9	1,885.0		5,647.7
Intercompany notes	4.0	298.1	1,473.4	1,437.1	(3,212.6)	
	11.6	16,717.4	5,243.9	10,366.6	(4,114.2)	28,225.3
Harrah s Entertainment, Inc. stockholders equity/(deficit)	1,018.4	(199.9)	13,472.5	1,033.1	(14,305.7)	1,018.4
Non-controlling interests				44.2		44.2

Total Stockholders equity/(deficit)	1,018.4	(199.9)	13,472.5	1,077.3	(14,305.7)	1,062.6
	$ 1,030.0	$ 16,517.5	$ 18,716.4	$ 11,443.9	$ (18,419.9)	$ 29,287.9

Table of Contents

HARRAH S ENTERTAINMENT, INC.

CONDENSED CONSOLIDATING BALANCE SHEET

DECEMBER 31, 2009

(in millions)	HET (Parent)	Subsidiary Issuer	Guarantors	Non-Guarantors	Consolidating/ Eliminating Adjustments	Total
Assets						
Current assets						
Cash and cash equivalents	$ 122.7	$ (15.6)	$ 445.2	$ 365.8	$	$ 918.1
Receivables, net of allowance for doubtful accounts		10.2	237.5	75.8		323.5
Deferred income taxes		60.0	68.4	19.8		148.2
Prepayments and other		12.5	79.8	64.1		156.4
Inventories		0.6	33.5	18.6		52.7
Intercompany receivables	0.2	478.4	261.3	232.5	(972.4)	
Total current assets	122.9	546.1	1,125.7	776.6	(972.4)	1,598.9
Land, buildings, riverboats and equipment, net of accumulated depreciation		240.3	10,500.2	7,184.3		17,924.8
Assets held for sale			16.7			16.7
Goodwill			1,753.0	1,703.9		3,456.9
Intangible assets other than goodwill		6.3	4,230.2	714.8		4,951.3
Investments in and advances to nonconsolidated affiliates	1,846.1	15,056.8	70.2	627.3	(17,506.4)	94.0
Deferred charges and other		399.0	246.4	291.2		936.6
Intercompany receivables		1,348.7	1,687.8	706.9	(3,743.4)	
	$ 1,969.0	$ 17,597.2	$ 19,630.2	$ 12,005.0	$ (22,222.2)	$ 28,979.2
Liabilities and Stockholders (Deficit)/Equity						
Current liabilities						
Accounts payable	$	$ 97.7	$ 104.6	$ 58.5	$	$ 260.8
Interest payable		184.8	1.9	8.9		195.6
Accrued expenses and other current liabilities	8.6	205.2	449.7	411.3		1,074.8
Current portion of long-term debt		30.0	6.3	38.0		74.3
Intercompany payables	1.8	34.1	412.0	524.5	(972.4)	
Total current liabilities	10.4	551.8	974.5	1,041.2	(972.4)	1,605.5
Long-term debt		13,601.0	98.1	5,747.8	(578.1)	18,868.8
Deferred credits and other		642.9	147.8	81.8		872.5
Deferred income taxes		1,520.1	2,446.5	1,890.3		5,856.9
Intercompany notes	239.0	98.1	1,973.5	1,432.8	(3,743.4)	
	249.4	16,413.9	5,640.4	10,193.9	(5,293.9)	27,203.7
Preferred stock	2,642.5					2,642.5
Harrah s Entertainment, Inc. stockholders (deficit)/equity	(922.9)	1,183.3	13,989.8	1,755.2	(16,928.3)	(922.9)

Non-controlling interests				55.9		55.9
Total Stockholders (deficit)/equity	(922.9)	1,183.3	13,989.8	1,811.1	(16,928.3)	(867.0)
	$ 1,969.0	$ 17,597.2	$ 19,630.2	$ 12,005.0	$ (22,222.2)	$ 28,979.2

F-105

Table of Contents

HARRAH S ENTERTAINMENT, INC.

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS

QUARTER ENDED SEPTEMBER 30, 2010

(In millions)	HET (Parent)	Subsidiary Issuer	Guarantors	Non-Guarantors	Consolidating/ Eliminating Adjustments	Total
Revenues						
Casino	$	$ 19.9	$ 1,161.9	$ 602.5	$	$ 1,784.3
Food and beverage		5.1	223.3	166.6		395.0
Rooms		5.4	155.4	135.2		296.0
Management fees			14.5	0.5	(5.9)	9.1
Other		18.5	95.3	82.9	(41.2)	155.5
Less: casino promotional allowances		(7.0)	(217.8)	(126.6)		(351.4)
Net revenues		41.9	1,432.6	861.1	(47.1)	2,288.5
Operating expenses						
Direct						
Casino		12.8	644.8	353.3		1,010.9
Food and beverage		2.0	85.0	77.0		164.0
Rooms		0.5	31.5	35.2		67.2
Property general, administrative and other		16.0	335.2	221.0	(31.4)	540.8
Depreciation and amortization		1.8	116.1	63.5		181.4
Project opening costs			0.7	1.0		1.7
Write-downs, reserves and recoveries		6.6	16.2	5.9		28.7
Impairment of intangible assets			38.0	6.0		44.0
Losses/(income) on interests in non-consolidated affiliates	160.0	(94.9)	(6.7)	(0.6)	(56.1)	1.7
Corporate expense	6.2	19.0	5.0	17.9	(15.7)	32.4
Acquisition and integration costs		0.5		0.2		0.7
Amortization of intangible assets		0.2	23.3	15.8		39.3
Total operating expenses	166.2	(35.5)	1,289.1	796.2	(103.2)	2,112.8
(Loss)/income from operations	(166.2)	77.4	143.5	64.9	56.1	175.7
Interest expense, net of interest capitalized	(3.1)	(446.5)	(20.7)	(100.9)	47.6	(523.6)
Gains on early extinguishments of debt				77.4		77.4
Other income, including interest income	1.7	21.1	18.5	16.1	(47.6)	9.8
(Loss)/income from continuing operations before income taxes	(167.6)	(348.0)	141.3	57.5	56.1	(260.7)
Benefit/(provision) for income taxes	2.8	160.7	(39.1)	(26.9)		97.5
Net (loss)/income	(164.8)	(187.3)	102.2	30.6	56.1	(163.2)
Less: net income attributable to non-controlling interests				(1.6)		(1.6)
Net (loss)/income attributable to Harrah s Entertainment, Inc.	$ (164.8)	$ (187.3)	$ 102.2	$ 29.0	$ 56.1	$ (164.8)

F-106

Table of Contents

HARRAH S ENTERTAINMENT, INC.

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS

QUARTER ENDED SEPTEMBER 30, 2009

(In millions)	HET (Parent)	Subsidiary Issuer	Guarantors	Non-Guarantors	Consolidating/ Eliminating Adjustments	Total
Revenues						
Casino	$	$ 22.1	$ 1,218.2	$ 581.7	$	$ 1,822.0
Food and beverage		4.8	219.3	157.4		381.5
Rooms		5.1	154.3	112.1		271.5
Management fees		2.1	23.2	0.4	(10.8)	14.9
Other		11.0	90.3	85.8	(27.6)	159.5
Less: casino promotional allowances		(6.8)	(230.9)	(129.5)		(367.2)
Net revenues		38.3	1,474.4	807.9	(38.4)	2,282.2
Operating expenses						
Direct						
Casino		11.7	652.1	333.8		997.6
Food and beverage		2.4	82.5	68.0		152.9
Rooms		0.5	28.9	24.9		54.3
Property general, administrative and other		7.2	340.7	195.1	(29.3)	513.7
Depreciation and amortization		1.8	122.8	51.0		175.6
Project opening costs			0.1	0.2		0.3
Write-downs, reserves and recoveries		(28.4)	44.1	8.6		24.3
Impairment of intangible assets			1,090.2	238.4		1,328.6
Losses/(income) on interests in non-consolidated affiliates	1,619.1	1,039.2	(6.4)	0.5	(2,651.2)	1.2
Corporate expense	8.0	27.3	4.3	9.2	(9.1)	39.7
Acquisition and integration costs						
Amortization of intangible assets		0.2	28.3	15.7		44.2
Total operating expenses	1,627.1	1,061.9	2,387.6	945.4	(2,689.6)	3,332.4
(Loss)/income from operations	(1,627.1)	(1,023.6)	(913.2)	(137.5)	2,651.2	(1,050.2)
Interest expense, net of interest capitalized		(398.6)	(37.1)	(99.9)	91.1	(444.5)
Gains on early extinguishments of debt		(1.5)				(1.5)
Other income, including interest income		23.2	27.1	44.9	(91.1)	4.1
(Loss)/income from continuing operations before income taxes	(1,627.1)	(1,400.5)	(923.2)	(192.5)	2,651.2	(1,492.1)
Benefit/(provision) for income taxes	2.8	(6.9)	(128.3)	3.5		(128.9)
(Loss)/income from continuing operations, net of tax	(1,624.3)	(1,407.4)	(1,051.5)	(189.0)	2,651.2	(1,621.0)
Discontinued operations						
Loss from discontinued operations			(0.1)			(0.1)

Benefit for income taxes						
Loss from discontinued operations, net			(0.1)			(0.1)
Net (loss)/income	(1,624.3)	(1,407.4)	(1,051.6)	(189.0)	2,651.2	(1,621.1)
Less: net income attributable to non-controlling interests				(3.2)		(3.2)
Net (loss)/income attributable to Harrah s Entertainment, Inc.	$ (1,624.3)	$ (1,407.4)	$ (1,051.6)	$ (192.2)	$ 2,651.2	$ (1,624.3)

F-107

Table of Contents

HARRAH S ENTERTAINMENT, INC.

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS

NINE MONTHS ENDED SEPTEMBER 30, 2010

(In millions)	HET (Parent)	Subsidiary Issuer	Guarantors	Non-Guarantors	Consolidating/ Eliminating Adjustments	Total
Revenues						
Casino	$	$ 55.1	$ 3,421.9	$ 1,774.3	$	$ 5,251.3
Food and beverage		14.6	659.1	484.1		1,157.8
Rooms		14.4	450.7	393.4		858.5
Management fees		2.6	46.0	1.1	(18.5)	31.2
Other		37.1	273.6	236.7	(107.5)	439.9
Less: casino promotional allowances		(19.0)	(646.9)	(375.2)		(1,041.1)
Net revenues		104.8	4,204.4	2,514.4	(126.0)	6,697.6
Operating expenses						
Direct						
Casino		35.3	1,923.7	1,023.9		2,982.9
Food and beverage		6.0	246.2	217.5		469.7
Rooms		1.6	92.8	101.1		195.5
Property general, administrative and other		33.6	1,003.0	638.8	(95.4)	1,580.0
Depreciation and amortization		5.5	357.8	184.8		548.1
Project opening costs			2.0	2.0		4.0
Write-downs, reserves and recoveries		27.8	85.8	22.7		136.3
Impairment of intangible assets			138.0	6.0		144.0
Losses/(income) on interests in non-consolidated affiliates	622.6	(193.1)	(22.4)	0.3	(405.3)	2.1
Corporate expense	17.0	63.4	16.7	37.3	(30.6)	103.8
Acquisition and integration costs		0.9	0.9	6.5		8.3
Amortization of intangible assets		0.5	74.6	46.6		121.7
Total operating expenses	639.6	(18.5)	3,919.1	2,287.5	(531.3)	6,296.4
(Loss)/income from operations	(639.6)	123.3	285.3	226.9	405.3	401.2
Interest expense, net of interest capitalized	(3.1)	(1,274.0)	(62.6)	(296.2)	164.0	(1,471.9)
(Losses)/gains on early extinguishments of debt		(4.5)		53.2		48.7
Other income, including interest income	1.8	55.7	50.1	84.6	(164.0)	28.2
(Loss)/income from continuing operations before income taxes	(640.9)	(1,099.5)	272.8	68.5	405.3	(993.8)
Benefit/(provision) for income taxes	6.5	491.2	(106.6)	(26.6)		364.5
Net (loss)/income	(634.4)	(608.3)	166.2	41.9	405.3	(629.3)
Less: net income attributable to non-controlling interests				(5.1)		(5.1)
Net (loss)/income attributable to Harrah s Entertainment, Inc.	$ (634.4)	$ (608.3)	$ 166.2	$ 36.8	$ 405.3	$ (634.4)

F-108

Table of Contents

HARRAH S ENTERTAINMENT, INC.

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS

NINE MONTHS ENDED SEPTEMBER 30, 2009

(In millions)	HET (Parent)	Subsidiary Issuer	Guarantors	Non-Guarantors	Consolidating/ Eliminating Adjustments	Total
Revenues						
Casino	$	$ 60.0	$ 3,609.3	$ 1,775.5	$	$ 5,444.8
Food and beverage		13.4	639.6	476.3		1,129.3
Rooms		13.7	459.0	345.1		817.8
Management fees		6.2	71.7	1.0	(35.4)	43.5
Other		29.6	259.2	238.8	(79.7)	447.9
Less: casino promotional allowances		(17.7)	(676.5)	(380.8)		(1,075.0)
Net revenues		105.2	4,362.3	2,455.9	(115.1)	6,808.3
Operating expenses						
Direct						
Casino		34.8	1,941.3	991.9		2,968.0
Food and beverage		7.2	237.2	206.7		451.1
Rooms		1.4	83.6	75.4		160.4
Property general, administrative and other		24.3	1,008.9	575.6	(90.5)	1,518.3
Depreciation and amortization		6.4	360.3	150.1		516.8
Project opening costs			1.7	1.2		2.9
Write-downs, reserves and recoveries		(26.3)	74.3	30.6		78.6
Impairment of intangible assets			1,132.2	493.5		1,625.7
(Income)/loss on interests in non-consolidated affiliates	(551.8)	734.7	(37.6)	0.9	(144.9)	1.3
Corporate expense	30.8	68.7	12.2	24.6	(24.6)	111.7
Acquisition and integration costs		0.3				0.3
Amortization of intangible assets		0.5	85.2	46.0		131.7
Total operating expenses	(521.0)	852.0	4,899.3	2,596.5	(260.0)	7,566.8
Income/(loss) from operations	521.0	(746.8)	(537.0)	(140.6)	144.9	(758.5)
Interest expense, net of interest capitalized		(1,241.7)	(115.3)	(298.9)	251.2	(1,404.7)
Gains on early extinguishments of debt		3,931.4		347.8		4,279.2
Other income, including interest income	0.3	78.2	83.1	112.8	(251.2)	23.2
Income/(loss) from continuing operations before income taxes	521.3	2,021.1	(569.2)	21.1	144.9	2,139.2
Benefit/(provision) for income taxes	10.7	(1,205.7)	(249.4)	(146.4)		(1,590.8)
Income/(loss) from continuing operations, net of tax	532.0	815.4	(818.6)	(125.3)	144.9	548.4
Discontinued operations						
Loss from discontinued operations			(0.4)			(0.4)

Benefit for income taxes			0.1			0.1
Loss from discontinued operations, net			(0.3)			(0.3)
Net (loss)/income	532.0	815.4	(818.9)	(125.3)	144.9	548.1
Less: net income attributable to non-controlling interests				(16.1)		(16.1)
Net income/(loss) attributable to Harrah s Entertainment, Inc.	$ 532.0	$ 815.4	$ (818.9)	$ (141.4)	$ 144.9	$ 532.0

F-109

Table of Contents

HARRAH S ENTERTAINMENT, INC.

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

NINE MONTHS ENDED SEPTEMBER 30, 2010

(in millions)	HET (Parent)	Subsidiary Issuer	Guarantors	Non-Guarantors	Consolidating/ Eliminating Adjustments	Total
Cash flows provided by/(used in) operating activities	$ 644.1	$ (117.6)	$ (122.5)	$ (95.6)	$	$ 308.4
Cash flows (used in)/provided by investing activities						
Land, buildings, riverboats and equipment additions, net of change in construction payables		(3.1)	(78.6)	(42.9)		(124.6)
Additional investment in subsidiaries		(18.8)	(0.9)	(43.5)		(63.2)
Payment made for partnership interest				(19.5)		(19.5)
Payment made for Pennsylvania gaming rights				(16.5)		(16.5)
Cash acquired in business acquisitions				33.0		33.0
Investments in and advances to non-consolidated affiliates			(5.0)			(5.0)
Proceeds from other asset sales			14.3			14.3
Other			(10.6)	(3.8)		(14.4)
Cash flows used in investing activities		(21.9)	(80.8)	(93.2)		(195.9)
Cash flows (used in)/provided by financing activities						
Proceeds from the issuance of long-term debt		740.8		551.4		1,292.2
Debt issuance costs		(17.8)		(2.3)		(20.1)
Discount on debt				(38.8)		(38.8)
Borrowings under lending agreements		1,175.0				1,175.0
Repayments under lending agreements		(1,602.0)		(3.0)		(1,605.0)
Cash paid in connection with early extinguishment of debt		(219.9)		(53.6)		(273.5)
Scheduled debt retirements		(191.0)		(23.7)		(214.7)
Non-controlling interests distributions, net of contributions				(5.8)		(5.8)
Other	(1.3)		(6.6)	(0.4)		(8.3)
Transfers (to)/from affiliates	(448.8)	650.5	26.7	(228.4)		
Cash flows (used in)/provided by financing activities	(450.1)	535.6	20.1	195.4		301.0
Effect of deconsolidation of variable interest entities				(7.9)		(7.9)
Net increase/(decrease) in cash and cash equivalents	194.0	396.1	(183.2)	(1.3)		405.6
Cash and cash equivalents, beginning of period	122.7	(15.6)	445.2	365.8		918.1

Cash and cash equivalents, end of period	$ 316.7	$ 380.5	$ 262.0	$ 364.5	$	$ 1,323.7

Table of Contents

HARRAH S ENTERTAINMENT, INC.

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

NINE MONTHS ENDED SEPTEMBER 30, 2009

(In millions)	HET (Parent)	Subsidiary Issuer	Guarantors	Non-Guarantors	Consolidating/ Eliminating Adjustments	Total
Cash flows (used in)/provided by operating activities	$ 15.3	$ (368.8)	$ 258.2	$ 492.9	$	$ 397.6
Cash flows (used in)/provided by investing activities						
Land, buildings, riverboats and equipment additions, net of change in construction payables		(5.8)	(375.6)	(30.5)		(411.9)
Investments in and advances to nonconsolidated affiliates		(12.8)				(12.8)
Proceeds from other asset sales		20.0				20.0
Other				(12.3)		(12.3)
Cash flows provided by/(used in) investing activities		1.4	(375.6)	(42.8)		(417.0)
Cash flows provided by/(used in) financing activities						
Proceeds from issuance of long-term debt		2,259.6				2,259.6
Debt issuance costs		(54.1)				(54.1)
Borrowings under lending agreements		1,651.6				1,651.6
Repayments under lending agreements		(2,707.1)				(2,707.1)
Cash paid in connection with early extinguishments of debt		(467.1)		(213.7)		(680.8)
Scheduled debt retirements		(34.0)		(6.5)		(40.5)
Purchase of additional interest in subsidiary				(83.7)		(83.7)
Non-controlling interests distributions, net of contributions				(13.0)		(13.0)
Other	(2.6)	(7.9)	(4.0)			(14.5)
Transfers from/(to) affiliates	162.5	(120.4)	104.9	(147.0)		
Cash flows provided by/(used in) financing activities	159.9	520.6	100.9	(463.9)		317.5
Cash flows from discontinued operations						
Cash flows from operating activities			(0.4)			(0.4)
Cash flows used in discontinued operations			(0.4)			(0.4)
Net increase/(decrease) in cash and cash equivalents	175.2	153.2	(16.9)	(13.8)		297.7
Cash and cash equivalents, beginning of period	0.1	7.1	318.3	325.0		650.5

Cash and cash equivalents, end of period	$ 175.3	$ 160.3	$ 301.4	$ 311.2	$	$ 948.2

Table of Contents

Through and including , 2010 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

Shares

Common Stock

PROSPECTUS

, 2010

Table of Contents

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion

Preliminary Prospectus dated November 5, 2010

PROSPECTUS

31,250,000 Shares

Caesars Entertainment Corporation

Common Stock

$ per share

This is the initial public offering of our common stock. We are selling an aggregate of 31,250,000 shares in this offering.

Prior to this offering, there has been no public market for our common stock. The initial public offering price of our common stock is expected to be between $15.00 and $17.00 per share. We have applied to list our common stock on the Nasdaq Global Select Market under the symbol CZR. The listing is subject to approval of our application.

We have granted to the underwriters a 30-day option to purchase on a pro rata basis up to 4,687,500 additional shares from us at the initial public offering price less underwriting discounts and commissions.

Investing in our common stock involves risks. You should read the section entitled Risk Factors beginning on page 20 for a discussion of certain risks that you should consider before investing in our common stock.

	Price to Public	Underwriting Discounts and Commissions	Proceeds to Us
Per Share	$	$	$
Total	$	$	$

Delivery of the shares of common stock will be made on or about November , 2010.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Citi **Credit Suisse**

BofA Merrill Lynch **Deutsche Bank Securities** **Goldman, Sachs & Co.**

Morgan Stanley

Sanford C. Bernstein **KeyBanc Capital Markets** **Nomura**

Cantor Fitzgerald & Co. **Ramirez & Co., Inc.**

Prospectus dated , 2010.

Table of Contents

TABLE OF CONTENTS

You should rely only on the information contained in this prospectus or to which we have referred you. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date.

We have proprietary rights to a number of trademarks used in this prospectus that are important to our business, including, without limitation, Caesars Entertainment, Caesars Palace, Harrah s, Total Rewards, World Series of Poker, Horseshoe, Paris Las Vegas, Flamingo Las Vegas and Ballys. We have omitted the ® and trademark designations for such trademarks named in this prospectus.

Dealer Prospectus Delivery Obligation

Until , 2010, all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealer s obligation to deliver a prospectus when acting as an underwriter and with respect to unsold allotments or subscriptions.

i

Table of Contents

PROSPECTUS SUMMARY

The following summary contains information about Harrah s Entertainment, Inc. and its common stock. It does not contain all of the information that may be important to you in making a decision to participate in the offering. For a more complete understanding of Harrah s Entertainment, Inc., we urge you to read this prospectus carefully, including the sections entitled Risk Factors, Cautionary Statements Concerning Forward Looking Statements and Where You Can Find Additional Information. Prior to the consummation of the Reclassification (as defined below), the Private Placement (as defined below) and this offering, we plan to change our name from Harrah s Entertainment, Inc. to Caesars Entertainment Corporation, and plan to change the name of our operating company, Harrah s Operating Company, Inc. to Caesars Entertainment Operating Company, Inc. Unless otherwise noted or indicated by the context, the term Caesars refers to Caesars Entertainment Corporation (formerly Harrah s Entertainment, Inc.), we, us and our refer to Caesars and its consolidated subsidiaries, and CEOC refers to Caesars Entertainment Operating Company, Inc. Except as stated otherwise herein, the share data set forth in this prospectus reflects the Reclassification and the Private Placement.

Our Company

We are the world s largest casino entertainment provider, as measured by net revenues and individual casinos, and the most geographically diverse U.S. casino operator. As of September 30, 2010, we owned, operated or managed, through various subsidiaries, 52 casinos in 12 U.S. states and seven countries. The vast majority of these casinos operate in the United States and England, primarily under the Caesars, Harrah s and Horseshoe brand names in the United States. As of September 30, 2010, our facilities had an aggregate of approximately three million square feet of gaming space and approximately 42,000 hotel rooms. Our industry-leading customer loyalty program, Total Rewards, has over 40 million members. We use the Total Rewards System to market promotions and to generate customer play when they travel among our markets in the United States and Canada. In addition, we own an online gaming business, providing for real money casino, bingo and poker in the United Kingdom and play for fun offerings in other jurisdictions. We intend to offer real money online casino and poker gaming in legally compliant jurisdictions going forward. We also own and operate the World Series of Poker tournament and brand.

We derive the majority of our revenues and Property EBITDA (defined on page 15) from gaming sources. However, we also generate significant revenues and Property EBITDA from other sources, such as lodging, food, beverage, and entertainment.

We have grown rapidly over the years through growth in our core operating business and through a series of strategic acquisitions that have strengthened our scale, geographic diversity and market leading position. In 1998 we completed our acquisition of Showboat, Inc., and in 1999 we purchased Rio Hotel & Casino, Inc. In 2000 we completed the purchase of Players International. During the next five years, we acquired Harveys Casino Resorts (2001), Horseshoe Gaming Holding Corp. (2004), the rights to the World Series of Poker (2004) and the Imperial Palace Hotel & Casino in Las Vegas (2005). We also acquired Caesars Entertainment, Inc. in 2005 for $9.3 billion, which was, at the time, the largest merger in the history of the gaming industry. Earlier this year, we acquired Planet Hollywood Resort and Casino, or Planet Hollywood, in Las Vegas. Additionally, we have expanded internationally, completing the acquisitions of London Clubs International plc, or London Clubs, in 2006 and Macau Orient Golf, located on a 175 acre site on the Cotai strip in Macau, in 2007.

We revolutionized the approach our industry takes with respect to marketing by introducing our Total Rewards loyalty program in 1997. Continual improvements have been made throughout the years enabling our system to remain the most effective in the industry and enabling us to grow and sustain revenues more effectively than our largest competitors and generate cross-market play, which we define as play by a guest in a property outside the home market of their primary gaming property, among our casinos. In support of our Total Rewards loyalty program, we created the Winner s Information Network, or WINet, the industry s first sophisticated nationwide customer database. In combination, these systems supported the first technology-based customer relationship management strategy implemented in the gaming industry and have enabled our management teams to enhance overall operating results and outperform our competition.

We have established a rich history of industry leading growth and expansion since we commenced casino operations in 1937 and became a publicly listed company in 1971. We were the first gaming company to be listed on the New York Stock Exchange, or NYSE. In 1980, we were acquired by Holiday Inns, Inc. and were delisted from the NYSE. In 1995, we again became a stand-alone company and resumed trading on the NYSE.

On December 19, 2006, we entered into a definitive merger agreement with Hamlet Holdings LLC, a Delaware limited liability company (Hamlet Holdings), and Hamlet Merger Inc., a Delaware corporation and a wholly owned subsidiary of Hamlet Holdings (Merger Sub). Hamlet Holdings and Merger Sub were formed and are controlled by affiliates of Apollo Global Management, LLC (Apollo) and TPG Capital, LP (TPG) which we refer to together with Apollo as the Sponsors. Pursuant to the merger agreement, on January 28, 2008, Merger Sub merged with and into us, which we refer to as the Acquisition. Upon completion of the Acquisition, Hamlet Holdings, funds affiliated with and controlled by the Sponsors, certain co-investors and certain members of management became the owners of all of the outstanding Caesars equity interests. Hamlet Holdings, the members of which are comprised of an equal number of individuals affiliated with each of the Sponsors, currently holds all Caesars voting common stock. Following the Private Placement, Reclassification and this offering, funds affiliated with and controlled by the Sponsors and their co-investors will hold 81.0% of Caesars outstanding common stock, all of which will be subject to an irrevocable proxy that gives Hamlet Holdings sole voting and sole dispositive power with respect to such shares.

Our Industry

Based on 2009 reported gaming revenues, we estimate the size of the global casino gaming industry in major gaming markets worldwide to be approximately $100 billion. Revenues in the United States are split among commercial casinos (including racetrack casinos) and tribal casinos at $31 billion and $27 billion, respectively. Domestic commercial casino gaming revenues had steadily grown on an annualized basis to $34 billion in 2007 until the last three years when, during the global economic recession, they contracted to $31 billion in 2009.

The following key trends are currently affecting the gaming industry:

Expansion of existing and new jurisdictions. Domestically, several states are in the process of either expanding existing gaming offerings or legalizing gaming activities where they are currently illegal. These locations are generally regional in nature and should increase overall gaming spending and open up new opportunities for ownership and management of casinos. For example, Pennsylvania recently expanded gaming by allowing table games and in Ohio a voter referendum in November 2009 amended the state constitution to allow casinos in four cities. Internationally, there are numerous countries that are in the process of legalizing or liberalizing the rules under which gaming activities can be undertaken.

Limited additional supply in established gaming markets. We estimate there will be limited supply introduced into established markets in the foreseeable future, in part due to a lack of available construction financing and the limited number of available licenses in certain jurisdictions. The lack of additional supply should lead to increased revenues and profits among established gaming enterprises as the economy recovers.

Favorable travel industry trends. Our industry is heavily dependent upon both the leisure and business traveler. The trends in both of these areas have turned positive over the past few quarters, as evidenced by increasing hotel occupancy, visitor counts and convention space booking.

Continuing legalization of online gaming. Online gaming is currently only legal in a limited number of jurisdictions, but additional jurisdictions, including the United States, are considering legalizing online gaming. Prior to the Unlawful Internet Gambling Enforcement Act being passed in 2006, published reports estimate that the United States online poker industry generated $1.5 billion in revenues. A recent H2 Gaming Capital study projects that the global online gaming market will grow to $36 billion in revenues by 2012.

Our Competitive Strengths

We attribute our operating success and historical industry outperformance to the following key strengths that differentiate us from our competition:

Industry s largest operator with leading market positions in numerous jurisdictions. We are the world s largest gaming company (as measured by net revenues and individual casinos) and the most geographically diverse U.S. casino operator. As of September 30, 2010, we owned, managed or operated 52 casinos in 12 U.S. states and seven countries. In addition, our casino properties operate as market leaders, having the #1 or #2 market share, based on revenue, in almost every major U.S. gaming market, including Las Vegas, the largest gaming market in the U.S. We use our scale and market leading position, in combination with our proprietary marketing technology and customer loyalty programs, to foster revenue growth and encourage repeat business.

Superior business model based on nationwide customer database and loyalty program. Our strategy is to generate same store gaming revenue growth and cross-market play through superior marketing and technological capabilities in combination with our nationwide casino network. One result of these capabilities is that most of our financial results have outperformed our competitors in the markets where we operate. The systems that we use to generate our same store gaming revenue growth and cross-market play consist of proprietary tools including Total Rewards and the WINet database. We believe these marketing tools, coupled with the industry s broadest geographic reach, provide us with a significant competitive advantage that enables us to efficiently market our products to a large and recurring customer base, and generate profitable revenue growth.

Portfolio of the most highly recognized brand names in the gaming industry. We own, operate or manage casinos that bear many of the most highly recognized brand names in the gaming industry, including Caesars, Harrah s, Horseshoe, Rio, Paris, Bally s, Flamingo and Planet Hollywood. We also own the Total Rewards loyalty program and the World Series of Poker brand. Many of these brands have a strong identity and enjoy widespread customer recognition. This diverse collection of brands allows us to appeal to a wide range of customer preferences and capture multiple visits through our ability to offer differentiated gaming experiences. In casino brand awareness studies, our key brands consistently achieve higher rates of recognition overall, as compared to our competitors.

Leading innovator in the gaming industry. We have a proven record of innovation, including revolutionizing our industry s approach to marketing with the introduction of our Total Rewards loyalty program in 1997 and applying this program nationwide and across multiple brands. We believe that our industry will continue to evolve into additional areas of gaming and entertainment, including online gaming, and we have expended resources designed to put us on the forefront of these areas. We are the only U.S. land-based casino company that owns an online gaming business. In addition, we are exploring additional online entertainment offerings that capitalize on our recognized brand names, particularly our World Series of Poker and Caesars brands. We believe that we are better positioned than our competitors to take advantage of new opportunities in the gaming industry due to our history of innovation, strong brand names and current online business, and we plan to continue to invest in developing areas of the gaming industry.

Long-dated capital structure with no near-term maturities and significant liquidity. Recent capital market transactions have improved our liquidity and maturity profile and have better positioned us to grow and create value. These transactions have included two debt-for-debt exchange offers, tender offers, open market repurchases, the issuance of new first and second lien notes and an amendment to our CMBS Financing (as defined below), including a two-year maturity extension, subject to certain conditions. Through these transactions, we have reduced the amount of our debt maturing through the remainder of 2010 and 2011 from $1,503.0 million to zero and the amount of our term debt maturing from 2010 through 2014 from $8,507.0 million to $125.8 million. These debt maturities assume that we will exercise extension options on the CMBS Financing and on $551.4 million of Planet Hollywood debt, moving its maturity from December 2011 to April 2015. Further, these transactions have enhanced our liquidity. We have also reduced our annual interest expense through these transactions by approximately $105 million as of September 30, 2010. After taking into account the Private Placement (as defined below), this offering and the amendments to the CMBS Financing, as of September 30, 2010, we had $1.6 billion of cash on hand and $1.5 billion available under our revolving credit facility. With minimal near-term maturities representing a percentage of our total debt that is significantly less than that of almost all of our competitors and significant liquidity, we believe that we are well positioned to capitalize on growth opportunities and any potential rebound in the broader economy. See Risk Factors Risks Related to Our Indebtedness for a discussion of the risks concerning our indebtedness.

Experienced and highly motivated management team with proven track record. Our management team, led by CEO Gary Loveman, has built Caesars into an industry leader by geographically diversifying our operations and introducing technology-based tools to loyalty programs. A former associate professor at the Harvard University Graduate School of Business Administration, Mr. Loveman joined us as Chief Operating Officer in 1998 and drew on his extensive background in retail marketing and service-management to enhance Total Rewards. Mr. Loveman has been named Best CEO in the gaming and lodging industry by Institutional Investor magazine four times. In addition, our senior management operations team has an average of 26 years of industry experience. Other senior management team members possess significant experience in government and a variety of consumer industries. In addition, a significant portion of our management team s compensation is in the form of equity and stock options, the value of which depends on our overall results and motivates our senior management to focus on maximizing our long-term earnings and equity value.

Our Business Strategy

Leverage our unique scale and proprietary loyalty programs to generate superior revenue growth and fair share. We plan to continue to aggressively leverage our nationwide distribution platform and superior marketing and technological capabilities to generate same store gaming revenue growth and cross-market play. Our Total Rewards and WINet systems include over 40 million program members with 158% growth in tracked players since 2000. Through these systems, we promote cross-market play and target our efforts and marketing expenditures on areas and customer segments that generate the highest return. This system, coupled with our footprint in the U.S., enables us to profitably stimulate substantial cross-market play, which is defined as gaming win from a given customer out of his or her dominant or home market. We offer a unique value proposition to loyal players whereby they get the best service and product in their local market, and as a reward for their loyalty, they get especially attentive and customized services in our destination markets. This two-part value proposition is unique to us and an important source of our competitive advantage. For example, a number of financial measures have improved significantly at our Planet Hollywood property since we acquired it earlier this year, in large part due to our cross-market play. Cross market play represents 65% and 56% of the gross gaming revenues we generate in Las Vegas and Atlantic City, respectively. The data that we collect indicates that individual customers play more with Caesars when they visit multiple properties, either during the same trip or on different occasions. Our wins per position at both destination and regional markets, as well as in our local markets, were significantly higher than the industry average in those markets for the first eight months of 2010. Our extensive historical knowledge and refined decision modeling procedures enable us to distribute best practices to ensure our marketing expenditures are being used to their utmost efficiency. Given our historical investments in information technology and our broad geographic footprint, we believe we have a competitive advantage with regards to stimulating this type of cross market play.

Continue to evolve our integrated marketing programs to maximize returns and maintain our competitive advantage. We have established a marketing organization that is designed to adhere to the scientific method of test and control, which we believe is the optimal approach to continued advancement and innovation. The structure and procedures embedded in our organization enable individual creativity to flourish while simultaneously ensuring impartial evaluations and the rapid transfer of best practices. The evolution of our structure has enabled us to respond more quickly to changes in customer elasticity and to have confidence in our approach with respect to our offers and incentives.

Maximize our core business profitability upon a rebound in net revenues. We operate businesses that have inherently low variable costs such that positive change in revenues should drive relatively large improvements in EBITDA. A key determinant of hotel revenues is the average daily hotel rate, or ADR, that is charged. Increases in ADR would drive nearly a dollar for dollar improvement in EBITDA and on our room base of 42,000 rooms, we anticipate that a $5 increase in ADR on an annual basis would equate to an improvement to annual EBITDA of approximately $64.0 million. Our average system-wide ADR was $109 in 2007, compared to $86 during the last twelve months ended September 30, 2010. Likewise, we anticipate that a $5 improvement per rated customer gaming trip would equate to an improvement to annual EBITDA of approximately $99 million, and a $5 improvement per unrated customer gaming trip would equate to an improvement to annual EBITDA of approximately $77 million. Average spending per rated customer gaming trip declined from $191 in 2007 to $158 during the last twelve months ended September 30, 2010. While we use 2007 as a measurement for our financial performance and the gaming industry in general, we may not attain those financial levels in the near term, or at all.

In addition to the inherently high variable margin nature of our businesses, we have and will continue to dedicate significant efforts towards positioning our business and cost structure to ensure we generate the maximum incremental profitability when core industry revenue growth returns. We have implemented a $700 million cost savings program pursuant to which we achieved approximately $684 million of run-rate savings through September 30, 2010 and approximately $550 million of permanent cost reductions. Over the last several years, our management team has instituted operational concepts, such as LEAN service operations, Kaizens, and dynamic volume based scheduling, with the intention to ensure we are operating at consistently high efficiency rates. Additionally, we consolidated activities, rationalized our marketing efforts, and drove procurement efficiencies. Moreover, we have achieved these cost savings while maintaining consistent customer satisfaction levels since the cost savings initiatives were implemented. As of September 30, 2010, approximately $85.6 million of identified estimated cost savings from these initiatives remained to be realized. Since September 30, 2010, we have identified approximately $129 million of additional anticipated cost savings to be derived primarily from management consolidation and other head count reductions both at the corporate level and throughout our properties, as well as additional reductions in advertising and marketing spend. When revenue trends improve, we anticipate that our margins will improve compared to our previous periods of similar revenue levels due to the combination of our reduced cost structure and generally high margins. However, this trend may not continue and our margins may not improve at all. See Risk Factors.

Pursue opportunistic domestic acquisitions and development opportunities. We believe our brand portfolio and recognition, coupled with the power of the Total Rewards loyalty program, uniquely positions us to capitalize on expansion into underdeveloped regional markets or to pursue opportunistic acquisitions of distressed assets. We believe our operating expertise and network synergies enable us to create value above and beyond what other operators can provide. Our geographically broad-based experience gives us a superior understanding of a property s revenue potential and enables us to be the optimal partner or purchaser for select assets. For example, in August 2010, we reached a non-binding agreement in principle with Rock Gaming, LLC to jointly own and develop, and for us to manage, two casinos to be built in Cleveland and Cincinnati. We believe there will be expansion opportunities in newly created U.S. regional markets due to continued legalization of gaming in new jurisdictions. Additionally, in October 2010, we executed a term sheet pursuant to which we may acquire a minority interest in Philadelphia Entertainment and Development Partners, L.P., the holder of a license to develop and operate a casino project in Philadelphia, Pennsylvania; we would be primarily responsible for design and development of the project and enter into a management agreement to manage the project upon opening. Completion of these transactions is subject to a number of conditions, including, without limitation, the negotiation of definitive documentation, receipt of required regulatory approvals, receipt of acceptable financing, and other terms and conditions. Further, we believe that due to the continued global economic downturn, there will be opportunities to acquire assets at attractive valuations, such as our recent acquisition of Planet Hollywood, due to the fragmented nature of our industry and the benefits inherent in our scale. See Risk Factors Risks Related to Our Business The development and construction of new hotels, casinos and gaming venues and the expansion of existing ones are susceptible to delays, cost overruns and other uncertainties, which could have an adverse effect on our business, financial condition and results of operations for a discussion of the risks relating to pursuing development and expansion opportunities.

Pursue opportunities to further expand into international markets. We currently own, operate or manage 15 casino properties in international gaming markets across Europe, North America, South America and Africa. In addition, in Asia, we own 175 acres of prime real estate on the Cotai strip in Macau. We believe that we remain well-positioned for international gaming growth and legalization in Asia and Europe, and we will continue to evaluate opportunities to own, operate or manage international casinos. Our Caesars brand remains the most recognized casino brand in the world, and we plan to leverage the power of this brand as we expand into international markets.

Continue to grow our online business. Our globally recognized World Series of Poker, or WSOP, and Caesars brands and our strong online gaming management team position us to take advantage of opportunities in the global online gaming market and to continue to develop the infrastructure to support larger scale real money online gaming as it becomes legalized and licensed in new jurisdictions. In late 2009, we launched our real money WSOP and Caesars-branded poker, bingo and casino online sites in the United Kingdom. As part of our online strategy, we will continue to expand our online real money gaming offerings in legally compliant jurisdictions and offer for fun online gaming options in other jurisdictions. In addition, we will continue to expand our WSOP tournaments to international jurisdictions where we believe there is a likelihood of legalization of online gaming. We believe that the expansion of online gaming offerings will benefit our land-based portfolio due to further brand enhancement, customer acquisition in new channels, and marketing arrangements including incorporating our Total Rewards and cash-back for points programs into our online gaming sites.

We believe that additional jurisdictions will legalize online gaming due to consumer demand, a broader understanding of the need to regulate the industry and to generate income through taxes on gaming revenue. As such, we support efforts to regulate the online gaming industry to ensure that consumers are protected. We believe that the potential for online gaming is substantial and believe that we will command, at a minimum, our fair share in any legal jurisdiction. A recent H2 Gaming Capital study projects that the global online gaming market will grow to $36 billion in revenues by 2012. We believe that the largest opportunity in online gaming in the near term is the legalization of online poker in the United States.

Recent Events

Private Placement

On June 3, 2010, Caesars and its direct, wholly owned subsidiary, Harrah s BC, Inc. (HBC), entered into the Investment and Exchange Agreements, with certain affiliates of the Sponsors (the Sponsor Investors), and

Table of Contents

certain affiliates of Paulson & Co. Inc. (the Paulson Investors) that provided for the sale by HBC to the Sponsor Investors and the Paulson Investors of an aggregate of $303.0 million and $532.4 million, respectively, of 5.625% senior notes due 2015, 6.5% senior notes due 2016 and 5.75% senior notes due 2017 of CEOC (collectively, the Notes) for an aggregate purchase price of $200.0 million and $351.3 million, respectively, in each case plus applicable accrued interest. The Notes were purchased on June 24, 2010.

In the same Investment and Exchange Agreements, the Sponsor Investors and Paulson Investors agreed with HBC to exchange the $835.4 million of Notes they had acquired from HBC, together with $282.9 million of Notes they had previously acquired, for shares of Caesars voting common stock at an exchange ratio of 10 shares per $1,000 principal amount of Notes tendered. As a result of the Reclassification discussed below, the Sponsor Investors and Paulson Investors are each expected to receive 42.58 shares of common stock per $1,000 principal amount of Notes tendered instead of 10 shares. Accrued and unpaid interest on the Notes will be paid in shares of Caesars common stock at the same exchange ratio or in cash. To effect the exchange, Caesars will transfer shares of its common stock to HBC immediately before the closing of the exchange.

The Paulson Investors have agreed to tender up to $710.3 million of Notes in the exchange offer described above, which would result in the Paulson Investors owning approximately 9.0% of Caesars common stock after giving effect to the offering. We refer to the purchase of the Notes and the subsequent exchange of Notes for shares of Caesars common stock as the Private Placement. A resale prospectus for the shares received by the Paulson Investors in the Private Placement forms a part of the registration statement of which this prospectus also forms a part.

Reclassification

In connection with the Private Placement, and upon receipt of the requisite regulatory approvals, we intend to (i) reclassify Caesars existing non-voting common stock into a new class of voting common stock, which will be the class of stock the Paulson Investors and Sponsor Investors will receive in the Private Placement, and (ii) cancel the existing class of non-economic voting common stock that is currently held by Hamlet Holdings. Concurrently with this reclassification, we intend to effect a 4.258 for 1 split of Caesars new voting common stock such that the Paulson Investors and Sponsor Investors will each receive 42.58 shares of common stock for each $1,000 principal amount of Notes exchanged in the Private Placement rather than 10 shares, and Caesars then existing stockholders, including entities affiliated with the Sponsors, their co-investors and members of management, will each receive 4.258 shares of the new voting common stock for each share of non-voting common stock they hold at that time. We refer to the foregoing as the Reclassification.

Amendment to CMBS Financing

On August 31, 2010, the subsidiaries of Caesars that are borrowers (the CMBS Entities) under our CMBS financing (CMBS Financing) amended the terms of the CMBS Financing to, among other things, (i) provide our subsidiaries that are borrowers under the CMBS mortgage loan and/or related mezzanine loans (CMBS Loans) the right to extend the maturity of the CMBS Loans, subject to certain conditions, by up to two years until February 2015, (ii) amend certain terms of the CMBS Loans with respect to reserve requirements, collateral rights, property release prices and the payment of management fees, (iii) provide for ongoing mandatory offers to repurchase CMBS Loans using excess cash flow from the CMBS Entities at discounted prices of thirty to fifty cents per dollar, (iv) provide for the amortization of the mortgage loan in certain minimum amounts upon the occurrence of certain conditions and (v) provide for certain limitations with respect to the amount of excess cash flow from the CMBS Entities that may be distributed to us. Any CMBS Loan purchased pursuant to the amendments (the CMBS Amendment) will be cancelled.

In connection with the amendment, we purchased $123.8 million face value of the CMBS Loans for $37.1 million in August 2010, which left a balance of $5,380.9 million outstanding on the CMBS Loans. This

Table of Contents

balance will be reduced to approximately $5,189.6 million by December 31, 2010 as a result of additional purchases of certain CMBS Loans by us for an additional payment of approximately $95.7 million, as required pursuant to the terms of the CMBS Amendment.

After taking into account the Private Placement, the extensions permitted by the CMBS Amendment, the PHW Las Vegas secured loan agreement and this offering we have no material maturity payments on our indebtedness until 2015 and, as of September 30, 2010, had $1.6 billion of cash on hand and $1.5 billion of availability under our revolving credit facility.

Chester Amendment

On October 28, 2010, Chester Downs and Marina, LLC, or Chester Downs, a majority-owned subsidiary of CEOC and owner of Harrah s Chester, amended its existing senior secured term loan facility to obtain an additional $40 million of term loans. The additional loans have substantially the same terms as the existing term loans including with respect to interest rate, maturity and security. The proceeds of the additional loans will be used for general corporate purposes, including the repayment of indebtedness and capital expenditures.

The Sponsors

Apollo

Founded in 1990, Apollo is a leading global alternative asset manager with offices in New York, Los Angeles, London, Frankfurt, Luxembourg, Singapore, Hong Kong and Mumbai. As of June 30, 2010, Apollo had assets under management of $54.5 billion in its private equity, capital markets and real estate businesses.

TPG

TPG is a private investment partnership that was founded in 1992 and as of June 30, 2010 had approximately $47 billion of assets under management. Through its investment platforms, TPG Capital and TPG Growth, the firm has extensive experience with global public and private investments executed through leveraged buyouts, recapitalizations, spinouts, joint ventures, growth investments and restructurings. The firm is headquartered in Fort Worth, and has offices in San Francisco, London, Hong Kong, New York, Melbourne, Moscow, Mumbai, Paris, Luxembourg, Beijing, Shanghai, Singapore and Tokyo.

Table of Contents

Organizational Structure

The chart below depicts our organizational structure following the consummation of the Reclassification, the Private Placement and this offering.

(1) All shares held by funds affiliated with and controlled by the Sponsors and their co-investors, representing 81.0% of Caesars outstanding common stock, will be subject to an irrevocable proxy that gives Hamlet Holdings, the members of which are comprised of an equal number of individuals affiliated with each of the Sponsors, sole voting and sole dispositive power with respect to such shares.

(2) Consists of captive insurance subsidiaries, Harrah s BC, Inc. and Caesars Interactive Entertainment, Inc., which owns the World Series of Poker brand.

(3) Consists of Caesars Entertainment Operating Company, Inc. and its subsidiaries, which owned, operated and/or managed 46 of the 52 casinos for Caesars as of September 30, 2010.

(4) Consists of Harrah s Las Vegas, Rio, Flamingo Las Vegas, Harrah s Atlantic City, Paris Las Vegas and Harrah s Laughlin. The CMBS Entities and their respective subsidiaries do not guarantee or pledge their assets as security for any indebtedness of CEOC and are not directly liable for any obligations thereunder. CEOC and its subsidiaries do not guarantee or pledge their assets as security for any indebtedness of the CMBS Entities and are not directly liable for any obligations thereunder.

Additional Information

Our principal executive offices are located at One Caesars Palace Drive, Las Vegas, NV 89109, and our telephone number is (702) 407-6000. The address of our internet site is *www.caesars.com*. This internet address is provided for informational purposes only and is not intended to be a hyperlink. Accordingly no information in this internet address is included or incorporated by reference herein.

Table of Contents

The Offering

Common stock offered	31,250,000 shares
Common stock to be outstanding immediately after this offering	336,645,160 shares
Option to purchase additional shares	We have granted to the underwriters a 30-day option to purchase on a pro rata basis up to 4,687,500 additional shares from us at the initial public offering price, less underwriting discounts and commissions.
Common stock voting rights	Each share of our common stock will entitle its holder to one vote.
Dividend policy	We intend to retain all future earnings, if any, for use in the operation of our business and to fund future growth. We do not anticipate paying any dividends for the foreseeable future. The decision whether to pay dividends will be made by our board of directors in light of conditions then existing, including factors such as our results of operations, financial condition and requirements, business conditions and covenants under any applicable contractual arrangements, including our indebtedness.
Use of proceeds	We estimate that the net proceeds from this offering without exercise of the option to purchase additional shares will be approximately $469.4 million after deducting the estimated underwriting discounts and commissions and expenses, assuming the shares are offered at $16.00 per share, which represents the midpoint of the estimated offering price range set forth on the front cover of this prospectus.

We intend to use the net proceeds from this offering to fund a near-term pipeline of growth projects and for general corporate purposes. These projects may include the previously announced LINQ, a dining, entertainment and retail area located between the Imperial Palace and the Flamingo in Las Vegas; the completion of the Octavius tower fit out, a 660 room tower at Caesars Palace Las Vegas; our potential joint venture development in Ohio with Rock Gaming, LLC; and the Penn s Landing development and management opportunity.

Proposed Nasdaq Global Select Market trading symbol	CZR
Risk factors	Please see the section entitled Risk Factors included in this prospectus for a discussion of some of the factors you should carefully consider before deciding to invest in our common stock.

Table of Contents

Except as otherwise indicated, all information in this prospectus:

- assumes the Private Placement, the Reclassification and this offering have been consummated and that the underwriters have not exercised their option to purchase up to 4,687,500 additional shares of common stock from us;

- does not give effect to 17,841,797 shares of our common stock issuable upon the exercise of outstanding options as of September 30, 2010, at a weighted-average exercise price of $19.32 per share, or 440,929 shares of common stock issuable upon the exercise of options we anticipate issuing prior to the consummation of this offering;

- does not give effect to 138,780 shares of our common stock issuable upon the exercise of outstanding warrants as of September 30, 2010, at a weighted-average exercise price of $23.49 per share;

- does not give effect to 733,329 shares of our common stock reserved for future issuance under the Harrah s Entertainment, Inc. Management Equity Incentive Plan; and

- does not give effect to 22,113,652 shares of our common stock reserved for future issuance under the Caesars Entertainment Corporation 2010 Performance Incentive Plan, or 2010 Plan.

11

Table of Contents

Summary Historical Consolidated Financial Data of Caesars Entertainment Corporation

The following table presents our summary historical consolidated financial information as of and for the periods presented. The summary historical consolidated financial information as of December 31, 2008 and 2009, for the year ended December 31, 2007, for the periods from January 1, 2008 through January 27, 2008 and from January 28, 2008 through December 31, 2008, and for the year ended December 31, 2009 should be read in conjunction with our audited consolidated financial statements as of December 31, 2009 included elsewhere in this prospectus. The summary historical consolidated financial information as of September 30, 2010 and for the nine month periods ended September 30, 2009 and 2010 are derived from, and should be read in conjunction with, our unaudited condensed, consolidated financial statements as of September 30, 2010 included elsewhere in this prospectus, and, except as otherwise described herein, have been prepared on a basis consistent with our annual audited financial statements and, in the opinion of management, include all adjustments, consisting of normal recurring accruals, considered necessary for a fair presentation of such data.

You should read this data in conjunction with the Selected Historical Consolidated Financial Data, Management s Discussion and Analysis of Financial Condition and Results of Operations and our financial statements and notes thereto included elsewhere in this prospectus. The audited consolidated financial statements as of December 31, 2008 and 2009, the year ended December 31, 2007, the periods from January 1, 2008 through January 27, 2008 and from January 28, 2008 through December 31, 2008, and the year ended December 31, 2009 have been audited by Deloitte & Touche LLP, an independent registered public accounting firm.

Table of Contents

Caesars Entertainment Corporation

Summary Historical Consolidated Financial Data

(In millions except share and per share data)	Predecessor Year Ended December 31, 2007	Predecessor January 1, 2008 through January 27, 2008	Successor January 28, 2008 through December 31, 2008	Successor Year Ended December 31, 2009	Successor Nine Months Ended September 30, 2009 (Unaudited)	Successor Nine Months Ended September 30, 2010 (Unaudited)
Consolidated Statement of Operations						
Revenues						
Casino	$ 8,831.0	$ 614.6	$ 7,476.9	$ 7,124.3	$ 5,444.8	$ 5,251.3
Food and beverage	1,698.8	118.4	1,530.2	1,479.3	1,129.3	1,157.8
Rooms	1,353.6	96.4	1,174.5	1,068.9	817.8	858.5
Management fees	81.5	5.0	59.1	56.6	43.5	31.2
Other	695.9	42.7	624.8	592.4	447.9	439.9
Less: casino promotional allowances	(1,835.6)	(117.0)	(1,498.6)	(1,414.1)	(1,075.0)	(1,041.1)
Net revenues	10,825.2	760.1	9,366.9	8,907.4	6,808.3	6,697.6
Operating Expenses						
Direct						
Casino	4,595.2	340.6	4,102.8	3,925.5	2,968.0	2,982.9
Food and beverage	716.5	50.5	639.5	596.0	451.1	469.7
Rooms	266.3	19.6	236.7	213.5	160.4	195.5
Property general and administrative and other	2,421.7	178.2	2,143.0	2,018.8	1,518.3	1,580.0
Depreciation and amortization	817.2	63.5	626.9	683.9	516.8	548.1
Project opening costs	25.5	0.7	28.9	3.6	2.9	4.0
Write-downs, reserves and recoveries	(59.9)	4.7	16.2	107.9	78.6	136.3
Impairment of intangible assets	169.6		5,489.6	1,638.0	1,625.7	144.0
(Income)/loss in non-consolidated affiliates	(3.9)	(0.5)	2.1	2.2	1.3	2.1
Corporate expense	138.1	8.5	131.8	150.7	111.7	103.8
Acquisition and integration costs	13.4	125.6	24.0	0.3	0.3	8.3
Amortization of intangible assets	73.5	5.5	162.9	174.8	131.7	121.7
Total operating expenses	9,173.2	796.9	13,604.4	9,515.2	7,566.8	6,296.4
Income/(loss) from operations	1,652.0	(36.8)	(4,237.5)	(607.8)	(758.5)	401.2
Interest expense, net of interest capitalized	(800.8)	(89.7)	(2,074.9)	(1,892.5)	(1,404.7)	(1,471.9)
(Losses)/gains on early extinguishments of debt	(2.0)		742.1	4,965.5	4,279.2	48.7
Other income, including interest income	43.3	1.1	35.2	33.0	23.2	28.2
Income/(loss) from continuing operations before income taxes	892.5	(125.4)	(5,535.1)	2,498.2	2,139.2	(993.8)
(Provision)/benefit for income taxes	(350.1)	26.0	360.4	(1,651.8)	(1,590.8)	364.5
Income/(loss) from continuing operations, net of tax	542.4	(99.4)	(5,174.7)	846.4	548.4	(629.3)
Income/(loss) from discontinued operations, net of tax	92.2	0.1	90.4		(0.3)	
Net income/(loss)	634.6	(99.3)	(5,084.3)	846.4	548.1	(629.3)
Less: net income attributable to non-controlling interests	(15.2)	(1.6)	(12.0)	(18.8)	(16.1)	(5.1)
Net income/(loss) attributable to Caesars Entertainment Corporation	619.4	(100.9)	(5,096.3)	827.6	532.0	(634.4)

Preferred stock dividends			(297.8)	(354.8)	(259.3)	
Net income/(loss) attributable to common stockholders	$ 619.4	$ (100.9)	$ (5,394.1)	$ 472.8	$ 272.7	$ (634.4)
Earnings per share basic						
Income from continuing operations	$ 0.66	$ (0.13)	$ (31.61)	$ 2.73	$ 1.58	$ (2.75)
Discontinued operations, net	0.12		0.52			
Net income	$ 0.78	$ (0.13)	$ (31.09)	$ 2.73	$ 1.58	$ (2.75)
Earnings per share diluted						
Income from continuing operations	$ 0.65	$ (0.13)	$ (31.61)	$ 1.62	$ 1.06	$ (2.75)
Discontinued operations, net	0.11		0.52			
Net income	$ 0.76	$ (0.13)	$ (31.09)	$ 1.62	$ 1.06	$ (2.75)
Dividends declared per common share	$ 0.38	$	$	$	$	$
Basic weighted-average common shares outstanding	793,156,284	801,026,214	173,513,064	173,234,665	173,248,505	230,861,817
Diluted weighted-average common shares outstanding	811,392,119	801,026,214	173,513,064	511,919,307	499,683,476	230,861,817

Table of Contents

(In millions)	Predecessor: Year Ended December 31, 2007	Predecessor: January 1, 2008 through January 27, 2008	Successor: January 28, 2008 through December 31, 2008	Successor: Year Ended December 31, 2009	Successor: Nine Months Ended September 30, 2009 (Unaudited)	Successor: Nine Months Ended September 30, 2010 (Unaudited)
Balance Sheet Data (at period end)						
Cash and cash equivalents	$ 710.0		$ 650.5	$ 918.1	$ 948.2	$ 1,323.7
Working capital	(126.1)		(536.4)	(6.6)	(118.9)	121.7
Total assets	23,357.7		31,048.6	28,979.2	29,230.5	29,287.9
Total debt	12,440.4		23,208.9	18,943.1	19,342.4	19,717.1
Total stockholders equity/(deficit)	6,679.1		(1,360.8)	(867.0)	(1,080.7)	1,062.6
Other Financial Data						
Capital expenditures, net of changes in construction payables	$ 1,376.7	$ 125.6	$ 1,181.4	$ 464.5	$ 411.9	$ 124.6
EBITDA[1]	2,685.0	35.5	(2,610.3)	5,210.6	4,163.4	1,127.5
Property EBITDA[2]	2,825.5	171.2	2,244.9	2,153.6	1,710.5	1,469.5
Total debt, net of cash	11,730.4		22,558.4	18,025.0	18,394.2	18,393.4
Ratio of total debt, net of cash to EBITDA[1]	4.4:1		(8.6):1	3.5:1	4.4:1	16.3:1

(1) We define EBITDA as net income/(loss) attributable to us plus (i) interest expense, (ii) provision for income taxes, and (iii) depreciation and amortization.

Set forth below is a reconciliation of EBITDA to net income/(loss) attributable to Caesars, our most comparable measure in accordance with generally accepted accounting principles in the United States, or GAAP, for the periods indicated.

(In millions)	Predecessor: Year Ended December 31, 2007	Predecessor: January 1, 2008 through January 27, 2008	Successor: January 28, 2008 through December 31, 2008	Successor: Year Ended December 31, 2009	Successor: Nine Months Ended September 30, 2009	Successor: Nine Months Ended September 30, 2010
Net income/(loss) attributable to Caesars Entertainment Corporation	$ 619.4	$ (100.9)	$ (5,096.3)	$ 827.6	$ 532.0	$ (634.4)
Interest expense, net interest income	780.8	89.7	2,041.2	1,859.2	1,381.5	1,448.0
(Benefit)/provision for income taxes	350.1	(26.0)	(360.4)	1,651.8	1,590.8	(364.5)
Depreciation and amortization	934.7	72.7	805.2	872.0	658.8	678.4
EBITDA	$ 2,685.0	$ 35.5	$ (2,610.3)	$ 5,210.6	$ 4,163.1	$ 1,127.5

EBITDA is a non-GAAP financial measure commonly used in our industry and should not be construed as an alternative to net (loss)/income as an indicator of operating performance or as an alternative to cash flow provided by operating activities as a measure of liquidity as determined in accordance with GAAP. We have included EBITDA because we believe it provides management and investors with additional information to measure our performance and liquidity.

EBITDA has important limitations as an analytical tool, and you should not consider it in isolation, or as substitutes for analysis of our results as reported under GAAP. For example, EBITDA:

does not reflect the significant interest expenses, or the cash requirements necessary to service interest or principal payments, on our debt;

does not reflect any cash requirements for the assets being depreciated and amortized that may have to be replaced in the future; and

excludes tax payments that represent a reduction in cash available to us.

Table of Contents

(2) We present Property EBITDA as a supplemental measure of our performance. We define Property EBITDA as revenues less property operating expenses. Set forth below is a reconciliation of Property EBITDA to net income/(loss) attributable to Caesars, our most comparable GAAP measure. The reconciliation takes into account the impact of (i) income tax (provision)/benefit, (ii) interest expense, (iii) depreciation and amortization and (iv) corporate expense, as well as certain items that we do not consider indicative of our ongoing operating performance. These further adjustments are itemized below. You are encouraged to evaluate these adjustments and the reasons we consider them appropriate for supplemental analysis. In evaluating Property EBITDA, you should be aware that in the future we may incur expenses that are the same or similar to some of the adjustments in this presentation. Our presentation of Property EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items.

	Predecessor		Successor			
(In millions, except share and per share data)	Year Ended December 31, 2007	January 1, 2008 through January 27, 2008	January 28, 2008 through December 31, 2008	Year Ended December 31, 2009	Nine Months Ended September 30, 2009 (Unaudited)	Nine Months Ended September 30, 2010 (Unaudited)
Revenues	$ 10,825.2	$ 760.1	$ 9,366.9	$ 8,907.4	$ 6,808.3	$ 6,697.6
Property operating expenses	(7,999.7)	(588.9)	(7,122.0)	(6,753.8)	(5,097.8)	(5,228.1)
Property EBITDA	2,825.5	171.2	2,244.9	2,153.6	1,710.5	1,469.5
Depreciation and amortization	(817.2)	(63.5)	(626.9)	(683.9)	(516.8)	(548.1)
Operating profit	2,008.3	107.7	1,618.0	1,469.7	1,193.7	921.4
Project opening costs and other items	34.4	(5.4)	(45.1)	(111.5)	(81.5)	(140.3)
Impairment of intangible assets	(169.6)		(5,489.6)	(1,638.0)	(1,625.7)	(144.0)
Income/(loss) on interests in non-consolidated affiliates	3.9	0.5	(2.1)	(2.2)	(1.3)	(2.1)
Corporate expense	(138.1)	(8.5)	(131.8)	(150.7)	(111.7)	(103.8)
Acquisition and integration costs	(13.4)	(125.6)	(24.0)	(0.3)	(0.3)	(8.3)
Amortization of intangibles assets	(73.5)	(5.5)	(162.9)	(174.8)	(131.7)	(121.7)
Income/(loss) from operations	1,652.0	(36.8)	(4,237.5)	(607.8)	(758.5)	401.2
Interest expense, net of interest capitalized	(800.8)	(89.7)	(2,074.9)	(1,892.5)	(1,404.7)	(1,471.9)
(Losses)/gains on early extinguishments of debt	(2.0)		742.1	4,965.5	4,279.2	48.7
Other income, including interest income	43.3	1.1	35.2	33.0	23.2	28.2
Income/(loss) from continuing operations before income taxes	892.5	(125.4)	(5,535.1)	2,498.2	2,139.2	(993.8)
(Provision)/benefit for income taxes	(350.1)	26.0	360.4	(1,651.8)	(1,590.8)	364.5
Income/(loss) from continuing operations, net of tax	542.4	(99.4)	(5,174.7)	846.4	548.4	(629.3)
Discontinued operations, net of tax	92.2	0.1	90.4		(0.3)	
Net income/(loss)	634.6	(99.3)	(5,084.3)	846.4	548.1	(629.3)
Less: net income attributable to non controlling interests	(15.2)	(1.6)	(12.0)	(18.8)	(16.1)	(5.1)
Net income/(loss) attributable to Caesars Entertainment Corporation	$ 619.4	$ (100.9)	$ (5,096.3)	$ 827.6	$ 532.0	$ (634.4)

Property EBITDA is a non-GAAP financial measure commonly used in our industry and should not be construed as an alternative to net income (loss) as an indicator of operating performance or as an alternative to cash flow provided by operating activities as a measure of liquidity (as determined in accordance with GAAP). Property EBITDA may not be comparable to similarly titled measures reported by other companies. We have included Property EBITDA because we believe it provides management and investors with additional information to measure our regional and property-level performance and estimate our value

Property EBITDA has important limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of our results as reported under GAAP. For example, Property EBITDA:

does not reflect the significant interest expenses, or the cash requirements necessary to service interest or principal payments, on our debt;

does not reflect any cash requirements for the assets being depreciated and amortized that may have to be replaced in the future;

excludes tax payments that represent a reduction in cash available to us;

does not reflect our corporate expenses not specifically related to our properties, including, without limitation, management fees that may be paid to our sponsors; and

does not reflect our capital expenditures, future requirements for capital expenditures or contractual commitments.

Table of Contents

Other Financial Information

Set forth below is our last twelve months adjusted EBITDA, or LTM Adjusted EBITDA, for the twelve months ended December 31, 2008 and 2009 and September 30, 2009 and 2010. We present LTM Adjusted EBITDA as a supplemental measure of our performance and believe that LTM Adjusted EBITDA provides investors with additional information regarding certain material non-cash items and allows a better understanding of the results of operational activities separate from the financial impact of decisions made for the long-term benefit of our company. We also present LTM Adjusted EBITDA to provide investors with additional information regarding the pro forma impact of properties that are anticipated to be acquired or disposed and of yet-to-be realized savings from our cost savings initiatives. Our presentation of LTM Adjusted EBITDA below includes the results of our CMBS properties and Planet Hollywood, which results would be excluded for purposes of calculating last twelve months adjusted EBITDA for CEOC under our debt agreements, as the entities owning those properties are neither obligors nor guarantors under our debt agreements.

	Successor			
(In Millions)	**Twelve Months Ended December 31, 2008**	**Twelve Months Ended December 31, 2009**	**Twelve Months Ended September 30, 2009**	**Twelve Months Ended September 30, 2010**
LTM Adjusted EBITDA[1]	$ 2,857.3	$ 2,296.5	$ 2,292.4	$ 1,950.4

(1) LTM Adjusted EBITDA is a non-GAAP financial measure and should not be construed as an alternative to net (loss)/income as an indicator of operating performance or as an alternative to cash flow provided by operating activities as a measure of liquidity (as determined in accordance with GAAP). LTM Adjusted EBITDA is not comparable to similarly titled measures reported by other companies. We have included LTM Adjusted EBITDA because we believe it provides management and investors with additional information to measure our performance and liquidity.

LTM Adjusted EBITDA has important limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of our results as reported under GAAP. For example, LTM Adjusted EBITDA:

- does not reflect the significant interest expenses, or the cash requirements necessary to service interest or principal payments, on our debt;
- does not reflect any cash requirements for the assets being depreciated and amortized that may have to be replaced in the future;
- excludes tax payments that represent a reduction in cash available to us;
- does not reflect changes in, or cash requirements for, our working capital needs;
- does not reflect our capital expenditures, future requirements for capital expenditures or contractual commitments; and
- does not reflect management fees that may be paid to the Sponsors.

LTM Adjusted EBITDA includes further adjustments for pro forma adjustments for yet-to-be realized cost savings. No assurance can be given that such cost savings will occur. See Risk Factors Risks Related to Our Business We may not realize any or all of our projected cost savings, which would have the effect of reducing our LTM Adjusted EBITDA, which would have a negative effect on our results of operations and could have a negative effect on our stock price.

Adjustments similar to the ones reflected in the calculation of LTM Adjusted EBITDA have been recorded in earlier periods, and similar types of adjustments can reasonably be expected to be recorded in future periods. Our presentation of LTM Adjusted EBITDA should not be construed as in inference that our future results will be unaffected by unusual or non-recurring items.

Table of Contents

Using only the non-GAAP earnings measure would have material limitations because its calculation is based on the subjective determination of management regarding the nature and classification of events and circumstances that investors may find material. Management compensates for these limitations by using both GAAP and non-GAAP earnings measures reflected above to understand and analyze the results of the business. We believe investors find the non-GAAP information helpful in understanding the ongoing performance of operations separate from items that may have a disproportionate positive or negative impact on our financial results in any particular period.

Set forth below is a reconciliation of LTM Adjusted EBITDA to net income/(loss) attributable to Caesars, our most comparable GAAP measure, for the periods indicated:

(Dollars in millions)	Predecessor Year Ended December 31, 2007	Predecessor January 1, 2008 through January 27, 2008	Successor January 28, 2008 through December 31, 2008	Combined Twelve Months Ended December 31, 2008	Successor Twelve Months Ended December 31, 2009
Net income/(loss) attributable to Caesars Entertainment Corporation	$ 619.4	$ (100.9)	$ (5,096.3)	$ (5,197.2)	$ 827.6
Interest expense, net interest income	780.8	89.7	2,041.2	2,130.9	1,859.2
Provision for income taxes	350.1	(26.0)	(360.4)	(386.4)	1,651.8
Depreciation and amortization	934.7	72.7	805.2	877.9	872.0
EBITDA	$ 2,685.0	35.5	(2,610.3)	(2,574.8)	5,210.6
Project opening costs, abandoned projects and development costs		0.9	31.6	32.5	3.5
Acquisition and integration costs		125.6	24.0	149.6	0.3
Losses/(gains) on early extinguishments of debt			(742.1)	(742.1)	(4,965.5)
Net income/loss attributable to non-controlling interests, net of (distributions)		1.0	(7.4)	(6.4)	(1.5)
Discontinued operations, net of tax		(0.1)	(90.4)	(90.5)	
Impairment of goodwill, intangible assets and investment securities			5,489.6	5,489.6	1,638.0
Non-cash expense for stock compensation benefits		2.4	16.3	18.7	16.3
Income from insurance claims for hurricane losses			(185.4)	(185.4)	
Other non-recurring or non-cash items		6.7	249.9	256.6	169.0
Adjusted EBITDA		$ 172.0	$ 2,175.8	2,347.8	2,070.7
Pro forma adjustment for acquired, new or disposed properties				8.0	17.0
Pro forma adjustment for yet-to-be realized cost savings				501.5	208.8
LTM Adjusted EBITDA				$ 2,857.3	$ 2,296.5

17

Table of Contents

Reconciliation of LTM Adjusted EBITDA to net (loss)/income attributable to Caesars (continued):

(Dollars in millions)	Predecessor January 1, 2008 through January 27, 2008	Successor January 28, 2008 through September 30, 2008	Combined January 1, 2008 through September 30, 2008	Predecessor January 1, 2008 through January 27, 2008	Successor January 28, 2008 through December 31, 2008	Combined Twelve Months Ended December 31, 2008	Successor Nine Months Ended September 30, 2009 (Unaudited)	Successor Twelve Months Ended September 30, 2009 (Unaudited)
Net (loss)/income attributable to Caesars Entertainment Corporation	$ (100.9)	$ (314.2)	$ (415.1)	$ (100.9)	$ (5,096.3)	$ (5,197.2)	$ 532.0	$ (4,250.1)
Interest expense, net interest income	89.7	1,451.2	1,540.9	89.7	2,041.2	2,130.9	1,381.5	1,971.5
(Provision) benefit for income taxes	(26.0)	(147.7)	(173.7)	(26.0)	(360.4)	(386.4)	1,590.8	1,378.1
Depreciation and amortization	72.7	583.5	656.2	72.7	805.2	877.9	658.8	880.5
EBITDA	35.5	1,572.8	1,608.3	35.5	(2,610.3)	(2,574.8)	4,163.1	(20.0)
Project opening costs, abandoned projects and development costs	0.9	28.7	29.6	0.9	31.6	32.5	2.8	5.7
Acquisition and integration costs	125.6	23.1	148.7	125.6	24.0	149.6	0.3	1.2
(Gains)/losses on early extinguishments of debt		203.9	203.9		(742.1)	(742.1)	(4,279.2)	(5,225.2)
Net income attributable to non-controlling interests, net of (distributions)	1.0	(3.6)	(2.6)	1.0	(7.4)	(6.4)	0.2	(3.6)
Discontinued operations, net of tax	(0.1)	(88.4)	(88.5)	(0.1)	(90.4)	(90.5)	0.3	(1.7)
Impairment of goodwill, intangible assets and investment securities					5,489.6	5,489.6	1,625.7	7,115.3
Non-cash expense for stock compensation benefits	2.4	12.3	14.7	2.4	16.3	18.7	12.5	16.5
Income/(loss) from insurance claims for hurricane losses		(185.5)	(185.5)		(185.4)	(185.4)		0.1
Other non-recurring or non-cash items	6.7	158.9	165.6	6.7	249.9	256.6	126.4	217.4
Adjusted EBITDA	$ 172.0	$ 1,722.2	$ 1,894.2	$ 172.0	$ 2,175.8	$ 2,347.8	$ 1,652.1	2,105.7
Pro forma adjustment for acquired, new or disposed properties								
Pro forma adjustment for yet-to-be realized cost savings								186.7
LTM Adjusted EBITDA								$ 2,292.4

Table of Contents

Reconciliation of LTM Adjusted EBITDA to net income/(loss) attributable to Caesars (continued):

	Successor			
(Dollars in millions)	**Nine Months Ended September 30, 2009**	**Twelve Months Ended December 31, 2009**	**Nine Months Ended September 30, 2010 (Unaudited)**	**Twelve Months Ended September 30, 2010 (Unaudited)**
Net income/(loss) attributable to Caesars Entertainment Corporation	$ 532.0	$ 827.6	$ (634.4)	$ (338.8)
Interest expense, net interest income	1,381.5	1,859.2	1,448.0	1,925.7
(Benefit)/provision for income taxes	1,590.8	1,651.8	(364.5)	(303.5)
Depreciation and amortization	658.8	872.0	678.4	891.6
EBITDA	4,163.1	5,210.6	1,127.5	2,175.0
Project opening costs, abandoned projects and development costs	2.8	3.5	31.1	31.8
Acquisition and integration costs	0.3	0.3	8.3	8.3
Losses/(gains) on early extinguishments of debt	(4,279.2)	(4,965.5)	(48.7)	(735.0)
Net income/(loss) attributable to non-controlling interests, net of (distributions)	0.2	(1.5)	(0.7)	(2.4)
Impairment of goodwill, intangible assets and investment securities	1,625.7	1,638.0	144.0	156.3
Non-cash expense for stock compensation benefits	12.5	16.3	16.5	20.3
Income from insurance claims for hurricane losses				
Other non-recurring or non-cash items	126.7	169.0	153.3	195.6
Adjusted EBITDA	$ 1,652.1	$ 2,070.7	$ 1,431.3	1,849.9
Pro forma adjustment for acquired, new or disposed properties				14.9
Pro forma adjustment for yet-to-be realized cost savings				85.6
LTM Adjusted EBITDA				$ 1,950.4

19

Table of Contents

RISK FACTORS

You should carefully consider the risk factors set forth below, as well as the other information contained in this prospectus. The risks described below are not the only risks facing us. Additional risks and uncertainties not currently known to us or those we currently view to be immaterial may also materially and adversely affect our business, financial condition or results of operations. Any of the following risks could materially and adversely affect our business, financial condition or results of operations. In such a case, you may lose all or a part of your original investment.

Risks Related to Our Indebtedness

Our substantial indebtedness could adversely affect our ability to raise additional capital to fund our operations, limit our ability to react to changes in the economy or our industry and prevent us from making debt service payments.

We are a highly leveraged company. As of September 30, 2010, after giving effect to the Private Placement and this offering, we had $22,037.6 million face value of outstanding indebtedness and our annual debt service obligation is $1,900.5 million, which includes required interest payments of $1,645.4 million. These amounts do not include up to $1,136.9 million of notes that will be held by HBC, all of which will be deemed outstanding by CEOC but not by Caesars.

Our substantial indebtedness could:

- limit our ability to borrow money for our working capital, capital expenditures, development projects, debt service requirements, strategic initiatives or other purposes;
- make it more difficult for us to satisfy our obligations with respect to our indebtedness, and any failure to comply with the obligations of any of our debt instruments, including restrictive covenants and borrowing conditions, could result in an event of default under the agreements governing our indebtedness;
- require us to dedicate a substantial portion of our cash flow from operations to the payment of interest and the repayment of our indebtedness thereby reducing funds available to us for other purposes;
- limit our flexibility in planning for, or reacting to, changes in our operations or business;
- make us more highly leveraged than some of our competitors, which may place us at a competitive disadvantage;
- make us more vulnerable to downturns in our business or the economy;
- restrict us from making strategic acquisitions, developing new gaming facilities, introducing new technologies or exploiting business opportunities;
- affect our ability to renew gaming and other licenses;

limit, along with the financial and other restrictive covenants in our indebtedness, among other things, our ability to borrow additional funds or dispose of assets; and

expose us to the risk of increased interest rates as certain of our borrowings are at a variable rate of interest.

Despite our substantial indebtedness, we may still be able to incur significantly more debt. This could intensify the risks described above.

We and our subsidiaries may be able to incur substantial indebtedness at any time from time to time, including in the near future. Although the terms of the agreements governing our indebtedness contain restrictions on our ability to incur additional indebtedness, these restrictions are subject to a number of important qualifications and exceptions, and the indebtedness incurred in compliance with these restrictions could be substantial.

For example, as of September 30, 2010, we had $1,510.0 million available for additional borrowing under our senior secured revolving credit facility after giving effect to $120.0 million in outstanding letters of credit thereunder, all of which would be secured. None of our existing indebtedness limits the amount of debt that may be incurred by Caesars. Our senior secured credit facilities allow for one or more future issuances of additional secured notes or loans, which may include, in each case, indebtedness secured on a pari passu basis with the obligations under the senior secured credit facilities and our first lien notes. This indebtedness could be used for a variety of purposes, including financing capital expenditures, refinancing or repurchasing our outstanding indebtedness, including existing unsecured indebtedness, or for general corporate purposes. We have raised and expect to continue to raise debt, including secured debt, to directly or indirectly refinance our outstanding unsecured debt on an opportunistic basis.

Our debt agreements contain restrictions that limit our flexibility in operating our business.

Our senior secured credit facilities, the CMBS Loans and the indentures governing most of our existing notes contain, and any future indebtedness of ours would likely contain, a number of covenants that impose significant operating and financial restrictions on us, including restrictions on our and our subsidiaries ability to, among other things:

- incur additional debt or issue certain preferred shares;
- pay dividends on or make distributions in respect of our common stock or make other restricted payments;
- make certain investments;
- sell certain assets;
- create liens on certain assets;
- consolidate, merge, sell or otherwise dispose of all or substantially all of our assets;
- enter into certain transactions with our affiliates; and
- designate our subsidiaries as unrestricted subsidiaries.

As a result of these covenants, we are limited in the manner in which we conduct our business, and we may be unable to engage in favorable business activities or finance future operations or capital needs.

We have pledged and will pledge a significant portion of our assets as collateral under our senior secured credit facilities, our real estate facility loans, our first lien notes, our second lien notes, the senior secured loan of PHW Las Vegas, LLC, or PHW Las Vegas, or the senior secured loan of Chester Downs. If any of these lenders accelerate the repayment of borrowings, there can be no assurance that we will have sufficient assets to repay our indebtedness.

Under our senior secured credit facilities, we are required to satisfy and maintain specified financial ratios. Our ability to meet those financial ratios can be affected by events beyond our control, and there can be no assurance that we will meet those ratios. A failure to comply with the covenants contained in our senior secured credit facilities or our other indebtedness could result in an event of default under the facilities or the existing agreements, which, if not cured or waived, could have a material adverse affect on our business, financial condition and results of operations. In the event of any default under our senior secured credit facilities or our other indebtedness, the lenders thereunder:

- will not be required to lend any additional amounts to us;
- could elect to declare all borrowings outstanding, together with accrued and unpaid interest and fees, to be due and payable and terminate all commitments to extend further credit; or

Table of Contents

- require us to apply all of our available cash to repay these borrowings.

Such actions by the lenders could cause cross defaults under our other indebtedness. If we were unable to repay those amounts, the lenders under our senior secured credit facilities, our CMBS Loans and our first and second lien notes could proceed against the collateral granted to them to secure that indebtedness.

If the indebtedness under our first and second lien notes, senior secured credit facilities, CMBS Loans or our other indebtedness were to be accelerated, there can be no assurance that our assets would be sufficient to repay such indebtedness in full.

We may be unable to generate sufficient cash to service all of our indebtedness, and may be forced to take other actions to satisfy our obligations under our indebtedness that may not be successful.

Our ability to satisfy our debt obligations will depend upon, among other things:

- our future financial and operating performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors, many of which are beyond our control; and

- our future ability to borrow under our senior secured credit facilities, the availability of which depends on, among other things, our complying with the covenants in our senior secured credit facilities.

We may be unable to generate sufficient cash flow from operations, or unable to draw under our senior secured credit facilities or otherwise, in an amount sufficient to fund our liquidity needs.

If our cash flows and capital resources are insufficient to service our indebtedness, we may be forced to reduce or delay capital expenditures, sell assets, seek additional capital or restructure or refinance our indebtedness. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations. Our ability to restructure or refinance our debt will depend on the condition of the capital markets and our financial condition at such time. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. For example, the interest rates on our first and second lien notes are substantially higher than the interest rates under our CEOC senior secured credit facility. In addition, the terms of existing or future debt agreements may restrict us from adopting some of these alternatives. In the absence of such operating results and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. We may not be able to consummate those dispositions for fair market value or at all. Furthermore, any proceeds that we could realize from any such dispositions may not be adequate to meet our debt service obligations then due. Neither the Sponsors nor any of their respective affiliates has any continuing obligation to provide us with debt or equity financing.

Risks Related to Our Business

If we are unable to effectively compete against our competitors, our profits will decline.

The gaming industry is highly competitive and our competitors vary considerably in size, quality of facilities, number of operations, brand identities, marketing and growth strategies, financial strength and capabilities, level of amenities, management talent and geographic diversity. We also compete with other non-gaming resorts and vacation areas, and with various other entertainment businesses. Our competitors in each market that we participate may have substantially greater financial, marketing and other resources than we do, and there can be no assurance that they will not in the future engage in aggressive pricing action to compete with us. Although we believe we are currently able to compete effectively in each of the various markets in which we participate, we cannot assure you that we will be able to continue to do so or that we will be capable of maintaining or further increasing our current market share. Our failure to compete successfully in our various markets could adversely affect our business, financial condition, results of operations and cash flow.

In recent years, with fewer new markets opening for development, many casino operators have been reinvesting in existing markets to attract new customers or to gain market share, thereby increasing competition in those markets. As companies have completed new expansion projects, supply has typically grown at a faster pace than demand in some markets, including Las Vegas, our largest market, and competition has increased significantly. For example, CityCenter, a large development of resorts and residences, opened in December 2009 in Las Vegas. The expansion of existing casino entertainment properties, the increase in the number of properties and the aggressive marketing strategies of many of our competitors have increased competition in many markets in which we operate, and this intense competition is expected to continue. These competitive pressures have and are expected to continue to adversely affect our financial performance in certain markets, including Atlantic City.

In particular, our business may be adversely impacted by the additional gaming and room capacity in Nevada, New Jersey, New York, Connecticut, Pennsylvania, Mississippi, Missouri, Maryland, Michigan, Indiana, Iowa, Kansas, Illinois, Ohio, Louisiana, Ontario, South Africa, Uruguay, United Kingdom, Egypt and/or other projects not yet announced which may be competitive in the other markets where we operate or intend to operate. Several states, such as Kentucky, Texas and Massachusetts, and Indian tribes are also considering enabling the development and operation of casinos or casino-like operations in their jurisdictions. In addition, our operations located in New Jersey and Nevada may be adversely impacted by the expansion of Indian gaming in New York and California, respectively.

The recent downturn in the national economy, the volatility and disruption of the capital and credit markets and adverse changes in the global economy could negatively impact our financial performance and our ability to access financing.

The recent severe economic downturn and adverse conditions in the local, regional, national and global markets have negatively affected our operations, and may continue to negatively affect our operations in the future. During periods of economic contraction such as the current period, our revenues may decrease while some of our costs remain fixed or even increase, resulting in decreased earnings. Gaming and other leisure activities we offer represent discretionary expenditures and participation in such activities may decline during economic downturns, during which consumers generally earn less disposable income. For example, key determinants of our revenues and operating performance include hotel ADR, number of gaming trips and average spend per trip by our customers. Our average system-wide ADR was $109 in 2007, compared to $86 during the last twelve months ended September 30, 2010. Given that 2007 was the peak year for our financial performance and the gaming industry in the United States in general, we may not attain those financial levels in the near term, or at all. If we fail to increase ADR or any other similar metric in the near term, our revenues may not increase and, as result, we may not be able to pay down our existing debt, fund our operations, fund planned capital expenditures or achieve expected growth rates, all of which could have a material adverse effect on our business, financial condition and results of operations. Even an uncertain economic outlook may adversely affect consumer spending in our gaming operations and related facilities, as consumers spend less in anticipation of a potential economic downturn. Furthermore, other uncertainties, including national and global economic conditions, terrorist attacks or other global events, could adversely affect consumer spending and adversely affect our operations.

We are subject to extensive governmental regulation and taxation policies, the enforcement of which could adversely impact our business, financial condition and results of operations.

We are subject to extensive gaming regulations and political and regulatory uncertainty. Regulatory authorities in the jurisdictions where we operate have broad powers with respect to the licensing of casino operations and may revoke, suspend, condition or limit our gaming or other licenses, impose substantial fines and take other actions, any one of which could adversely impact our business, financial condition and results of operations. For example, revenues and income from operations were negatively impacted during July 2006 in Atlantic City by a three-day government-imposed casino shutdown. Furthermore, in many jurisdictions where we operate, licenses are granted for limited durations and require renewal from time to time. For example, in Iowa, our ability to continue our gaming operations is subject to a referendum every eight years or at any time upon petition of the voters in the county in which we operate; the most recent referendum which approved our ability to continue to operate our casinos occurred on November 2, 2010. However, in order to be able to continue to operate our casinos and racetracks in Iowa we will need approval from a majority of the votes cast in any future referendum. There can be no assurance that continued gaming activity will be approved in any referendum in the future. If we do not obtain the requisite approval in any future referendum, we will not be able to operate our gaming operations in Iowa, which would negatively impact our future performance.

From time to time, individual jurisdictions have also considered legislation or referendums, such as bans on smoking in casinos and other entertainment and dining facilities, which could adversely impact our operations. For example, the City Council of Atlantic City passed an ordinance in 2007 requiring that we segregate at least 75% of the casino gaming floor as a nonsmoking area, leaving no more than 25% of the casino gaming floor as a smoking area. Illinois also passed the Smoke Free Illinois Act which became effective January 1, 2008, and bans smoking in nearly all public places, including bars, restaurants, work places, schools and casinos. The Act also bans smoking within 15 feet of any entrance, window or air intake area of these public places. These smoking bans have adversely affected revenues and operating results at our properties. The likelihood or outcome of similar legislation in other jurisdictions and referendums in the future cannot be predicted, though any smoking ban would be expected to negatively impact our financial performance.

The casino entertainment industry represents a significant source of tax revenues to the various jurisdictions in which casinos operate. From time to time, various state and federal legislators and officials have proposed changes in tax laws, or in the administration of such laws, including increases in tax rates, which would affect the industry. If adopted, such changes could adversely impact our business, financial condition and results of operations.

The development and construction of new hotels, casinos and gaming venues and the expansion of existing ones are susceptible to delays, cost overruns and other uncertainties, which could have an adverse effect on our business, financial condition and results of operations.

We may decide to develop, construct and open new hotels, casinos and other gaming venues in response to opportunities that may arise. Future development projects and acquisitions may require significant capital commitments, the incurrence of additional debt, guarantees of third party-debt, the incurrence of contingent liabilities and an increase in amortization expense related to intangible assets, which could have an adverse effect upon our business, financial condition and results of operations. The development and construction of new hotels, casinos and gaming venues and the expansion of existing ones, such as our recent expansion at Caesars Palace in Las Vegas, are susceptible to various risks and uncertainties, such as:

- the existence of acceptable market conditions and demand for the completed project;
- general construction risks, including cost overruns, change orders and plan or specification modification, shortages of equipment, materials or skilled labor, labor disputes, unforeseen environmental, engineering or geological problems, work stoppages, fire and other natural disasters, construction scheduling problems and weather interferences;
- changes and concessions required by governmental or regulatory authorities;
- the ability to finance the projects, especially in light of our substantial indebtedness;
- delays in obtaining, or inability to obtain, all licenses, permits and authorizations required to complete and/or operate the project; and
- disruption of our existing operations and facilities.

Moreover, our development and expansion projects are sometimes jointly pursued with third parties. These joint development or expansion projects are subject to risks, in addition to those disclosed above, as they are

24

dependent on our ability to reach and maintain agreements with third parties. For example, although we have reached a non-binding agreement in principle with Rock Gaming, LLC to jointly develop two casinos in Ohio and we have expended resources in negotiating this agreement and developing the plans for the casinos, we may never be able to reach a definitive agreement with Rock Gaming, or, even if we are able to reach a definitive agreement, there would be no assurance that the agreement would be consummated and that the development project would be undertaken.

Our failure to complete any new development or expansion project, or consummate any joint development or expansion projects, as planned, on schedule, within budget or in a manner that generates anticipated profits, could have an adverse effect on our business, financial condition and results of operations.

Acts of terrorism and war, natural and man-made disasters and severe weather may negatively impact our future profits.

Terrorist attacks and other acts of war or hostility have created many economic and political uncertainties. We cannot predict the extent to which terrorism, security alerts or war, or hostilities in Iraq and Afghanistan and other countries throughout the world will continue to directly or indirectly impact our business and operating results. As a consequence of the threat of terrorist attacks and other acts of war or hostility in the future, premiums for a variety of insurance products have increased, and some types of insurance are no longer available. Given current conditions in the global insurance markets, we are substantially uninsured for losses and interruptions caused by terrorist acts and acts of war. If any such event were to affect our properties, we would likely be adversely impacted.

In addition, natural and man-made disasters such as major fires, floods, hurricanes, earthquakes and oil spills could also adversely impact our business and operating results. For example, four of our properties were closed for an extended period of time due to the damage sustained from Hurricanes Katrina and Rita in August and September 2005, respectively. Such events could lead to the loss of use of one or more of our properties for an extended period of time and disrupt our ability to attract customers to certain of our gaming facilities. If any such event were to affect our properties, we would likely be adversely impacted. Additionally, the Gulf of Mexico oil spill that began in April 2010 may have adversely affected our results in that region due to lower levels of tourism and increased costs of food, including seafood.

In most cases, we have insurance that covers portions of any losses from a natural disaster, but it is subject to deductibles and maximum payouts in many cases. Although we may be covered by insurance from a natural disaster, the timing of our receipt of insurance proceeds, if any, is out of our control.

Additionally, a natural disaster affecting one or more of our properties may affect the level and cost of insurance coverage we may be able to obtain in the future, which may adversely affect our financial position.

As our operations depend in part on our customers ability to travel, severe or inclement weather can also have a negative impact on our results of operations.

Our obligation to fund multi-employer pension plans to which we contribute may have an adverse impact on us.

We contribute to and participate in various multi-employer pension plans for employees represented by certain unions. We are required to make contributions to these plans in amounts established under collective bargaining agreements. We do not administer these plans and, generally, are not represented on the boards of trustees of these plans. The Pension Protection Act enacted in 2006, or the PPA, requires under-funded pension plans to improve their funding ratios. Based on the information available to us, we believe that some of the multi-employer plans to which we contribute are either critical or endangered as those terms are defined in the PPA. We cannot determine at this time the amount of additional funding, if any, we may be required to make to these plans. However, plan assessments could have an adverse impact on our results of operations or cash flows

Table of Contents

for a given period. Furthermore, under current law, upon the termination of a multi-employer pension plan, or in the event of a withdrawal by us, which we consider from time to time, or a mass withdrawal or insolvency of contributing employers, we would be required to make payments to the plan for our proportionate share of the plan s unfunded vested liabilities. Any termination of a multi-employer plan, or mass withdrawal or insolvency of contributing employers, could require us to contribute an amount under a plan of rehabilitation or surcharge assessment that would have a material adverse impact on our consolidated financial condition, results of operations and cash flows.

Work stoppages and other labor problems could negatively impact our future profits.

Some of our employees are represented by labor unions. A lengthy strike or other work stoppage at one of our casino properties or construction projects could have an adverse effect on our business and results of operations. From time to time, we have also experienced attempts to unionize certain of our non union employees. While these efforts have achieved only limited success to date, we cannot provide any assurance that we will not experience additional and more successful union activity in the future. There has been a trend towards unionization for employees in Atlantic City and Las Vegas. For example, certain dealers at certain of our Atlantic City properties have voted to be represented by the United Auto Workers; however, to date, there are no collective bargaining agreements in place. The impact of this union activity is undetermined and could negatively impact our profits.

We may be required to pay our future tax obligation on our deferred cancellation of debt income.

Under the American Recovery and Reinvestment Act of 2009, or the ARRA, we will receive temporary federal tax relief under the Delayed Recognition of Cancellation of Debt Income, or CODI, rules. The ARRA contains a provision that allows for a five-year deferral for tax purposes of CODI for debt reacquired in 2009 and 2010, followed by recognition of CODI ratably over the succeeding five years. For example, in connection with the debt that we reacquired in 2009, we have deferred related CODI tax obligations of $2.2 billion in 2009 for five years. We are required to include one-fifth of this amount in taxable income in 2014 and thereafter, and to the extent that our federal taxable income exceeds our available federal net operating loss carry forwards in those years, we will have a cash tax obligation. Therefore, our tax obligations related to CODI could be substantial and could materially and adversely affect our cash flows as a result of tax payments. For more information on the debt that we reacquired in 2009 and 2010, see Management s Discussion and Analysis of Financial Condition and Results of Operation Capital Resources Issuances and Redemptions.

We may not realize all of the anticipated benefits of current or potential future acquisitions.

Our ability to realize the anticipated benefits of acquisitions will depend, in part, on our ability to integrate the businesses of such acquired company with our businesses. The combination of two independent companies is a complex, costly and time consuming process. This process may disrupt the business of either or both of the companies, and may not result in the full benefits expected. The difficulties of combining the operations of the companies, including our recent acquisitions of Planet Hollywood in Las Vegas and Thistledown Racetrack in Cleveland, Ohio, include, among others:

- coordinating marketing functions;
- unanticipated issues in integrating information, communications and other systems;
- unanticipated incompatibility of purchasing, logistics, marketing and administration methods;
- retaining key employees;
- consolidating corporate and administrative infrastructures;
- the diversion of management s attention from ongoing business concerns; and

coordinating geographically separate organizations.

Table of Contents

We may be unable to realize in whole or in part the benefits anticipated for any current or future acquisitions.

We may not realize any or all of our projected cost savings, which would have the effect of reducing our LTM Adjusted EBITDA, which would have a negative effect on our results of operations and could have a negative effect on our stock price.

Beginning in the third quarter of 2008, we initiated a company-wide cost savings plan in an effort to align our expenses with current revenue levels. While these efforts have allowed us to realize, as of September 30, 2010, approximately $614.8 million in savings since we initiated our cost savings plan, our continued reduction efforts may fail to achieve similar or continued savings. Although we believe, as of September 30, 2010, there were $85.6 million of estimated cost savings yet-to-be realized from these initiatives, we may not realize some or all of these projected savings without impairing our revenues. Our cost savings plans are intended to increase our effectiveness and efficiency in our operations without impairing our revenues and margins. Our cost savings plan is subject to numerous risks and uncertainties that may change at any time, and, therefore, our actual savings may differ materially from what we anticipate. For example, cutting advertising expenses may have an unintended negative affect on our revenues. In addition, our expected savings from procurement may be affected by unexpected increases in the cost of raw materials. Furthermore, because we use our projected yet-to-be realized cost savings as a pro forma adjustment to calculate our LTM Adjusted EBITDA provided in the Summary Historical Consolidated Financial Data of Caesars Entertainment Corporation, our actual LTM Adjusted EBITDA would be reduced to the extent of the cost savings we do not achieve.

The risks associated with our international operations could reduce our profits.

Some of our properties are located outside the United States, and our 2006 acquisition of London Clubs has increased the percentage of our revenue derived from operations outside the United States. International operations are subject to inherent risks including:

- variation in local economies;
- currency fluctuation;
- greater difficulty in accounts receivable collection;
- trade barriers;
- burden of complying with a variety of international laws; and
- political and economic instability.

The loss of the services of key personnel could have a material adverse effect on our business.

The leadership of our chief executive officer, Mr. Loveman, and other executive officers has been a critical element of our success. The death or disability of Mr. Loveman or other extended or permanent loss of his services, or any negative market or industry perception with respect to him or arising from his loss, could have a material adverse effect on our business. Our other executive officers and other members of senior management have substantial experience and expertise in our business and have made significant contributions to our growth and success. The unexpected loss of services of one or more of these individuals could also adversely affect us. We are not protected by key man or similar life insurance covering members of our senior management. We have employment agreements with our executive officers, but these agreements do not guarantee that any given executive will remain with us.

If we are unable to attract, retain and motivate employees, we may not be able to compete effectively and will not be able to expand our business.

Our success and ability to grow are dependent, in part, on our ability to hire, retain and motivate sufficient numbers of talented people, with the increasingly diverse skills needed to serve clients and expand our business, in many locations around the world. Competition for highly qualified, specialized technical and managerial, and particularly consulting personnel, is intense. Recruiting, training, retention and benefit costs place significant demands on our resources. Additionally, the recent downturn in the gaming, travel and leisure sectors has made recruiting executives to our business more difficult. The inability to attract qualified employees in sufficient numbers to meet particular demands or the loss of a significant number of our employees could have an adverse effect on us.

We are or may become involved in legal proceedings that, if adversely adjudicated or settled, could impact our financial condition.

From time to time, we are defendants in various lawsuits relating to matters incidental to our business. The nature of our business subjects us to the risk of lawsuits filed by customers, past and present employees, competitors, business partners, Indian tribes and others in the ordinary course of business. As with all litigation, no assurance can be provided as to the outcome of these matters and in general, litigation can be expensive and time consuming. For example, we may have potential liability arising from a class action lawsuit against Hilton Hotels Corporation relating to employee benefit obligations. We may not be successful in the defense or prosecution of these lawsuits, which could result in settlements or damages that could significantly impact our business, financial condition and results of operations.

Risks Related to this Offering

An active trading market for our common stock may not develop.

Prior to this offering, there has not been a public market for our common stock. We cannot predict the extent to which investor interest in us will lead to the development of an active trading market or how liquid that market might become. If an active trading market does not develop, you may have difficulty selling any of our common stock that you buy. The offering price for our common stock may not be indicative of prices that will prevail in the open market following this offering. Consequently, you may not be able to sell our common stock at prices equal to or greater than the price you paid in this offering.

Future sales or the possibility of future sales of a substantial amount of our common stock may depress the price of shares of our common stock.

Future sales or the availability for sale of substantial amounts of our common stock in the public market could adversely affect the prevailing market price of our common stock and could impair our ability to raise capital through future sales of equity securities.

After giving effect to the Private Placement, the Reclassification and this offering as if all were to occur on the date hereof, there would be 336,645,160 shares of our new common stock outstanding (or 341,332,660 shares if the underwriters option to purchase additional shares is exercised in full), all of which will be the same class of voting common stock. All of the outstanding shares of our common stock will be eligible for resale under Rule 144 or Rule 701 of the Securities Act, subject to volume limitations and applicable holding period requirements. The Sponsors have the ability to cause us to register the resale of its shares, and our management members who hold shares will have the ability to include their shares in such registration.

We, our directors and executive officers and certain holders of our outstanding common stock and options to purchase our common stock, including the Sponsors, have agreed not to offer or sell, dispose of or hedge directly or indirectly, any common stock without the permission of Citigroup Global Markets Inc. for a period of 180 days from the date of this prospectus, subject to certain exceptions and automatic extensions in certain circumstances. See Shares Eligible for Future Sale for a discussion of the shares of our common stock that may be sold into the public market in the future.

We may issue shares of common stock or other securities from time to time as consideration for future acquisitions and investments or for any other reason that our board of directors, or Board, deems advisable. If

Table of Contents

any such acquisition or investment is significant, the number of shares of our common stock, or the number or aggregate principal amount, as the case may be, of other securities that we may issue may in turn be substantial. We may also grant registration rights covering those shares of common stock or other securities in connection with any such acquisitions and investments. Upon consummation of the Private Placement, the Reclassification and the this offering, options to purchase 18,144,987 shares of common stock will be outstanding under our Management Equity Incentive Plan, assuming no changes to the plan, and warrants to purchase 138,780 shares of our common stock will be outstanding. Immediately after the effectiveness of this prospectus, we intend to file with the SEC a registration statement on Form S-8 covering the shares issuable under awards we have already granted under our Management Equity Incentive Plan and the shares reserved for issuance under our 2010 Performance Incentive Plan. Assuming effectiveness of the registration statement on Form S-8, such shares will be freely tradable though they will be subject to the lock-up arrangements described herein.

We cannot predict the size of future issuances of our common stock or other securities or the effect, if any, that future issuances and sales of our common stock or other securities, including future sales by the Sponsors, will have on the market price of our common stock. Sales of substantial amounts of common stock (including shares of common stock issued in connection with an acquisition), or the perception that such sales could occur, may adversely affect prevailing market prices for our common stock.

The price and trading volume of our common stock may fluctuate significantly, and you could lose all or part of your investment.

Even if an active trading market develops upon completion of the Private Placement, the Reclassification, this offering and listing of our common stock, the market price of our common stock may be highly volatile and could be subject to wide fluctuations. In addition, the trading volume of our common stock may fluctuate and cause significant price variations to occur. Volatility in the market price of our common stock may prevent you from being able to sell your shares at or above the price you paid for your shares of common stock. The market price for our common stock could fluctuate significantly for various reasons, including:

- our operating and financial performance and prospects;
- our quarterly or annual earnings or those of other companies in our industry;
- conditions that impact demand for our products and services;
- the public s reaction to our press releases, other public announcements and filings with the SEC;
- changes in earnings estimates or recommendations by securities analysts who track our common stock;
- market and industry perception of our success, or lack thereof, in pursuing our growth strategy;
- strategic actions by us or our competitors, such as acquisitions or restructurings;
- changes in government and environmental regulation, including gaming taxes;
- changes in accounting standards, policies, guidance, interpretations or principles;
- arrival and departure of key personnel;

- the number of shares to be publicly traded after this offering;
- changes in our capital structure;
- sales of common stock by us or members of our management team; and
- changes in general market, economic and political conditions in the United States and global economies or financial markets, including those resulting from natural disasters, terrorist attacks, acts of war and responses to such events.

In addition, in recent years, the stock market has experienced significant price and volume fluctuations. This volatility has had a significant impact on the market price of securities issued by many companies, including

Table of Contents

companies in the gaming, lodging, hospitality and entertainment industries. The changes frequently appear to occur without regard to the operating performance of the affected companies. Hence, the price of our common stock could fluctuate based upon factors that have little or nothing to do with us, and these fluctuations could materially reduce our share price.

Apollo and TPG control us, and their interests may conflict with or differ from your interests as a stockholder.

After giving effect to the Private Placement, the Reclassification and this offering, Hamlet Holdings, the members of which are comprised of an equal number of individuals affiliated with each of the Sponsors, will beneficially own in excess of 81.0% of our common stock pursuant to an irrevocable proxy providing Hamlet Holdings with sole voting and sole dispositive power over those shares. As a result, the Sponsors have the power to elect all of our directors. Therefore, the Sponsors have the ability to vote on any transaction that requires the approval of our Board or our stockholders, including the approval of significant corporate transactions such as mergers and the sale of substantially all of our assets. The interests of the Sponsors could conflict with or differ from the interests of other holders of our common stock. For example, the concentration of ownership held by the Sponsors could delay, defer or prevent a change of control of us or impede a merger, takeover or other business combination which another stockholder may otherwise view favorably. Additionally, the Sponsors are in the business of making or advising on investments in companies it holds, and may from time to time in the future acquire interests in or provide advice to businesses that directly or indirectly compete with certain portions of our business or are suppliers or customers of ours. One or both of the Sponsors may also pursue acquisitions that may be complementary to our business, and, as a result, those acquisition opportunities may not be available to us. A sale of a substantial number of shares of stock in the future by funds affiliated with the Sponsors or their co-investors could cause our stock price to decline. So long as the Sponsors continue to own a significant amount of the outstanding shares of our common stock, they will continue to be able to strongly influence or effectively control our decisions.

In addition, we have an executive committee that serves at the discretion of our Board and is authorized to take such actions as it reasonably determines appropriate. Currently, the executive committee may act by a majority of its members, provided that at least one member affiliated with TPG and Apollo must approve any action of the executive committee. See Management Executive Committee for a further discussion.

Our stockholders are subject to extensive governmental regulation and if a stockholder is found unsuitable by the gaming authority, that stockholder would not be able to beneficially own our common stock directly or indirectly.

In many jurisdictions, gaming laws can require any of our stockholders to file an application, be investigated, and qualify or have his, her or its suitability determined by gaming authorities. Gaming authorities have very broad discretion in determining whether an applicant should be deemed suitable. Subject to certain administrative proceeding requirements, the gaming regulators have the authority to deny any application or limit, condition, restrict, revoke or suspend any license, registration, finding of suitability or approval, or fine any person licensed, registered or found suitable or approved, for any cause deemed reasonable by the gaming authorities. For additional information on the criteria used in making determinations regarding suitability, see Gaming Regulatory Overview.

For example, under Nevada gaming laws, each person who acquires, directly or indirectly, beneficial ownership of any voting security, or beneficial or record ownership of any non-voting security or any debt security, in a public corporation which is registered with the Nevada Gaming Commission, or the Gaming Commission, may be required to be found suitable if the Gaming Commission has reason to believe that his or her acquisition of that ownership, or his or her continued ownership in general, would be inconsistent with the declared public policy of Nevada, in the sole discretion of the Gaming Commission. Any person required by the Gaming Commission to be found suitable shall apply for a finding of suitability within 30 days after the Gaming s Commission s request that he or she should do so and, together with his or her application for suitability, deposit with the Nevada Gaming Control Board, or the Control Board, a sum of money which, in the

Table of Contents

sole discretion of the Control Board, will be adequate to pay the anticipated costs and charges incurred in the investigation and processing of that application for suitability, and deposit such additional sums as are required by the Control Board to pay final costs and charges.

Furthermore, any person required by a gaming authority to be found suitable, who is found unsuitable by the gaming authority, may not hold directly or indirectly the beneficial ownership of any voting security or the beneficial or record ownership of any nonvoting security or any debt security of any public corporation which is registered with the gaming authority beyond the time prescribed by the gaming authority. A violation of the foregoing may constitute a criminal offense. A finding of unsuitability by a particular gaming authority impacts that person s ability to associate or affiliate with gaming licensees in that particular jurisdiction and could impact the person s ability to associate or affiliate with gaming licensees in other jurisdictions.

Many jurisdictions also require any person who acquires beneficial ownership of more than a certain percentage of voting securities of a gaming company and, in some jurisdictions, non-voting securities, typically 5%, to report the acquisition to gaming authorities, and gaming authorities may require such holders to apply for qualification or a finding of suitability, subject to limited exceptions for institutional investors that hold a company s voting securities for investment purposes only.

Some jurisdictions may also limit the number of gaming licenses in which a person may hold ownership or controlling interest. In Indiana, for example, a person may not have an ownership interest in more than two Indiana riverboat owner s licenses.

You will suffer an immediate and substantial dilution in the net tangible book value of the common stock you purchase after giving effect to this offering.

The assumed initial offering price in this offering is substantially higher than the net tangible book value per share of the outstanding common stock immediately after the offering. Accordingly, based on an assumed initial public offering price of $16.00 per share, the midpoint of the estimated offering price range of $15.00 and $17.00, purchasers of common stock in this offering will experience immediate and substantial dilution of approximately $35.85 per share in net tangible book value of the common stock after giving effect to this offering. See Dilution, including the discussion of the effects on dilution from a change in the price of this offering.

Because we have not paid dividends since the Acquisition and do not anticipate paying dividends on our common stock in the foreseeable future, you should not expect to receive dividends on shares of our common stock.

We have no present plans to pay cash dividends to our stockholders and, for the foreseeable future, intend to retain all of our earnings for use in our business. The declaration of any future dividends by us is within the discretion of our Board and will be dependent on our earnings, financial condition and capital requirements, as well as any other factors deemed relevant by our Board.

We will be a controlled company within the meaning of the Nasdaq rules and, as a result, will qualify for, and intend to rely on, exemptions from certain corporate governance requirements.

Upon the closing of this offering, Hamlet Holdings will continue to control a majority of our voting common stock. As a result, we will be a controlled company within the meaning of the Nasdaq corporate governance standards. Under the Nasdaq rules, a company of which more than 50% of the voting power is held by an individual, group or another company is a controlled company and may elect not to comply with certain Nasdaq corporate governance requirements, including:

- the requirement that a majority of the Board consists of independent directors;

- the requirement that we have a nominating/corporate governance committee that is composed entirely of independent directors;

Table of Contents

the requirement that we have a compensation committee that is composed entirely of independent directors; and

the requirement for an annual performance evaluation of the nominating/corporate governance and compensation committees.
Following this offering, we intend to utilize these exemptions. As a result, we will not have a majority of independent directors nor will our nominating/corporate governance and compensation committees consist entirely of independent directors and we will not be required to have an annual performance evaluation of the nominating/corporate governance and compensation committees. See Management. Accordingly, you will not have the same protections afforded to stockholders of companies that are subject to all of the Nasdaq corporate governance requirements.

Although we already file periodic reports with the Securities and Exchange Commission pursuant to Section 13 of the Exchange Act of 1934, becoming a company with publicly traded common stock will increase our expenses and administrative burden.

As a company with publicly traded common stock, we will incur legal, accounting and other expenses that we did not incur as a company without a publicly traded equity security. In addition, our administrative staff will be required to perform additional tasks. For example, in anticipation of becoming a company with publicly traded common stock, we will need to create or revise the roles and duties of our Board committees and retain a transfer agent. Once our common stock is publicly traded, we will also be required to hold an annual meeting for our stockholders, which will require us to expend resources to prepare, print and mail a proxy statement relating to the annual meeting.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure, including the Sarbanes-Oxley Act of 2002 and related regulations implemented by the Securities and Exchange Commission and the Dodd-Frank Wall Street Reform and Consumer Protection Act, or Dodd-Frank, which amended Sarbanes-Oxley, among other federal laws, are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time consuming. Dodd-Frank, signed into law on July 21, 2010, effects comprehensive changes to the regulation of financial services in the United States and will subject us to additional federal regulation. We cannot predict with any certainty the requirements of the regulations ultimately adopted or how Dodd-Frank and such regulations will impact the cost of compliance for a company with publicly traded common stock. We are currently evaluating and monitoring developments with respect to Dodd-Frank and other new and proposed rules and cannot predict or estimate the amount of the additional costs we may incur or the timing of such costs. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management s time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to practice, regulatory authorities may initiate legal proceedings against us and our business may be harmed. We also expect that being a company with publicly traded common stock and these new rules and regulations will make it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified members of our board of directors, particularly to serve on our audit committee, and qualified executive officers.

Table of Contents

Our bylaws and certificate of incorporation will contain provisions that could discourage another company from acquiring us and may prevent attempts by our stockholders to replace or remove our current management.

Provisions of our bylaws and our certificate of incorporation that will be adopted by us prior to the effectiveness of the registration statement of which this prospectus forms a part may delay or prevent a merger or acquisition that stockholders may consider favorable, including transactions in which you might otherwise receive a premium for your shares. In addition, these provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace or remove our directors. These provisions include:

- establishing a classified board of directors;
- establishing limitations on the removal of directors;
- permitting only an affirmative vote of at least two-thirds of the Board to fix the number of directors;
- prohibiting cumulative voting in the election of directors;
- empowering only the Board to fill any vacancy on the Board, whether such vacancy occurs as a result of an increase in the number of directors or otherwise;
- authorizing the issuance of blank check preferred stock without any need for action by stockholders;
- eliminating the ability of stockholders to call special meetings of stockholders;
- prohibiting stockholders to act by written consent if less than 50.1% of our outstanding common stock is controlled by the Sponsors;
- prohibiting amendments to the bylaws without the affirmative vote of at least two-thirds of the Board or the affirmative vote of at least two-thirds of the total voting power of the outstanding shares entitled to vote;
- prohibiting amendments to the certificate of incorporation relating to stockholder meetings, amendments to the bylaws or certificate of incorporation, or the election or classification of the Board without the affirmative vote of two-thirds of the shares entitled to vote on any matter; and
- establishing advance notice requirements for nominations for election to the Board or for proposing matters that can be acted on by stockholders at stockholder meetings.

Our issuance of shares of preferred stock could delay or prevent a change of control of us. Our Board has the authority to cause us to issue, without any further vote or action by the stockholders, shares of preferred stock, par value $0.01 per share, in one or more series, to designate the number of shares constituting any series, and to fix the rights, preferences, privileges and restrictions thereof, including dividend rights, voting rights, rights and terms of redemption, redemption price or prices and liquidation preferences of such series. The issuance of shares of preferred stock may have the effect of delaying, deferring or preventing a change in control of our company without further action by the stockholders, even where stockholders are offered a premium for their shares.

Together, these charter and statutory provisions could make the removal of management more difficult and may discourage transactions that otherwise could involve payment of a premium over prevailing market prices for our common stock. Furthermore, the existence of the foregoing provisions, as well as the significant common stock beneficially owned by the Sponsors, could limit the price that investors might be willing to pay in the future for shares of our common stock. They could also deter potential acquirers of our company, thereby reducing the likelihood that you could receive a premium for your common stock in an acquisition.

Table of Contents

CAUTIONARY STATEMENTS CONCERNING FORWARD LOOKING STATEMENTS

This prospectus contains forward looking statements within the meaning of the federal securities laws, which involve risks and uncertainties. You can identify forward looking statements because they contain words such as believes, project, might, expects, may, will, should, approximately, intends, plans, estimates, or anticipates or similar expressions that concern our strategy, plans or intentions. All statements w make relating to our estimated and projected earnings, margins, costs, expenditures, cash flows, growth rates and financial results are forward looking statements. In addition, we, through our senior management, from time to time make forward looking public statements concerning our expected future operations and performance and other developments. These forward looking statements are subject to risks and uncertainties that may change at any time, and, therefore, our actual results may differ materially from those that we expected. We derive many of our forward looking statements from our operating budgets and forecasts, which are based upon many detailed assumptions. While we believe that our assumptions are reasonable, we caution that it is very difficult to predict the impact of known factors, and it is impossible for us to anticipate all factors that could affect our actual results.

We disclose important factors that could cause actual results to differ materially from our expectations under Risk Factors and elsewhere in this prospectus, including, without limitation, in conjunction with the forward looking statements included in this prospectus. All subsequent written and oral forward looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by the cautionary statements. Some of the factors that we believe could materially affect our results include:

- the impact of our substantial indebtedness;
- the impact, if any, of unfunded pension benefits under multi-employer pension plans;
- the effect of local and national economic, credit and capital market conditions on the economy in general, and on the gaming and hotel industry in particular;
- construction factors, including delays, increased costs for labor and materials, availability of labor and materials, zoning issues, environmental restrictions, soil and water conditions, weather and other hazards, site access matters and building permit issues;
- the effects of environmental and structural building conditions relating to our properties;
- our ability to timely and cost effectively integrate companies that we acquire into our operations;
- our ability to realize the expense reductions from our cost savings programs;
- access to available and reasonable financing on a timely basis;
- changes in laws, including increased tax rates, smoking bans, regulations or accounting standards, third-party relations and approvals, and decisions, disciplines and fines of courts, regulators and governmental bodies;

- litigation outcomes and judicial and governmental body actions, including gaming legislative action, referenda, regulatory disciplinary actions and fines and taxation;

- the ability of our customer-tracking, customer loyalty and yield-management programs to continue to increase customer loyalty and same-store or hotel sales;

- our ability to recoup costs of capital investments through higher revenues;

- acts of war, terrorist incidents, severe weather or natural disasters;

- access to insurance on reasonable terms for our assets;

- abnormal gaming holds;

- potential difficulties in employee retention and recruitment as a result of our substantial indebtedness, the recent downturn in the gaming and hotel industries, or any other factor;

- the effects of competition, including locations of competitors and operating and market competition; and

- the other factors set forth under Risk Factors.

We caution you that the foregoing list of important factors may not contain all of the material factors that are important to you. In addition, in light of these risks and uncertainties, the matters referred to in the forward looking statements contained in this prospectus may not in fact occur. We undertake no obligation to publicly update or revise any forward looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

Table of Contents

MARKET AND INDUSTRY DATA AND FORECASTS

Information regarding market share, market position and industry data pertaining to our business contained in this prospectus consists of our estimates based on data and reports compiled by industry sources and professional organizations, including National Indian Gaming Commission, Casino City s North American Gaming Almanac, 2010 AGA Survey of Casino Entertainment, Las Vegas Convention and Visitors Authority, Smith Travel Research, Nevada State Gaming Control Board Nevada Gaming Abstract, South Jersey Transportation Authority, New Jersey Casino Control Commission, H2 Gaming Capital, Macau Gaming Inspection and Coordination Bureau, European Casino Association, the public filings with the Securities and Exchange Commission of MGM Resorts International, Las Vegas Sands Corp., Wynn Resorts, Limited, Ameristar Casinos, Inc., Penn National Gaming, Inc. and Pinnacle Entertainment, Inc. and on our management s knowledge of our business and markets.

Although we believe that the third-party sources are reliable, we have not independently verified market industry data provided by third parties or by industry or general publications, and we do not take any further responsibility for this data. Similarly, while we believe our internal estimates with respect to our industry are reliable, our estimates have not been verified by any independent sources, and we cannot assure you that they are accurate. While we are not aware of any misstatements regarding any industry data presented in this prospectus, our estimates, in particular as they relate to market share and our general expectations, involve risks and uncertainties and are subject to change based on various factors, including those discussed under Risk Factors.

Table of Contents

USE OF PROCEEDS

We estimate that the net proceeds from this offering without exercise of the option to purchase additional shares will be approximately $469.4 million after deducting the estimated underwriting discounts and commissions and expenses, assuming the shares are offered at $16.00 per share, which represents the midpoint of the estimated offering price range set forth on the front cover of this prospectus. If the underwriters exercise their option to purchase additional shares in full, the net proceeds to us will be approximately $540.0 million.

We intend to use the net proceeds from this offering to fund a near-term pipeline of growth projects and for general corporate purposes. These projects include: the previously announced LINQ, a dining, entertainment and retail area located between the Imperial Palace and the Flamingo in Las Vegas; the completion of the Octavius tower fit out, a 660 room tower at Caesars Palace Las Vegas which requires an additional approximately $85 million to reach completion; our potential joint venture development in Ohio with Rock Gaming, LLC; and funding the Penn s Landing development and management opportunity. We anticipate that these projects will require approximately $500 million of capital from us.

Table of Contents

CAPITALIZATION

The following table sets forth our capitalization as of September 30, 2010:

on an actual basis;

on an as adjusted basis giving effect to the consummation of the Private Placement, assuming the Paulson Investors and Sponsor Investors exchange $1,118.3 million face value of Notes for our common stock; and

on an as adjusted basis after giving effect to this offering at an assumed offering price that is the midpoint of the estimated offering price range of $15.00 and $17.00 and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

You should read this table in conjunction with Selected Historical Consolidated Financial Data, Management s Discussion and Analysis of Financial Condition and Results of Operations, Description of Indebtedness and our financial statements and the related notes included elsewhere in this prospectus.

	As of September 30, 2010		
(In millions)	Actual	As Adjusted for the Private Placement(1)	As adjusted for the Private Placement(1) and this offering
Cash and cash equivalents	$ 1,323.7	$ 1,323.7	$ 1,793.1
Debt:			
Term loan(2)	$ 6,790.2	$ 6,790.2	$ 6,790.2
Revolving credit facility(3)			
First lien notes	2,048.4	2,048.4	2,048.4
Second lien notes(4)	2,909.2	2,909.2	2,909.2
PHW Las Vegas senior secured loan	441.0	441.0	441.0
Subsidiary guaranteed unsecured senior debt(5)	489.1	489.1	489.1
Unsecured senior notes(6)	1,409.8	637.9	637.9
CMBS Financing(7)	5,342.9	5,342.9	5,342.9
Other(8)	286.5	286.5	286.5
Total long-term debt, including current portion(7)	19,717.1	18,945.2	18,945.2
Equity	1,062.6	1,834.5	2,303.9
Total capitalization	$ 20,779.7	$ 20,779.7	$ 21,249.1

(1) Does not take into account the payment of interest on the tendered notes and the effect that such payment will have on the amount of notes that may be tendered by the Paulson Investors in light of percentage ownership limitations.

(2) Upon the closing of the Acquisition, CEOC entered into a seven-year $7,250.0 million term loan facility, all of which was drawn at the closing of the Acquisition. The outstanding borrowings under the term loan have been increased by an incremental term loan drawn in October 2009 and have been reduced by payments made subsequent to the Acquisition. Caesars guarantees this facility, and all of the material wholly owned domestic subsidiaries of CEOC have pledged their assets to secure this facility.

(3) Upon the closing of the Acquisition, CEOC entered into the senior secured credit facilities, which included a $2,000.0 million revolving credit facility that was reduced to $1,630.0 million due to debt retirements subsequent to the closing of the Acquisition. At September 30, 2010, $1,510.0 million of borrowing capacity was available under our revolving credit facility, with an additional $120.0 million committed to back letters of credit. Caesars guarantees this facility, and all of the material wholly owned domestic subsidiaries of CEOC other than Planet Hollywood have pledged their assets to secure this facility.

(4) Consists of the book values of $750.0 million face value of 12.75% Second-Priority Notes due 2018, book values of $214.8 million face value of 10.0% Second-Priority Notes due 2015, book values of $847.6 million face value of 10.0% Second-Priority Notes due 2018 issued in connection with the exchange offers that were consummated on December 24, 2008, and book values of $3,705.5 million face value of 10.0% Second-Priority Notes due 2018 issued in connection with the exchange offers that were consummated on April 15, 2009. Such amounts are inclusive of amounts paid in fees in connection with such exchange offers. The aggregate face value of such notes is $5,517.9 million.

(5) Consists of $478.6 million of 10.75% Senior Notes due 2016 and $10.5 million of 10.75%/11.5% Senior Toggle Notes due 2018. All of this indebtedness is guaranteed on a joint and several basis by Caesars and all of the material wholly owned domestic subsidiaries of CEOC that have pledged their assets to secure the senior secured credit facilities.

(6) The Actual unsecured senior notes consist of the book values of the following notes: $125.2 million face value of 5.375% Senior Notes due 2013, $784.3 million face value of 5.625% Senior Notes due 2015, $532.2 million face value of 5.75% Senior Notes due 2017, $568.5 million face value of 6.5% Senior Notes due 2016, $0.6 million face value of 7% Senior Notes due 2013 and $0.2 million face value of Floating Rate Contingent Convertible Senior Notes due 2024, all of which are obligations of CEOC and guaranteed by Caesars. The aggregate face value of such notes is $2,011.0 million. Upon giving effect to the Private Placement, assuming the Paulson Investors and the Sponsor Investors tender $1,118.3 million of notes in the Private Placement and acceptance of all tendered notes in the Private Placement, HBC would hold $427.4 million face value of the outstanding 5.625% Senior Notes due 2015, $385.0 million face value of the outstanding 5.75% Senior Notes due 2017 and $324.5 million face value of the outstanding 6.5% Senior Notes due 2016.

(7) The amount of CMBS Loans will be reduced to approximately $5,189.6 million and total long-term debt will be reduced to approximately $19,563.8 million by December 31, 2010 as a result of additional purchases of certain CMBS Loans by us for an additional payment by us of approximately $95.7 million, as required pursuant to the terms of the CMBS Amendment.

(8) Consists of the book values of the following debt: $212.8 million of 12.375% senior secured term loan due 2016 incurred by Chester Downs, $11.6 million of unsecured Uruguay bonds due 2010, $67.1 million of principal obligations to fund Clark County, Nevada, Special Improvement District bonds and $6.5 million of miscellaneous other indebtedness.

Table of Contents

DILUTION

Dilution is the amount by which the offering price paid by the purchasers of the common stock to be sold in this offering exceeds the net tangible book value per share of common stock after this offering. Net tangible book value per share is determined at any date by subtracting our total liabilities from the total book value of our tangible assets and dividing the difference by the number of shares of common stock deemed to be outstanding at that date.

Our net tangible book value (deficit) as of September 30, 2010 was $(7,150.4) million, or $(27.74) per share. After giving effect to the receipt and our intended use of approximately $469.4 million of estimated net proceeds from our sale of 31,250,000 shares of common stock in this offering at an assumed offering price of $16.00 per share, which represents the midpoint of the estimated offering price range set forth on the front cover of this prospectus, our pro forma net tangible book value (deficit) as of September 30, 2010 is approximately $(6,681.0) million, or $(19.85) per share. This represents an immediate increase in pro forma net tangible book value of $7.89 per share to existing stockholders and an immediate dilution of $(35.85) per share to new investors purchasing shares of common stock in this offering. The following table illustrates this substantial and immediate per share dilution to new investors:

		Per Share
Assumed initial public offering price per share		$ 16.00
Net tangible book value (deficit) before this offering	$ (27.74)	
Increase per share attributable to investors in this offering	7.89	
Pro forma net tangible book value (deficit) after this offering		$ (19.85)
Dilution per share to new investors		$ (35.85)

A $1.00 increase (decrease) in the assumed initial public offering price of $16.00 per share (the midpoint of the estimate offering price range set forth on the cover page of this prospectus) would increase (decrease) our pro forma as adjusted net tangible book value by $29.3 million, the as adjusted pro forma net tangible book value per share after this offering by $0.09 per share and the dilution per share to new investors in this offering by $0.09, assuming the number of shares offered by us, as set forth on the cover page of this prospectus remains the same and after deducting the estimated underwriting discounts and commissions and estimated expenses payable by us.

The following table summarizes on an as adjusted basis as of September 30, 2010, giving effect to:

- the total number of shares of common stock purchased from us;
- the total consideration paid to us, assuming an initial public offering price of $16.00 per share (before deducting the estimated underwriting discount and commissions and offering expenses payable by us in connection with this offering); and
- the average price per share paid by existing shareholders and by new investors purchasing shares in this offering.

	Shares Purchased		Total Consideration (in millions)		Average Price
	Number	Percent	Amount	Percent	Per Share
Existing stockholders	305,395,160	90.7%	$ 6,137.8	92.5%	$ 20.10
Investors in the offering	31,250,000	9.3	500.0	7.5	16.00

Total	336,645,160	100.0%	$ 6,637.8	100.0%	$ 19.71

A $1.00 increase (decrease) in the assumed initial public offering price of $16.00 per share (the midpoint of the estimate offering price range set forth on the cover page of this prospectus) would increase (decrease) total consideration paid by existing stockholders, total consideration paid by new investors and the average price per share by $0, $31.25 million and $0.20, respectively, assuming the number of shares offered by us, as set forth on the cover page of this prospectus remains the same, and without deducting underwriting discounts and commissions and estimated expenses payable by us.

Table of Contents

The above tables and calculations do not give effect to:

- 17,841,797 shares of our common stock issuable upon the exercise of outstanding options as of September 30, 2010, at a weighted-average exercise price of $19.32 per share, or 440,929 shares of common stock issuable upon the exercise of options we anticipate issuing prior to the consummation of this offering;

- 138,780 shares of our common stock issuable upon the exercise of outstanding warrants as of September 30, 2010, at a weighted-average exercise price of $23.49 per share;

- 22,113,652 shares of our common stock reserved for future issuance under the Caesars Entertainment Corporation 2010 Performance Incentive Plan; and

- 4,687,500 shares of our common stock issuable in this offering to the underwriters pursuant to an option to purchase additional shares.

To the extent any of these options or warrants are exercised or shares of our common stock currently reserved for future issuance are issued, there will be further dilution to new investors.

Table of Contents

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

The following table presents our selected historical consolidated financial data as of and for the periods presented. The selected historical consolidated financial data as of December 31, 2008 and 2009 and for the year ended December 31, 2007, the periods from January 1, 2008 through January 27, 2008 and from January 28, 2008 through December 31, 2008, and for the year ended December 31, 2009, have been derived from, and should be read in conjunction with, our audited consolidated financial statements included elsewhere in this prospectus. The selected historical consolidated financial and other data for the years ended December 31, 2005 and 2006 and as of December 31, 2005, 2006 and 2007 have been derived from our audited consolidated financial statements not included in this prospectus. The selected historical financial information as of September 30, 2010 and for the nine month periods ended September 30, 2009 and 2010, are derived from, and should be read in conjunction with, our unaudited consolidated condensed financial statements included elsewhere in this prospectus, and, except as otherwise described herein, have been prepared on a basis consistent with our annual audited financial statements and, in the opinion of management, include all adjustments, consisting of normal recurring accruals, considered necessary for a fair presentation of such data.

You should read this data in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and our financial statements and the related notes thereto included elsewhere in this prospectus.

41

Table of Contents

Caesars Entertainment Corporation

Selected Historical Consolidated Financial Data

	Predecessor				Successor			
	Year Ended December 31,			Jan. 1, 2008 through	Jan. 28, 2008 through	Year Ended	Nine Months Ended September 30,	
(In millions, except per share data)	2005	2006	2007	Jan. 27, 2008	Dec. 31, 2008	Dec. 31, 2009	2009 (Unaudited)	2010 (Unaudited)
Revenues								
Casino	$ 5,966.5	$ 7,868.6	$ 8,831.0	$ 614.6	$ 7,476.9	$ 7,124.3	$ 5,444.8	$ 5,251.3
Food and beverage	1,086.7	1,577.7	1,698.8	118.4	1,530.2	1,479.3	1,129.3	1,157.8
Rooms	786.2	1,240.7	1,353.6	96.4	1,174.5	1,068.9	817.8	858.5
Management fees	75.6	89.1	81.5	5.0	59.1	56.6	43.5	31.2
Other	424.7	611.0	695.9	42.7	624.8	592.4	447.9	439.9
Less: casino promotional allowances	(1,329.7)	(1,713.2)	(1,835.6)	(117.0)	(1,498.6)	(1,414.1)	(1,075.0)	(1,041.1)
Net revenues	7,010.0	9,673.9	10,825.2	760.1	9,366.9	8,907.4	6,808.3	6,697.6
Operating Expenses								
Direct								
Casino	2,984.6	3,902.6	4,595.2	340.6	4,102.8	3,925.5	2,968.0	2,982.9
Food and beverage	482.3	697.6	716.5	50.5	639.5	596.0	451.1	469.7
Rooms	151.5	256.6	266.3	19.6	236.7	213.5	160.4	195.5
Property general and administrative and other	1,464.4	2,206.8	2,421.7	178.2	2,143.0	2,018.8	1,518.3	1,580.0
Depreciation and amortization	485.7	667.9	817.2	63.5	626.9	683.9	516.8	548.1
Project opening costs	16.4	20.9	25.5	0.7	28.9	3.6	2.9	4.0
Write-downs, reserves and recoveries	56.1	62.6	(59.9)	4.7	16.2	107.9	78.6	136.3
Impairment of intangible assets	138.6	20.7	169.6		5,489.6	1,638.0	1,625.7	144.0
(Income)/loss in non-consolidated affiliates	(1.2)	(3.6)	(3.9)	(0.5)	2.1	2.2	1.3	2.1
Corporate expense	97.7	177.5	138.1	8.5	131.8	150.7	111.7	103.8
Acquisition and integration costs	55.0	37.0	13.4	125.6	24.0	0.3	0.3	8.3
Amortization of intangible assets	49.9	70.7	73.5	5.5	162.9	174.8	131.7	121.7
Total operating expenses	5,981.0	8,117.3	9,173.2	796.9	13,604.4	9,515.2	7,566.8	6,296.4
Income/(loss) from operations	1,029.0	1,556.6	1,652.0	(36.8)	(4,237.5)	(607.8)	(758.5)	401.2
Interest expense, net of interest capitalized	(479.6)	(670.5)	(800.8)	(89.7)	(2,074.9)	(1,892.5)	(1,404.7)	(1,471.9)
(Losses)/gains on early extinguishments of debt	(3.3)	(62.0)	(2.0)		742.1	4,965.5	4,279.2	48.7
Other income, including interest income	8.0	10.7	43.3	1.1	35.2	33.0	23.2	28.2
Income/(loss) from continuing operations before income taxes	554.1	834.8	892.5	(125.4)	(5,535.1)	2,498.2	2,139.2	(993.8)
(Provision) benefit for income taxes	(225.9)	(295.6)	(350.1)	26.0	360.4	(1,651.8)	(1,590.8)	364.5
Income/(loss) from continuing operations, net of tax	328.2	539.2	542.4	(99.4)	(5,174.7)	846.4	548.4	(629.3)
Income/(loss) from discontinued operations, net of tax	(79.9)	11.9	92.2	0.1	90.4		(0.3)	
Net income/(loss)	248.3	551.1	634.6	(99.3)	(5,084.3)	846.4	548.1	(629.3)
Less: net income attributable to non-controlling interests	(11.9)	(15.3)	(15.2)	(1.6)	(12.0)	(18.8)	(16.1)	(5.1)

Net income/(loss) attributable to Caesars Entertainment Corporation	236.4	535.8	619.4	(100.9)	(5,096.3)	827.6	532.0	(634.4)
Preferred stock dividends					(297.8)	(354.8)	(259.3)	
Net income/(loss) attributable to common stockholders	$ 236.4	$ 535.8	$ 619.4	$ (100.9)	$ (5,394.1)	$ 472.8	$ 272.7	$ (634.4)
Earnings per share basic								
Income from continuing operations	$ 0.50	$ 0.67	$ 0.66	$ (0.13)	$ (31.61)	$ 2.73	$ 1.58	$ (2.75)
Discontinued operations, net	(0.13)	0.01	0.12		0.52			
Net income/(loss)	$ 0.37	$ 0.68	$ 0.78	$ (0.13)	$ (31.09)	$ 2.73	$ 1.58	$ (2.75)
Earnings per share diluted								
Income from continuing operations	$ 0.49	$ 0.66	$ 0.65	$ (0.13)	$ (31.61)	$ 1.62	$ 1.06	$ (2.75)
Discontinued operations, net	(0.12)	0.01	0.11		0.52			0.00
Net income/(loss)	$ 0.37	$ 0.67	$ 0.76	$ (0.13)	$ (31.09)	$ 1.62	$ 1.06	$ (2.75)
Dividends declared per common share	$ 0.33	$ 0.36	$ 0.38	$	$	$	$	$

Table of Contents

(In millions except share data)	Predecessor				Successor			
	Year Ended December 31,			Jan. 1, 2008 through Jan. 27, 2008	Jan. 28, 2008 through Dec. 31, 2008	Year Ended Dec. 31, 2009	Nine Months Ended September 30,	
	2005	2006	2007				2009 (Unaudited)	2010 (Unaudited)
Basic weighted-average common shares outstanding	630,282,129	783,306,777	793,156,284	801,026,214	173,513,064	173,234,665	173,248,505	230,861,817
Diluted weighted-average common shares outstanding	639,565,868	800,491,154	811,392,119	801,026,214	173,513,064	511,919,307	499,683,476	230,861,817
Balance Sheet Data								
Cash and cash equivalents	$ 724.4	$ 799.6	$ 710.0		$ 650.5	$ 918.1	$ 948.2	$ 1,323.7
Working capital	30.7	(610.2)	(126.1)		(536.4)	(6.6)	(118.9)	121.7
Total assets	20,517.6	22,284.9	23,357.7		31,048.6	28,979.2	29,230.5	29,287.9
Total debt	11,045.8	12,089.9	12,440.4		23,208.9	18,943.1	19,342.4	19,717.1
Total stockholders equity/(deficit)	5,696.7	6,123.5	6,679.1		(1,360.8)	(867.0)	(1,080.7)	1,062.6
Other Financial Data								
Capital expenditures, net of change in construction payables	$ 1,201.0	$ 2,548.3	$ 1,376.7	$ 125.6	$ 1,181.4	$ 464.5	$ 411.9	$ 124.6

43

Table of Contents

DIVIDEND POLICY

We intend to retain all future earnings, if any, for use in the operation of its business and to fund future growth. We do not anticipate paying any dividends for the foreseeable future. The decision whether to pay dividends will be made by our Board in light of conditions then existing, including factors such as our results of operations, financial condition and requirements, business conditions and covenants under any applicable contractual arrangements, including our indebtedness.

MANAGEMENT S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

We are the world s largest casino entertainment provider as measured by net revenues and individual casinos, and are the most geographically diverse U.S. casino operator. As of September 30, 2010, we owned, operated or managed, through various subsidiaries, 52 casinos in 12 U.S. states and seven countries. The vast majority of these casinos operate in the United States and England. Our casino entertainment facilities operate primarily under the Caesars, Harrah s and Horseshoe brand names in the United States, and include land-based casinos, casino clubs, riverboat or dockside casinos, casinos on Indian reservations, and casinos combined with a greyhound racing facility, a thoroughbred racetrack and a harness racetrack. We are focused on building customer loyalty through a unique combination of customer service, excellent products, unsurpassed distribution, operational excellence and technology leadership and on exploiting the value of our major hotel/casino brands and Total Rewards, our industry-leading loyalty program. We believe that the customer-relationship marketing and business-intelligence capabilities fueled by Total Rewards are constantly bringing us closer to our customers so we better understand their preferences, and from that understanding, we are able to improve the entertainment experiences that we offer accordingly.

On January 28, 2008, we were acquired by the Apollo Funds and affiliates of TPG in an all-cash transaction, which we refer to as the Acquisition, at approximately $30.7 billion. Holders of Caesars stock received $90.00 in cash for each outstanding share of common stock. As a result of the Acquisition, the issued and outstanding shares of Caesars non-voting common stock are owned by entities affiliated with Apollo and TPG and certain co-investors and members of management, and the issued and outstanding shares of Caesars voting common stock are owned by Hamlet Holdings, which is owned by certain individuals affiliated with Apollo and TPG.

Regional Aggregation

Our executive officers review operating results, assess performance and make decisions related to the allocation of resources on a property-by-property basis. We, therefore, believe that each property is an operating segment and that it is appropriate to aggregate and present our operations as one reportable segment. In order to provide more meaningful information than would be possible on a consolidated basis, our properties (as of September 30, 2010, or as otherwise noted below) have been grouped as follows to facilitate discussion of our operating results:

Las Vegas	**Atlantic City**	**Louisiana/Mississippi**	**Iowa/Missouri**
Caesars Palace Bally s Las Vegas Flamingo Las Vegas Harrah s Las Vegas Paris Las Vegas Rio Imperial Palace Bill s Gamblin Hall & Saloon Planet Hollywood Resort & Casino(1)	Harrah s Atlantic City Showboat Atlantic City Bally s Atlantic City Caesars Atlantic City Harrah s Chester(2)	Harrah s New Orleans Harrah s Louisiana Downs Horseshoe Bossier City Grand Biloxi Harrah s Tunica Horseshoe Tunica Tunica Roadhouse Hotel & Casino	Harrah s St. Louis Harrah s North Kansas City Harrah s Council Bluffs Horseshoe Council Bluffs/ Bluffs Run

Table of Contents

Illinois/Indiana	Other Nevada	Managed and International
Horseshoe Southern Indiana	Harrah s Reno	Harrah s Ak-Chin[4]
Harrah s Joliet[3]	Harrah s Lake Tahoe	Harrah s Cherokee[4]
Harrah s Metropolis	Harvey s Lake Tahoe	Harrah s Rincon[4]
Horseshoe Hammond	Harrah s Laughlin	Conrad Punta del Este[2]
		Caesars Windsor[5]
		London Clubs International[6]

(1) Acquired on February 19, 2010. PHW Las Vegas, which owns and operates Planet Hollywood, is an unrestricted subsidiary of CEOC.
(2) We have approximately 95 percent ownership interest in this property.
(3) We have an 80 percent ownership interest in and manage this property.
(4) Managed, not owned.
(5) We have a 50 percent interest in Windsor Casino Limited, which manages this property. The province of Ontario owns the complex.
(6) As of September 30, 2010, we operated/managed 10 casino clubs in the provinces of the United Kingdom and two in Egypt. We have a 70 percent ownership in and manage one casino club in South Africa.

Included in income from operations for each grouping are project opening costs and write-downs, reserves and recoveries. Project opening costs include costs incurred in connection with expansion and renovation projects at various properties. Write-downs, reserves and recoveries include various pretax charges to record tangible asset impairments, contingent liability reserves, demolition costs, recoveries of previously recorded non-routine charges and other non-routine transactions.

Consolidated Operating Results

In accordance with GAAP, we have separated our historical financial results for the periods subsequent to the Acquisition, or the Successor periods, and the period prior to the Acquisition, or the Predecessor periods. However, we have also combined results for the Successor and Predecessor periods for 2008 in the presentations below because we believe that it enables a meaningful presentation and comparison of results. As a result of the application of purchase accounting as of the Acquisition date, financial information for the Successor periods and the Predecessor periods are presented on different bases and, therefore, are not comparable. We have reclassified certain amounts for prior periods to conform to our 2009 presentation.

Because the financial results for 2010, 2009 and 2008 include significant impairment charges, the following tables also present separately income/(loss) from operations before impairment charges and the impairment charges to provide more meaningful comparisons of results. This presentation is not in accordance with GAAP.

	Nine Months Ended September 30,		Percentage Increase/
(Dollars in millions)	2010	2009	(Decrease)
Casino revenues	$ 5,251.3	$ 5,444.8	(3.6)%
Net revenues	6,697.6	6,808.3	(1.6)%
Income/(loss) from operations	401.2	(758.5)	N/M
Impairment of intangible assets, including goodwill	144.0	1,625.7	N/M
Income from operations before impairment charge	545.2	867.2	(37.1)%
(Loss)/income from continuing operations, net of tax	(629.3)	548.4	N/M
(Loss)/income attributable to Caesars Entertainment Corporation	(634.4)	532.0	N/M
Operating margin	6.0%	(11.1)%	17.1 pts
Operating margin before impairment charges	8.1%	12.7%	(4.6)pts

N/M=Not meaningful

46

Table of Contents

(Dollars in millions)	Successor 2009	Successor Jan. 28, 2008 through Dec. 31, 2008	Predecessor Jan. 1, 2008 through Jan. 27, 2008	Combined 2008	Predecessor 2007	Percentage Increase/(Decrease) 09 vs. 08	Percentage Increase/(Decrease) 08 vs. 07
Casino revenues	$ 7,124.3	$ 7,476.9	$ 614.6	$ 8,091.5	$ 8,831.0	(12.0)%	(8.4)%
Net revenues	8,907.4	9,366.9	760.1	10,127.0	10,825.2	(12.0)%	(6.4)%
Income/(loss) from operations	(607.8)	(4,237.5)	(36.8)	(4,274.3)	1,652.0	85.8%	N/M
Impairment charges	1,638.0	5,489.6		5,489.6	169.6	N/M	N/M
Income/(loss) from operations before impairment charges	1,030.2	1,252.1	(36.8)	1,215.3	1,821.6	(15.2)%	(33.3)%
Income/(loss) from continuing operations, net of tax	846.4	(5,174.7)	(99.4)	(5,274.1)	542.4	N/M	N/M
Net income/(loss) attributable to Caesars Entertainment Corporation	827.6	(5,096.3)	(100.9)	(5,197.2)	619.4	N/M	N/M

N/M = Not meaningful

Net revenues for the nine months ended September 30, 2010 declined 1.6 percent to $6,697.6 million from $6,808.3 million in the comparable period of 2009 as incremental revenues associated with the Planet Hollywood acquisition were unable to offset the continuing impact of the recession on customers discretionary spending.

Income from operations for the nine months ended September 30, 2010 was $401.2 million, compared with a loss from operations of $758.5 million for the same period in 2009. Included in the nine months ended September 30, 2010 and 2009 were impairment charges for intangible assets totaling $144.0 million and $1,625.7 million, respectively. Prior to consideration of the aforementioned impairment charges, income from operations for the nine months ended September 30, 2010 decreased to $545.2 million from $867.2 million for the nine months ended September 30, 2009, driven by increased marketing and labor-related expenses, incremental depreciation and remediation costs in the Las Vegas region, and write-offs of assets associated with the indefinite deferral of certain capital projects in the Las Vegas and Atlantic City regions, combined with the income impact of reduced revenues during the first half of 2010 and the previously disclosed litigation and asset reserve charges recorded during the second quarter 2010.

Loss from continuing operations, net of tax, for the nine months ended September 30, 2010 was $629.3 million, compared with income from continuing operations, net of tax, of $548.4 million for the year-ago period. Included in loss from continuing operations, net of tax, for the nine months ended September 30, 2010 were: (i) the aforementioned impairment charges for intangible assets; and (ii) gains related to the early extinguishment of debt of $48.7 million. Included in income from continuing operations, net of tax, for the nine months ended September 30, 2009 were: (i) aforementioned impairment charges for intangible assets; and (ii) gains related to the early extinguishment of debt of $4,279.2 million.

In the fourth quarter of 2009, we purchased $948.8 million of face value of CMBS Loans for $237.2 million. Pursuant to the terms of the CMBS Amendment, we have agreed to pay lenders selling these CMBS Loans during the fourth quarter of 2009 an additional $48.0 million for their loans previously sold, to be paid no later than December 31, 2010. This additional liability was recorded as a loss on early extinguishment of debt during the quarter ended March 31, 2010. In June 2010, we purchased $46.6 million face value of CMBS Loans for $22.6 million, recognizing a net gain on the transaction of approximately $23.3 million during the second quarter of 2010. In September 2010, we purchased $123.8 million face value of CMBS Loans for $37.1 million, of which $31.0 was paid at the closing of the CMBS Amendment. Pursuant to the terms of the CMBS Amendment, we also contracted to purchase $191.3 million of face value of CMBS Loans for $95.7 million by December 31, 2010.

Revenues for the full year ended December 31, 2009, as compared to the year ended December 31, 2008, declined as a result of reduced customer visitation and spend per trip due to the impact of the recession on customers discretionary spending, as well as reduced aggregate demand, which impacted average daily room

47

rates. The earnings impact of the declines in revenue in 2009 as compared to 2008 was partially offset by company-wide cost savings initiatives that began in the third quarter of 2008. Income from continuing operations, net of tax, for the year ended December 31, 2009, includes net gains on early extinguishments of debt of $4,965.5 million, which were partially offset by charges of $1,638.0 million for impairments of goodwill and other non-amortizing intangible assets. The full year ended December 31, 2008 included charges of $5,489.6 million related to impairment of goodwill and other non-amortizing intangible assets, and expenses incurred in connection with the Acquisition, primarily related to accelerated vesting of employee stock options, stock appreciation rights, or SARs, and restricted stock, and higher interest expense. Offsetting a portion of these costs in 2008 were net gains on the early extinguishments of debt and proceeds received from the settlement of insurance claims related to hurricane damage in 2005.

Gains on early extinguishments of debt during 2009, mentioned above, relate to multiple debt transactions initiated throughout the year, including (i) the exchange of $3,648.8 million principal amount of new 10% second-priority senior secured notes due in 2018 for $5,470.1 million aggregate principal amount of outstanding debt with maturity dates ranging from 2010 to 2018; (ii) the purchase of $1,601.5 million principal amount of outstanding debt through tender offers or open market purchases; and (iii) the early retirement of $948.8 million principal amount of certain real estate loans. These events are discussed more fully in Liquidity and Capital Resources.

The decrease in 2008 from 2007 revenues was primarily attributable to turbulent economic conditions in the United States that reduced customer visitation to our casinos and spend per trip. The impact of a smoking ban in Illinois, heavy rains and flooding affecting visitor volumes at our properties in the Midwest and the temporary closure of Gulf Coast properties due to a hurricane also contributed to the decline in 2008 revenues. As mentioned above, 2008 loss from continuing operations, net of tax, was also impacted by charges for impairment of certain goodwill and other non-amortizing intangible assets; expenses incurred in connection with the Acquisition; and higher interest expense, partially offset by net gains from early extinguishments of debt and proceeds from the settlement of insurance claims related to hurricane damage in 2005.

Regional Operating Results

Las Vegas Region

	Nine Months Ended September 30,		Percentage Increase/
(Dollar in millions)	**2010**	**2009**	**(Decrease)**
Casino revenues	$ 1,127.5	$ 1,113.5	1.3%
Net revenues	2,108.1	2,048.8	2.9%
Income/(loss) from operations	249.0	(778.3)	N/M
Impairment of intangible assets, including goodwill		1,130.9	N/M
Income from operations before impairment charges	249.0	352.6	(29.4)%
Operating margin	11.8%	(38.0)%	49.8 pts
Operating margin before impairment charges	11.8%	17.2%	(5.4)pts

N/M = Not meaningful

Table of Contents

(Dollars in millions)	Successor 2009	Successor Jan. 28, 2008 through Dec. 31, 2008	Predecessor Jan. 1, 2008 through Jan. 27, 2008	Combined 2008	Predecessor 2007	Percentage Increase/(Decrease) 09 vs. 08	Percentage Increase/(Decrease) 08 vs. 07
Casino revenues	$ 1,476.0	$ 1,579.9	$ 138.7	$ 1,718.6	$ 1,986.6	(14.1)%	(13.5)%
Net revenues	2,698.0	3,000.6	253.6	3,254.2	3,626.7	(17.1)%	(10.3)%
(Loss)/income from operations	(681.0)	(1,988.0)	51.9	(1,936.1)	886.4	64.8%	N/M
Impairment charges	1,130.9	2,579.4		2,579.4		N/M	N/M
Income from operations before impairment charges	449.9	591.4	51.9	643.3	886.4	(30.1)%	(27.4)%
Operating margin	(25.2)%	(66.3)%	20.5%	(59.5)%	24.4%	34.3 pts	N/M
Operating margin before impairment charges.	16.7%	19.7%	20.5%	19.8%	24.4%	(3.1)pts	(4.6) pts

N/M = Not meaningful

On February 19, 2010, CEOC, a wholly-owned subsidiary of Caesars, acquired 100% of the equity interests of PHW Las Vegas, which owns Planet Hollywood. Net revenues and income from continuing operations before income taxes (excluding transaction costs associated with the acquisition) of Planet Hollywood subsequent to the date of acquisition through September 30, 2010 of $159.2 million and $23.4 million, respectively, are included in consolidated results from operations for the nine months ended September 30, 2010.

Hotel occupancy remained strong in the mid-90 percent range, and revenues for the nine months ended September 30, 2010, increased in the Las Vegas region from the 2009 period due to the first-quarter 2010 acquisition of Planet Hollywood. Same-store revenue declines of 4.9 percent in the nine months ended September 30, 2010 resulted primarily from lower spend per visitor. In addition to the income impact of reduced same-store revenues, cost increases contributed to same-store margin declines before consideration of impairment charges for the nine months ended September 30, 2010. Income from operations for the nine months ended September 30, 2010 includes incremental depreciation associated with the Caesars Palace expansions placed into service late in 2009, increased levels of remediation costs during 2010 at two properties within the region, and the write-off of assets associated with the indefinite deferral of certain capital projects. Loss from operations for the nine months ended September 30, 2009 includes charges of $1,130.9 million related to impairment of intangible assets in the region.

As discussed above, an expansion and renovation of Caesars Palace Las Vegas was completed in stages during 2009 on the Octavius Tower, a new hotel tower with 110,000 square feet of additional meeting and convention space, three 10,000-square-foot luxury villa suites and an expanded pool and garden area. We have deferred completion of approximately 660 rooms, including 75 luxury suites, in the hotel tower expansion as a result of current economic conditions impacting the Las Vegas tourism sector. The convention center and the remainder of the expansion project, other than the deferred rooms, was completed during 2009. We incurred capital expenditures of approximately $648.2 million on this project through September 30, 2010, and do not expect to incur significant additional capital expenditures on this project until we resume construction on the deferred rooms.

For the year ended December 31, 2009, revenues and income from operations before impairment charges were lower than in the comparable period in 2008, driven by lower spend per visitor and declines in the group-travel business due to the economic environment. While hotel occupancy was strong at approximately 90%, average room rates declined due to the impact of reduced aggregate demand. Loss from operations for 2009 included charges of $1,130.9 million recorded for the impairment of goodwill and other non-amortizing intangible assets.

The declines in revenues and income from operations before impairment charges in 2008 from 2007 reflect lower visitation and spend per trip as our customers reacted to higher transportation costs, volatility in the

Table of Contents

financial markets and other economic concerns. Fewer hotel rooms available at Caesars Palace due to remodeling and at Harrah s Las Vegas and Rio as a result of room remediation projects also contributed to the 2008 decline. Loss from operations for Las Vegas included charges of $2,579.4 million recorded in fourth quarter 2008 for the impairment of certain goodwill and other non-amortizing intangible assets.

On February 27, 2007, we exchanged certain real estate that we owned on the Las Vegas Strip for property located at the northeast corner of Flamingo Road and Las Vegas Boulevard between Bally s Las Vegas and Flamingo Las Vegas. We began operating the acquired property on March 1, 2007, as Bill s Gamblin Hall & Saloon, and its results are included in our operating results from the date of its acquisition.

Atlantic City Region

(In millions)	Nine Months Ended September 30, 2010 2010	2009	Percentage Increase/ (Decrease)
Casino revenues	$ 1,326.2	$ 1,455.3	(8.9)%
Net revenues	1,482.2	1,558.5	(4.9)%
Income/(loss) from operations	100.2	6.0	N/M
Impairment of intangible assets, including goodwill		178.6	N/M
Income from operations	100.2	184.6	(45.7)%
Operating margin	6.8%	0.4%	6.4 pts
Operating margin before impairment charges	6.8%	11.8%	(5.0)pts

	Successor		Predecessor		Predecessor	Percentage Increase/(Decrease)	
(Dollars in millions)	2009	Jan. 28, 2008 through Dec. 31, 2008	Jan. 1, 2008 through Jan. 27, 2008	Combined 2008	2007	09 vs. 08	08 vs. 07
Casino revenues	$ 1,894.5	$ 2,111.8	$ 163.4	$ 2,275.2	$ 2,429.9	(16.7)%	(6.4)%
Net revenues	2,025.9	2,156.0	160.8	2,316.8	2,372.0	(12.6)%	(2.3)%
Income/(loss) from operations	28.3	(415.4)	18.7	(396.7)	351.4	N/M	N/M
Impairment charges	178.7	699.9		699.9		N/M	N/M
Income from operations before impairment charges	207.0	284.5	18.7	303.2	351.4	(31.7)%	(13.7)%
Operating margin	1.4%	(19.3)%	11.6%	(17.1)%	14.8%	N/M	N/M
Operating margin before impairment charges	10.2%	13.2%	11.6%	13.1%	14.8%	(2.9) pts	(1.7) pts

N/M = Not meaningful

Reduced customer spend per trip led to lower Atlantic City region revenues during the nine months ended September 30, 2010. Income/(loss) from operations for the nine months ended September 30, 2009 included a charge of $178.6 million related to impairment of intangible assets at certain of the region s properties. Income from operations for the nine months ended September 30, 2010 was lower than the prior year period prior to consideration of the impairment charge as cost-saving initiatives were unable to offset the income impact of reduced revenues combined with increased marketing and labor-related expenses. Income from operations for the nine months ended September 30, 2010 also included the write-off of assets associated with the indefinite deferral of certain capital projects.

Revenues for 2009 were lower than in 2008 due to reduced visitor volume and spend per trip. Income from operations before impairment charges for 2009 was also lower than in 2008 as cost savings initiatives were insufficient to offset the earnings impact of the reduced revenues and increased marketing expenses. The Atlantic City market continues to be affected by competition from three slot facilities in eastern Pennsylvania and one in

Table of Contents

Yonkers, New York and the current economic environment. These adverse factors were partially offset by the full-year impact of the 2008 expansion of the Harrah s Atlantic City property. In 2009, income from operations included a charge of $178.7 million for impairment of goodwill of certain of the Atlantic City properties.

During 2009, Chester Downs, a majority-owned subsidiary of CEOC and owner of Harrah s Chester, entered into an agreement to borrow under a senior secured term loan with a principal amount of $230.0 million and borrowed such amount, net of original issue discount. The proceeds of the term loan were used to pay off intercompany debt due to CEOC and to repurchase equity interests from certain minority partners of Chester Downs. As a result of the purchase of these equity interests, CEOC currently owns approximately 95% of Chester Downs.

Revenues and income from operations before impairment charges for the Atlantic City region in 2008 were down from 2007 due to reduced visitor volume and spend per trip, and higher operating costs, including utilities and employee benefits. These adverse impacts were partially offset by favorable results from Harrah s Chester and from Harrah s Atlantic City, which benefited from the 2008 expansion and upgrade discussed below at that property. The Atlantic City market was affected by the opening of three slot facilities in eastern Pennsylvania and one in Yonkers, New York, and smoking restrictions in Atlantic City. Loss from operations for 2008 for the Atlantic City region included a charge of $699.9 million recorded in fourth quarter 2008 for the impairment of certain goodwill and other non-amortizing intangible assets.

Construction was completed in 2008 on a $498.6 million upgrade and expansion of Harrah s Atlantic City, which included a new hotel tower with approximately 960 rooms, a casino expansion, a new buffet and a retail and entertainment complex. Portions of the new hotel tower opened in the first and second quarters of 2008, and the remaining phase opened in July 2008.

Louisiana/Mississippi Region

(Dollars in millions)	Nine Months Ended September 30, 2010	2009	Percentage (Decrease)
Casino revenues	$ 833.0	$ 878.2	(5.1)%
Net revenues	908.8	959.8	(5.3)%
Income from operations	38.2	150.8	(74.7)%
Impairment of intangible assets, including goodwill	51.0	6.0	N/M
Income from operations before impairment charges	89.2	156.8	(43.1)%
Operating margin	4.2%	15.7%	(11.5)pts
Operating margin before impairment charges	9.8%	16.3%	(6.5)pts

N/M = Not meaningful

	Successor		Predecessor		Predecessor	Percentage Increase/(Decrease)	
(Dollars in millions)	2009	Jan. 28, 2008 through Dec. 31, 2008	Jan. 1, 2008 through Jan. 27, 2008	Combined 2008	2007	09 vs. 08	08 vs. 07
Casino revenues	$ 1,140.8	$ 1,252.7	$ 99.0	$ 1,351.7	$ 1,462.5	(15.6)%	(7.6)%
Net revenues	1,245.2	1,340.8	106.1	1,446.9	1,538.7	(13.9)%	(6.0)%
Income from operations	181.4	28.3	10.1	38.4	352.1	N/M	(89.1)%
Impairment charges	6.0	328.9		328.9		N/M	N/M
Income from operations before impairment charges	187.4	357.2	10.1	367.3	352.1	(49.0)%	4.3%
Operating margin	14.6%	2.1%	9.5%	2.7%	22.9%	11.9 pts	(20.2) pts
Operating margin before impairment charges	15.0%	26.6%	9.5%	25.4%	22.9%	(10.4) pts	2.5 pts

N/M = Not meaningful

Table of Contents

Reduced visitation and customer spend per trip unfavorably impacted the Louisiana/Mississippi region revenues during the nine months ended September 30, 2010. Income from operations for the nine months ended September 30, 2010 included a charge of $51.0 million related to impairment of intangible assets at one of the region s properties. Income from operations for the nine months ended September 30, 2009 included a charge of $6.0 million related to impairment of intangible assets at one of the region s properties. Income from operations for the nine months ended September 30, 2010 was lower than in the 2009 comparable period prior to consideration of impairment charges as cost-saving initiatives were unable to offset the income impact of reduced revenues and increased marketing expenses.

Revenues for 2009 from our properties in Louisiana and Mississippi were lower compared to 2008 driven by lower visitor volume due to the current economic environment. Included in income from operations for 2009 was a $6.0 million charge for impairment of goodwill of certain of these properties. Prior to the consideration of the impairment charges for goodwill and the insurance proceeds received in 2008 (discussed below), income from operations before impairment charges for 2009 improved slightly when compared to 2008 primarily as a result of cost savings initiatives within the region. During December 2009, we rebranded Sheraton Tunica to Tunica Roadhouse Hotel & Casino. For the rebranding, the property was closed for a minimal amount of time, during a traditionally quiet period, resulting in limited disruptions to operations.

Revenues for 2008 were lower than in 2007 due to declines in visitation, hurricane-related evacuations and temporary closures of our two Gulf Coast properties during the third quarter in 2008, and disruptions during the renovation at Harrah s Tunica. Income from operations in 2008 included charges of $328.9 million for the impairment of certain goodwill, which was partially offset by insurance proceeds of $185.4 million from the final settlement of claims related to 2005 hurricane damage. The insurance proceeds are included in write-downs, reserves and recoveries in our consolidated statement of operations. Income from operations in 2007 included insurance proceeds of $130.3 million related to 2005 hurricane damage. Prior to the consideration of the impairment charges and insurance proceeds, income from operations before impairment charges for 2008 decreased when compared to 2007 primarily as a result of declines in visitation, hurricane-related evacuations and temporary closures of our two Gulf Coast properties during the third quarter of 2008 and disruptions during the renovation at Harrah s Tunica.

In May 2008, Grand Casino Resort in Tunica, Mississippi, was rebranded to Harrah s Tunica. In connection with the rebranding, renovations to the property costing approximately $30.3 million were completed.

Construction began in third quarter 2007 on Margaritaville Casino & Resort in Biloxi. We have halted construction on this project, and will continue to review and refine the project in light of the current economic environment, market conditions on the Gulf Coast and the current financing environment. We license the Margaritaville name from an entity affiliated with the singer/songwriter Jimmy Buffett. As of September 30, 2010, $178.8 million had been spent on this project.

Iowa/Missouri Region

	Nine Months Ended September 30,		
(Dollars in millions)	**2010**	**2009**	**Percentage (Decrease)**
Casino revenues	$ 524.3	$ 539.8	(2.9)%
Net revenues	560.3	577.1	(2.9)%
Income from operations	128.6	146.1	(12.0)%
Impairment of intangible assets, including goodwill	9.0		N/M
Income from operations before impairment charges	137.6	146.1	(5.8)%
Operating margin	23.0%	25.3%	(2.3)pts
Operating margin before impairment charges	24.6%	25.3%	(0.7)pt

N/M = Not meaningful

Table of Contents

(Dollars in millions)	Successor 2009	Successor Jan. 28, 2008 through Dec. 31, 2008	Predecessor Jan. 1, 2008 through Jan. 27, 2008	Combined 2008	Predecessor 2007	Percentage Increase/(Decrease) 09 vs. 08	Percentage Increase/(Decrease) 08 vs. 07
Casino revenues	$ 707.3	$ 678.7	$ 52.5	$ 731.2	$ 764.1	(3.3)%	(4.3)%
Net revenues	756.6	727.0	55.8	782.8	811.4	(3.3)%	(3.5)%
Income from operations	187.5	108.2	7.7	115.9	143.6	61.8%	(19.3)%
Impairment charges		49.0		49.0		N/M	N/M
Income from operations before impairment charges	187.5	157.2	7.7	164.9	143.6	13.7%	14.8%
Operating margin	24.8%	14.9%	13.8%	14.8%	17.7%	10.0 pts	(2.9) pts
Operating margin before impairment charges.	24.8%	21.6%	13.8%	21.1%	17.7%	3.7%	3.4 pts

N/M = Not meaningful

Revenues in the region declined for the nine months ended September 30, 2010 from the 2009 comparable period due to new competition in the region and the continuing impact of the weak economy. Income from operations for the nine months ended September 30, 2010 included a charge of $9.0 million related to impairment of intangible assets at one of the region s properties. Income from operations for the nine months ended September 30, 2010 declined from the 2009 comparable periods primarily due to the income impact of revenue declines.

Revenues for 2009 at our Iowa and Missouri properties were slightly lower compared to the same period in 2008 driven by the weak economy that continued to impact guest visitation. The region was also impacted by severe winter storms during the fourth quarter of 2009 which also affected guest visitation. Income from operations before impairment charges and operating margin in 2009 was higher than in the prior year period due primarily to cost savings initiatives.

Revenues in 2008 were lower than 2007, driven primarily by Harrah s St. Louis, where the opening of a new facility in early 2008 by a competitor impacted results. Income from operations included a charge of $49.0 million recorded in fourth quarter 2008 for the impairment of certain non-amortizing intangible assets. Despite lower revenues compared to 2007, income from operations before impairment charges and operating margin were higher in 2008 due to cost savings initiatives.

Illinois/Indiana Region

(Dollars in millions)	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009	Percentage Increase/ (Decrease)
Casino revenues	$ 880.7	$ 908.6	(3.1)%
Net revenues	881.9	901.1	(2.1)%
Income/(loss) from operations	93.9	(65.3)	N/M
Impairment of intangible assets, including goodwill	20.0	180.7	N/M
Income from operations before impairment charges	113.9	115.4	(1.3)%
Operating margin	10.6%	(7.2)%	17.8pts
Operating margin before impairment charges	12.9%	12.8%	0.1pt

Table of Contents

	Successor		Predecessor		Predecessor	Percentage Increase/(Decrease)	
(Dollars in millions)	2009	Jan. 28, 2008 through Dec. 31, 2008	Jan. 1, 2008 through Jan. 27, 2008	Combined 2008	2007	09 vs. 08	08 vs. 07
Casino revenues	$ 1,180.7	$ 1,102.5	$ 86.9	$ 1,189.4	$ 1,330.8	(0.7)%	(10.6)%
Net revenues	1,172.3	1,098.7	85.5	1,184.2	1,285.8	(1.0)%	(7.9)%
(Loss)/income from operations	(35.4)	(505.9)	8.7	(497.2)	135.3	92.9%	N/M
Impairment charges	180.7	617.1		617.1	60.4	N/M	N/M
Income from operations before impairment charges	145.3	111.2	8.7	119.9	195.7	21.2%	(38.7)%
Operating margin	(3.0)%	(46.0)%	10.2%	(42.0)%	10.5%	39.0 pts	N/M
Operating margin before impairment charges	12.4%	10.1%	10.2%	10.1%	15.2%	2.3 pts	(5.1) pts

N/M = Not meaningful

Net revenues in the region decreased for the nine months ended September 30, 2010 from the year-ago period due to the continued impact of the weak economy. Income from operations for the nine months ended September 30, 2010 included a charge of $20.0 million related to impairment of intangible assets at one of the region s properties. Loss from operations for the nine months ended September 30, 2009 included a charge of $180.7 million related to impairment of intangible assets at certain of the region s properties. Income from operations prior to consideration of impairment charges decreased for the nine months ended September 30, 2010 relative to the 2009 comparable period primarily as a result of the income impact of reduced revenues.

For the full year 2009, revenues were relatively unchanged compared to the prior year due to increased revenues related to the 2008 expansion of the Horseshoe Hammond property, which offset the revenue declines at other properties in the region. The Horseshoe Hammond renovation and expansion was completed in August 2008. Cost savings initiatives at properties in the region also contributed to the increase in income from operations before impairment charges in 2009. For the year ended December 31, 2009, the loss from operations included a $180.7 million charge for impairment of goodwill and other non-amortizing intangible assets of certain of the Illinois/Indiana region properties and the write-down of the value of assets that were taken out of service at Horseshoe Hammond.

Revenues and income from operations before impairment charges in 2008 were lower than in 2007 due to reduced overall customer volumes and spend per trip, the imposition of a smoking ban in Illinois, and heavy rains and flooding. Horseshoe Southern Indiana, formerly Caesars Indiana, was closed for four days in March 2008 due to flooding in the area. Revenues for 2008 were boosted by the August 2008 opening of the $497.9 million renovation and expansion at Horseshoe Hammond, which included a two-level entertainment vessel including a 108,000-square-foot casino. Loss from operations for 2008 for Illinois/Indiana includes a charge of $617.1 million recorded in fourth quarter 2008 for the impairment of certain goodwill and other non-amortizing intangible assets.

In July 2008, Caesars Indiana was rebranded to Horseshoe Southern Indiana. The rebranding and renovation project cost approximately $52.3 million.

Table of Contents

Other Nevada Region

(Dollars in millions)	Nine Months Ended September 30, 2010	2009	Percentage (Decrease)
Casino revenues	$ 275.8	$ 289.1	(4.6)%
Net revenues	353.5	370.6	(4.6)%
Income/(loss) from operations	(12.7)	48.5	N/M
Impairment of intangible assets, including goodwill	49.0		N/M
Income from operations before impairment charges	36.3	48.5	(25.2)%
Operating margin	(3.6)%	13.1%	(16.7)pts
Operating margin before impairment charges	10.3%	13.1%	(2.8)pts

N/M = Not meaningful

	Successor		Predecessor		Predecessor	Percentage (Decrease)	
(Dollars in millions)	2009	Jan. 28, 2008 through Dec. 31, 2008	Jan. 1, 2008 through Jan. 27, 2008	Combined 2008	2007	09 vs. 08	08 vs. 07
Casino revenues	$ 372.0	$ 425.4	$ 30.2	$ 455.6	$ 508.0	(18.3)%	(10.3)%
Net revenues	472.6	534.0	38.9	572.9	632.4	(17.5)%	(9.4)%
Income/(loss) from operations	47.3	(255.9)	0.5	(255.4)	93.0	N/M	N/M
Impairment charges	4.0	318.5		318.5		N/M	N/M
Income from operations before impairment charges	51.3	62.6	0.5	63.1	93.0	(18.7)%	(32.2)%
Operating margin	10.0%	(47.9)%	1.3%	(44.6)%	14.7%	N/M	N/M
Operating margin before impairment charges	10.9%	11.7%	1.3%	11.0%	14.7%	(0.1) pts	(3.7) pts

N/M = Not meaningful

Revenues from our Nevada properties outside of Las Vegas for the nine months ended September 30, 2010 were lower than in the comparable 2009 period due to lower guest visitation and lower visitor spend per trip. Also contributing to the decline in income from operations for the nine months ended September 30, 2010 was a charge of $49.0 million, recorded during the second quarter of 2010, related to the impairment of intangible assets at one of the region s properties.

For 2009, revenues from our Nevada properties outside of Las Vegas were lower than in the comparable period of 2008 due to lower guest visitation and lower customer spend per trip. Cost-savings initiatives implemented throughout 2009 partially offset the earnings impact of the net revenue declines. During December 2009, we announced the permanent closure of Bill s Lake Tahoe effective in January 2010, which was later sold in February 2010. The closure and sale are the result of several years of declining business levels at that property.

Revenues and income from operations before impairment charges from our Nevada properties outside of Las Vegas in 2008 were lower than in 2007 due to lower customer spend per trip, the opening of an expansion at a competing property in Reno and higher expenses aimed at attracting and retaining customers. Loss from operations included a charge of $318.5 million recorded in fourth quarter 2008 for the impairment of certain goodwill and other non-amortizing intangible assets.

Table of Contents

Managed and International

(Dollars in millions)	Nine Months Ended September 30, 2010	2009	Percentage Increase/ (Decrease)
Net revenues			
Managed	$ 32.8	$ 29.9	9.7%
International	317.1	308.4	2.8%
Net revenues	$ 349.9	$ 338.3	3.4%
Income/(loss) from operations			
Managed	$ 10.3	$ 12.0	(14.2)%
International	4.4	(36.7)	N/M
Total Income/(loss) from operations	$ 14.7	$ (24.7)	N/M

N/M = Not meaningful

(Dollars in millions)	Successor 2009	Successor Jan. 28, 2008 through Dec. 31, 2008	Predecessor Jan. 1, 2008 through Jan. 27, 2008	Combined 2008	Predecessor 2007	Percentage Increase/(Decrease) 09 vs. 08	08 vs. 07
Revenues							
Managed	$ 56.3	$ 59.1	$ 5.0	$ 64.1	$ 81.5	(12.2)%	(21.3)%
International	403.8	375.7	51.2	426.9	396.4	(5.4)%	7.7%
Other	76.7	75.0	3.2	78.2	80.3	(1.9)%	(2.6)%
Net revenues	$ 536.8	$ 509.8	$ 59.4	$ 569.2	$ 558.2	(5.7)%	2.0%
Income/(loss) from operations							
Managed	$ 19.4	$ 22.1	$ 4.0	$ 26.1	$ 64.7	(25.7)%	(59.7)%
International	(23.0)	(276.0)	2.2	(273.8)	(128.6)	91.6%	N/M
Other	(181.3)	(799.1)	(6.5)	(805.6)	(94.4)	77.5%	N/M
Loss from operations	$ (184.9)	$ (1,053.0)	$ (0.3)	$ (1,053.3)	$ (158.3)	82.4%	N/M
Impairment of goodwill and non-amortizing intangible assets							
Managed	$	$	$	$	$	N/M	N/M
International	31.0	210.8		210.8	109.2	N/M	N/M
Other	106.7	686.0		686.0		N/M	N/M

Total impairment charges	$	137.7	$	896.8	$		$	896.8	$	109.2	N/M	N/M
Income/(loss) from operations before impairment												
Managed	$	19.4	$	22.1	$	4.0	$	26.1	$	64.7	(25.7)%	(59.7)%
International		8.0		(65.2)		2.2		(63.0)		(19.4)	N/M	N/M
Other		(74.6)		(113.1)		(6.5)		(119.6)		(94.4)	37.6%	(26.7)%
Loss from operations before impairment	$	(47.2)	$	(156.2)	$	(0.3)	$	(156.5)	$	(49.1)	69.8%	N/M

N/M = Not meaningful

Managed, international and other results include income from our managed properties, results of our international properties, certain marketing and administrative expenses, including development costs, income from our non-consolidated affiliates, and our businesses related to the or WSOP brand.

Revenues for the nine months ended September 30, 2010 increased over the comparable period of 2009 due to strong volumes at our Uruguay and London Clubs properties. Income from operations for the nine months ended September 30, 2010 included a charge of $6.0 million related to impairment of intangible assets at our international properties. Income from operations for the nine months ended September 30, 2009 included a charge of $34.4 million related to impairment of intangible assets. Prior to consideration of impairment charges, income/(loss) from operations improved for the nine months ended September 30, 2010 when compared with the 2009 period.

Managed. We manage three tribal casinos and have consulting arrangements with casino companies in Australia. The table below gives the location and expiration date of the current management contracts for our three tribal casino properties as of September 30, 2010.

Casino	Location	Expiration of Management Agreement
Harrah s Rincon	near San Diego, California	November 2013
Harrah s Cherokee	Cherokee, North Carolina	November 2011
Harrah s Ak-Chin	near Phoenix, Arizona	December 2014

The decline in revenues for the year ended December 31, 2009 reflects the impact of the current economic environment on our managed properties.

Our 2008 revenue and income from operations from managed properties were lower than in 2007 due to the termination of our contract with the Prairie Band Potawatomi Nation on June 30, 2007, the impact of the economy on our managed properties and a change in the fee structure at one of our managed properties.

International. Our international results include the operations of our property in Punta del Este, Uruguay, and our London Clubs properties. As of September 30, 2010, London Clubs owned or managed ten casinos in the United Kingdom, two in Egypt and one in South Africa. During 2009, one of the London Clubs partially owned properties, Fifty, was closed and subsequently liquidated. Revenues for London Clubs decreased slightly in 2009 when compared to 2008 as the increase in local currency revenues attributable to the full-year impact in 2009 of two new properties which opened in 2008 was insufficient to offset the adverse movements in exchange rates. Loss from operations in 2009 was improved compared to 2008 as a result of the impairment charge recorded in 2008; details of the charge are described below. Income from operations before impairment in 2009 improved when compared to a loss from operations before impairment in 2008 as the impact of adverse foreign exchange rates was more than offset by increased revenues and cost savings initiatives throughout the international properties.

International revenues were higher for 2008 than 2007 due to the opening during 2008 of two new properties of London Clubs and a full year of revenues from two properties that opened during 2007, partially offset by the impact of a new smoking ban enacted in mid-2007. Loss from operations was unfavorably impacted by a charge of $210.8 million recorded in fourth quarter 2008 for the impairment of certain goodwill and other non-amortizing intangible assets, combined with unfavorable London Clubs table game hold, higher gaming taxes imposed during 2007 and reserves for receivables due from a joint venture member that were deemed not to be collectible. Loss from operations before impairment for the full year of 2008 deteriorated when compared to 2007 as a result of the aforementioned contributors including London Clubs table game hold, higher gaming taxes imposed during 2007 and reserves for receivables due from a joint venture member that were deemed not to be collectible. As of December 31, 2008, London Clubs managed an additional property in Egypt; however, during 2009, the management contract expired and was not renewed.

In September 2007, we acquired a company with the right to operate a golf course located on 175 acres on the Cotai adjacent to one of two border crossings into Macau from China. Since the acquisition, we have undertaken a redesign of the golf course and opened a Butch Harmon School of Golf at the facility.

Table of Contents

Other. Other results include certain marketing and administrative expenses, including development costs, results from our businesses related to the World Series of Poker brand, and income from nonconsolidated affiliates.

Other losses from operations for the year ended December 31, 2009 were unfavorably impacted by a charge of $106.7 million for the impairment of certain non-amortizing intangible assets relating to various trademarks.

In 2008, loss from operations was unfavorably impacted by a charge of $686.0 million for the impairment of certain non-amortizing intangible assets and a charge of $14.4 million to recognize the remaining exposure under a lease agreement for office space no longer used by us.

Other Factors Affecting Net Income

(Dollars in millions)	Nine Months Ended September 30, 2010	2009	Percentage Increase/ (Decrease)
Corporate expense	$ 103.8	$ 111.7	(7.1)%
Write-downs, reserves and recoveries	136.3	78.6	73.4%
Impairment of intangible assets, including goodwill	144.0	1,625.7	N/M
Acquisition and integration costs	8.3	0.3	N/M
Amortization of intangible assets	121.7	131.7	(7.6)%
Interest expense, net	1,471.9	1,404.7	4.8%
(Gains) on early extinguishments of debt	(48.7)	(4,279.2)	(98.9)%
Other income	(28.2)	(23.2)	21.6%
(Benefit)/provision for income taxes	(364.5)	1,590.8	N/M
Income attributable to non-controlling interests	5.1	16.1	(68.3)%
Income from discontinued operations, net of income taxes		0.3	N/M

N/M= Not Meaningful

(Dollars in millions)	Successor 2009	Jan. 28, 2008 through Dec. 31, 2008	Predecessor Jan. 1, 2008 through Jan. 27, 2008	Combined 2008	Predecessor 2007	Percentage Increase/(Decrease) 09 vs. 08	08 vs. 07
Corporate expense	$ 150.7	$ 131.8	$ 8.5	$ 140.3	$ 138.1	7.4%	1.6%
Write-downs, reserves and recoveries	107.9	16.2	4.7	20.9	(59.9)	N/M	N/M
Impairment of intangible assets	1,638.0	5,489.6		5,489.6	169.6	N/M	N/M
Acquisition and integration costs	0.3	24.0	125.6	149.6	13.4	(99.8)%	N/M
Amortization of intangible assets	174.8	162.9	5.5	168.4	73.5	3.8%	N/M
Interest expense, net	1,892.5	2,074.9	89.7	2,164.6	800.8	(12.6)%	N/M
(Gains)/losses on early extinguish-ments of debt	(4,965.5)	(742.1)		(742.1)	2.0	N/M	N/M
Other income	(33.0)	(35.2)	(1.1)	(36.3)	(43.3)	(9.1)%	(16.2)%
Provision/(benefit) for income taxes	1,651.8	(360.4)	(26.0)	(386.4)	350.1	N/M	N/M
Income attributable to non-controlling interests	18.8	12.0	1.6	13.6	15.2	38.2%	(10.5)%
Income from discontinued operations, net of income taxes		(90.4)	(0.1)	(90.5)	(92.2)	N/M	(1.8)%

N/M = Not meaningful

Corporate Expense

Corporate expense decreased for the nine months ended September 30, 2010 from the comparable period in 2009 due primarily to expenses incurred in connection with our April 2009 debt exchange transaction that did not recur during 2010 and reduced expense associated with incentive compensation, partially offset by increased labor-related expenses for the nine months ended September 30, 2010 when compared with the same period of 2009.

Corporate expense increased in 2009 from 2008 due to certain non-capitalizable expenses related to the debt exchange offer and other advisory services, partially offset by the continued realization of cost savings initiatives that began in the third quarter of 2008. Corporate expense was higher in 2008 than in 2007 due to a monitoring fee paid to affiliates of Apollo and TPG in periods subsequent to the Acquisition and is partially offset by the continued realization of cost savings and efficiencies.

Corporate expense includes expenses associated with share-based compensation plans in the amounts of $16.4 million, $15.8 million, $2.9 million, and $53.0 million for the year ended December 31, 2009, the Successor period from January 28, 2008 through December 31, 2008, the Predecessor period from January 1, 2008 through January 27, 2008, and for the year ended December 31, 2007, respectively.

Write-downs, reserves and recoveries

Write-downs, reserves and recoveries include various pretax charges to record certain long-lived tangible asset impairments, contingent liability reserves, demolition costs, recoveries of previously recorded non-routine reserves and other non-routine transactions. Given the nature of the transactions included within write-downs, reserves and recoveries, these amounts are not expected to be comparable from year-to-year, nor are the amounts expected to follow any particular trend from year-to-year.

Included in write-downs, reserves and recoveries for the nine months ended September 30, 2010 with no comparable amounts in 2009 is an accrual of $25.0 million related to a contingent liability, and a charge of $52.2 million to fully reserve a note receivable balance related to land and pre-development costs contributed to a venture for development of a casino project in Philadelphia with which we were involved prior to December 2005. Write-downs reserves and recoveries for the nine months ended September 30, 2009 included a reversal of an accrual for $30.0 million due to a judgment against us that was vacated in the third quarter of 2009. This amount was previously charged to write-downs, reserves and recoveries in 2006 and was reversed accordingly upon the vacated judgment. Remediation costs for the nine months ended September 30, 2010 totaled $38.7 million, an increase of $10.5 million compared to the same period of 2009. Partially offsetting these charges for the nine months ended September 30, 2010 was the release of a $4.8 million reserve recorded during the first quarter 2010 for excise tax for which the statute of limitations expired.

Write-downs, reserves and recoveries for 2009 were $107.9 million, compared with $20.9 million for the full year 2008. Included in the amounts for 2008 are insurance proceeds related to the 2005 hurricanes totaling $185.4 million. Prior to these insurance proceeds, write-downs, reserves and recoveries for 2008 were $206.3 million. Amounts incurred in 2009 for remediation costs were $39.3 million, a decrease of $25.6 million from similar costs in the full year 2008. We recorded $59.3 million in impairment charges for long-lived tangible assets during 2009, an increase of $19.7 million when compared to 2008. The majority of the 2009 charge was related to our office building in Memphis, Tennessee due to the relocation to Las Vegas, Nevada of those corporate functions formerly performed at that location. Also during 2009, an approximate $30.0 million legal judgment against us was vacated by court action, resulting in a reduction to write-downs, reserves and recoveries.

Write-downs, reserves and recoveries for 2008 were $20.9 million, compared with $(59.9) million for 2007. Prior to the inclusion of insurance proceeds related to the 2005 hurricanes in both years, write-downs, reserves and recoveries for 2008 were $206.3 million compared with $70.4 million in 2007. Write-downs, reserves and recoveries for 2008 included remediation costs of $64.9 million and impairment charges for long-lived tangible assets of $39.6 million, for which there are no corresponding charges included in 2007.

Table of Contents

For additional discussion of write-downs, reserves and recoveries, refer to note 10 in the notes to our audited consolidated financial statements, included elsewhere in this prospectus.

Impairment of intangible assets

During the fourth quarter of each year, we perform annual assessments for impairment of goodwill and other intangible assets that are not subject to amortization as of September 30. We perform assessments for impairment of goodwill and other intangible assets more frequently if impairment indicators exist. Due to the relative impact of weak economic conditions on certain properties, we performed interim assessments of goodwill and certain intangible assets for impairment during the nine months of 2010 and 2009. These interim assessments resulted in impairment charges of $144.0 million and $1,625.7 million recorded during the nine months ended September 30, 2010 and 2009, respectively.

Our 2008 analysis indicated that certain of our goodwill and other intangible assets were impaired based upon projected performance which reflected factors impacted by the then-current market conditions, including lower valuation multiples for gaming assets, higher discount rates resulting from turmoil in the credit markets, and the completion of our 2009 budget and forecasting process. As a result of our projected deterioration in financial performance, an impairment charge of $5,489.6 million was recorded to our consolidated statement of operations in fourth quarter 2008.

Our 2007 analysis determined that, based on historical and projected performance, intangible assets at London Clubs and Horseshoe Southern Indiana had been impaired, and we recorded impairment charges of $169.6 million in fourth quarter 2007.

Acquisition and integration costs

Acquisition and integration costs in 2010 include costs in connection with our acquisitions of PHW Las Vegas and Thistledown Racetrack.

Acquisition and integration costs in 2008 include costs incurred in connection with the Acquisition, including the expense related to the accelerated vesting of employee stock options, SARs and restricted stock. Costs incurred in 2007 also related to the Acquisition.

Amortization of intangible assets

Amortization of intangible assets was slightly lower in the nine months ended September 30, 2010 when compared to the same period in 2009 due to lower intangible asset balances as a result of certain contract rights being fully amortized during 2009.

Amortization expense associated with intangible assets for 2009 was slightly higher than the amounts recorded in 2008 due to the amounts in 2008 including only eleven months of amortization of post-Acquisition intangible assets.

Amortization of intangible assets was higher in 2008 when compared to 2007 due to higher amortization of intangible assets recorded as a result of the purchase price allocation in connection with the Acquisition.

Interest Expense

Interest expense increased by $67.2 million for the nine months ended September 30, 2010, compared to the same period in 2009. Interest expense is reported net of capitalized interest of $1.1 million and $32.2 million for the nine months ended September 30, 2010 and 2009, respectively. The majority of the capitalized interest in 2009 related to the Caesars Palace expansion in Las Vegas. Prior to the consideration of capitalized interest, interest expense increased by $36.1 million for the nine months ended September 30, 2010, compared to the same period in 2009 due primarily to (i) debt issuance and open market redemptions that occurred in the second quarter of 2010 that resulted in higher debt levels and a higher weighted average interest rate, and (ii) changes in our hedging designations related to our $6,500 million interest rate cap agreement and one interest rate swap agreement. Interest expense for the nine months ended September 30, 2010, as a result of interest rate swap agreements and interest rate cap agreement, includes: (i) $55.1 million of gains due to measured ineffectiveness and amounts excluded from effectiveness testing for derivatives designated as hedging instruments; (ii) $10.8 million of expense due to changes in fair value for derivatives not designated as hedging instruments; and (iii) $23.4 million of expense due to amortization of deferred losses frozen in OCI.

Interest expense declined by $272.1 million in the year ended December 31, 2009 compared to the same period in 2008 primarily due to lower debt levels resulting from debt exchanges completed in April 2009 and December 2008 and debt purchases on the open market during 2009.

Interest expense for 2009, as a result of interest rate swap agreements and interest rate cap agreement, was (i) reduced $7.6 million due to measured ineffectiveness; (ii) increased $3.8 million due to amortization of deferred losses frozen in OCI; and (iii) increased $12.1 million due to losses originally deferred in OCI and subsequently reclassified to interest expense associated with hedges for which the forecasted future transactions are no longer probable of occurring. At December 31, 2009, our variable-rate debt, excluding $5,810.0 million of variable-rate debt for which we have entered into interest rate swap agreements, represents approximately 37% of our total debt, while our fixed-rate debt is approximately 63% of our total debt.

Interest expense increased by $1,363.8 million in 2008 from 2007 primarily due to increased borrowings in connection with the Acquisition. Also included in interest expense in 2008 is a charge of $104.3 million representing the changes in the fair values of our derivative instruments. Interest expense for 2007 included $45.4 million representing the losses from the changes in the fair values of our interest rate swap agreements. At December 31, 2008, our variable-rate debt, excluding $6,500 million of variable-rate debt for which we have entered into interest rate swap agreements, represented approximately 35.3% of our total debt, while our fixed-rate debt was approximately 64.7% of our total debt.

Gains/(losses) on early extinguishments of debt

In the fourth quarter of 2009, we purchased $948.8 million face value of CMBS Loans for $237.2 million. Pursuant to the terms of the CMBS Amendment, we have agreed to pay lenders selling CMBS Loans during the fourth quarter of 2009 an additional $48.0 million for their loans previously sold to be paid no later than December 31, 2010. This additional liability was recorded as a loss on early extinguishment of debt during the first quarter of 2010.

In June 2010, we purchased $46.6 million face value of CMBS Loans for $22.6 million, recognizing a net gain on the transaction of $23.3 million during the second quarter of 2010. In September 2010, in connection with the amendment, we purchased $123.8 million face value of CMBS Loans for $37.1 million and recognized a pre-tax gain on the transaction of $77.4 million, net of deferred finance charges.

Gains on early extinguishments of debt of $4,965.5 million in the year ended December 31, 2009 represent discounts related to the exchange of certain outstanding debt for new debt in the second quarter, CMBS debt repurchases in the fourth quarter, and purchases of certain of our debt in the open market during 2009. The gains were partially offset by the write-off of market value premiums and unamortized debt issue costs.

Gains on early extinguishments of debt of $742.1 million in 2008 represent discounts related to the exchange of certain debt for new debt and purchases of certain of our debt in connection with an exchange offer in December 2008 and in the open market. The gains were partially offset by the write-off of market value premiums and unamortized deferred financing costs. Losses on early extinguishments of debt in 2007 represent premiums paid and the write-offs of unamortized deferred financing costs. The charges in 2007 were incurred in connection with the retirement of a $120.1 million credit facility of London Clubs.

For additional discussion of extinguishments of debt, refer to note 6 in the notes to our audited consolidated financial statements, included elsewhere in this prospectus.

Other income

Other income for all periods presented included interest income on the cash surrender value of life insurance policies. Other income for 2009 and 2008 included the receipt of insurance proceeds related to our deferred compensation plan. Other income in 2007 included gains on the sales of corporate assets.

As a result of the cancellation of our debt investment in certain predecessor entities of PHW Las Vegas in exchange for the equity of PHW Las Vegas, we recognized a gain of $7.1 million to adjust our investment to reflect the estimated fair value of consideration paid for the acquisition. This gain is reflected in Other income, including interest income, in our statement of operations for the nine months ended September 30, 2010.

Income tax (provision)/benefit

For the nine months ended September 30, 2010, we recorded a tax benefit of $364.5 million on pre-tax loss from continuing operations of $993.8 million, compared with a tax provision of $1,590.8 million on pre-tax income from continuing operations of $2,139.2 million for the nine months ended September 30, 2009.

The benefit recorded for the nine months ended September 30, 2010 was favorably impacted by the tax effects of state tax benefits, the reversal of previously accrued taxes and interest related to a state income tax settlement, a state effective rate change and our deferred tax balances and other discrete items, partially offset by the unfavorable impact of the goodwill impairment charge for which we did not receive a tax benefit.

Income tax expense for the year ended December 31, 2009 is primarily attributable to the tax impact of gains on early extinguishments of debt and the non-deductibility of the impairment charges on goodwill. In 2008, tax benefits were generated by operating losses caused by higher interest expense, partially offset by non-deductible merger costs, international income taxes and state income taxes. Refer to note 11 in the notes to the audited consolidated financial statements as of December 31, 2009, included elsewhere in this prospectus for more information.

Other items

Discontinued operations for 2008 reflects insurance proceeds of $87.3 million, after taxes, representing the final funds received that were in excess of the net book value of the impacted assets and costs and expenses that were reimbursed under our business interruption claims for Grand Casino Gulfport. Discontinued operations for 2007 reflected insurance proceeds of $89.6 million, after taxes, for reimbursements under our business interruption claims related to Harrah s Lake Charles and Grand Casino Gulfport, both of which were sold in 2006. Pursuant to the terms of the sales agreements, we retained all insurance proceeds related to those properties.

Liquidity and Capital Resources

Cost Savings Initiatives

In light of the severe economic downturn and adverse conditions in the travel and leisure industry generally, we have undertaken a comprehensive cost reduction effort to right-size expenses with business levels. Beginning in August 2008, the program includes organizational restructurings at our corporate and property operations, reduction of employee travel and entertainment expenses, rationalization of our corporate-wide marketing expenses, procurement savings, and headcount reductions at property operations and corporate offices. As of September 30, 2010, approximately $684 million of run-rate savings had been achieved, and approximately $85.6 million of identified estimated cost savings from these initiatives remained to be realized. Since

September 30, 2010, we have identified approximately $129 million of additional anticipated cost savings to be derived primarily from management consolidation and other headcount reductions both at the corporate level and throughout our properties, as well as additional reductions in advertising and marketing spread.

Capital Spending and Development

In addition to the development and expansion projects discussed in Regional Operating Results, we also perform ongoing refurbishment and maintenance at our casino entertainment facilities to maintain our quality standards, and we continue to pursue development and acquisition opportunities for additional casino entertainment facilities that meet our strategic and return on investment criteria. Prior to the receipt of necessary regulatory approvals, the costs of pursuing development projects are expensed as incurred. Construction-related costs incurred after the receipt of necessary approvals are capitalized and depreciated over the estimated useful life of the resulting asset. Project opening costs are expensed as incurred.

Our planned development projects, if they go forward, will require, individually and in the aggregate, significant capital commitments and, if completed, may result in significant additional revenues. The commitment of capital, the timing of completion and the commencement of operations of casino entertainment development projects are contingent upon, among other things, negotiation of final agreements and receipt of approvals from the appropriate political and regulatory bodies. We must also comply with covenants and restrictions set forth in our debt agreements. Cash needed to finance projects currently under development as well as additional projects being pursued is expected to be made available from operating cash flows, established debt programs, joint venture partners, specific project financing, guarantees of third-party debt and additional debt offerings. Our capital spending for the nine months ended September 30, 2010, excluding costs related to the acquisition of Planet Hollywood, totaled $124.6 million. Estimated total capital expenditures for 2010 are expected to be between $175.0 million and $200.0 million.

Capital spending in 2009 totaled approximately $464.5 million. Our capital spending for the combined Predecessor and Successor periods of 2008 totaled approximately $1,307.0 million. Capital spending in 2007 totaled approximately $1,376.7 million, excluding our acquisitions of a golf course in Macau and Bill s Gamblin Hall and Saloon.

Liquidity

We generate substantial cash flows from operating activities, as reflected on the Consolidated Statements of Cash Flows in our audited consolidated financial statements. We use the cash flows generated by our operations to fund debt service, to reinvest in existing properties for both refurbishment and expansion projects and to pursue additional growth opportunities via new development. When necessary, we supplement the cash flows generated by our operations with funds provided by financing activities to balance our cash requirements.

Our ability to fund our operations, pay our debt obligations and fund planned capital expenditures depends, in part, upon economic and other factors that are beyond our control, and disruptions in capital markets and restrictive covenants related to our existing debt could impact our ability to secure additional funds through financing activities. We believe that our cash and cash equivalents balance, our cash flows from operations and the financing sources discussed herein will be sufficient to meet our normal operating requirements during the next twelve months and to fund capital expenditures. In addition, we may consider issuing additional debt in the future to refinance existing debt or to finance specific capital projects. In connection with the Acquisition, we incurred substantial additional debt, which has significantly impacted our financial position.

We cannot assure you that our business will generate sufficient cash flows from operations, or that future borrowings will be available to us, to fund our liquidity needs and pay our indebtedness. If we are unable to meet our liquidity needs or pay our indebtedness when it is due, we may have to reduce or delay refurbishment and expansion projects, reduce expenses, sell assets or attempt to restructure our debt. In addition, we have pledged a significant portion of our assets as collateral under certain of our debt agreements, and if any of those lenders accelerate the repayment of borrowings, there can be no assurance that we will have sufficient assets to repay our indebtedness.

During 2010, in conjunction with filing our 2009 tax return, we implemented several accounting method changes for tax purposes including a method change to deduct currently certain repairs and maintenance expenditures which had been previously capitalized. As a result of the combination of the tax accounting method changes with our net operating loss, we reported a taxable loss for 2009 of $1,248.9 million. Approximately $170.9 million of this loss was carried back to the 2008 tax year to offset federal taxable income recognized and tax payable from that year. In addition, under a new tax law, we elected to extend our loss carryback period. As a result, approximately $630.3 million of the 2009 taxable loss was carried back 2006. We expect to receive an income tax refund of approximately $220.0 million, net of interest due on the 2008 tax payable, in the fourth quarter 2010. Our remaining 2009 federal net operating loss of approximately $447.7 million is available for carryover to future tax years.

Our cash and cash equivalents totaled $1,323.7 million at September 30, 2010 compared to $918.1 million at December 31, 2009 and $650.5 million at December 31, 2008.

The following provides a summary of our cash flows for the year ended December 31, 2009, the Successor period from January 28, 2008 through December 31, 2008, the Predecessor period from January 1, 2008 through January 27, 2008 and the year ended December 31, 2007:

(In millions)	**2009**	**Jan. 28, 2008 through Dec. 31, 2008**	**Jan. 1, 2008 through Jan. 27, 2008**	**Combined 2008**	**Predecessor 2007**
Cash provided by operating activities	$ 220.2	$ 522.1	$ 7.2	$ 529.3	$ 1,508.8
Capital investments	(464.5)	(1,181.4)	(125.6)	(1,307.0)	(1,376.7)
Payments for business acquisitions			0.1	0.1	(584.3)
Insurance proceeds for hurricane losses for continuing operations		98.1		98.1	15.7
Insurance proceeds for hurricane losses for discontinued operations		83.3		83.3	13.4
Payment for the Acquisition		(17,490.2)		(17,490.2)	
Other investing activities	(58.8)	(24.0)	1.4	(22.6)	8.3
Cash used in operating/investing activities	(303.1)	(17,992.1)	(116.9)	(18,109.0)	(414.8)
Cash provided by financing activities	570.7	18,027.0	17.3	18,044.3	236.5
Cash provided by discontinued operations		4.7	0.5	5.2	88.7
Net increase/(decrease) in cash and cash equivalents	$ 267.6	$ 39.6	$ (99.1)	$ (59.5)	$ (89.6)

The increase in cash and cash equivalents from 2008 to 2009 was due to the scaling back of capital spending and development projects in our investing activities, and due to the net cash impact of our debt related activities. For additional information regarding cash provided by financing activities, refer to the consolidated statement of cash flows in the audited consolidated financial statements as of December 31, 2009, and the unaudited consolidated condensed financial statements as of September 30, 2010, included elsewhere in this prospectus.

Capital Resources

As of September 30, 2010, after consideration of the extensions permitted by the CMBS Amendment and the PHW Las Vegas senior secured loan agreement, the majority of our debt is due in 2015 and beyond. Payments of short-term debt obligations and other commitments are expected to be made from operating cash flows and from borrowings under our established debt programs. We expect to pay long-term obligations through operating cash flows, debt refinancing, joint venture partners or, if necessary, additional debt offerings.

Table of Contents

The following table presents our debt as of September 30, 2010 and December 31, 2009:

Detail of Debt (dollars in millions)	Maturity	Rate(s) at Sept. 30, 2010	Face Value at Sept. 30, 2010	Book Value at Sept. 30, 2010	Book Value at Dec. 31, 2009
Credit Facilities and Secured Debt					
Term Loans					
Term Loans B1-B3	2015	3.50%-3.53%	$ 5,820.1	$ 5,820.1	$ 5,835.3
Term Loan B4	2016	9.5%	992.5	970.1	975.3
Revolving Credit Facility	2014	3.23%-3.75%			427.0
Senior Secured Notes	2017	11.25%	2,095.0	2,048.4	2,045.2
CMBS Financing	2015*	3.26%	5,380.9	5,342.9	5,551.2
Second-Priority Senior Secured Notes	2018	12.75%	750.0	741.1	
Second-Priority Senior Secured Notes	2018	10.0%	4,553.1	2,012.5	1,959.1
Second-Priority Senior Secured Notes	2015	10.0%	214.8	155.6	150.7
Secured debt	2010	6.0%			25.0
Chester Downs term loan	2016	12.375%	212.8	201.3	217.2
PHW Las Vegas senior secured loan	2015**	3.12%	551.4	441.0	
Other, various maturities	Various	4.25%-6.0%	0.9	0.9	
Subsidiary-guaranteed debt					
Senior Notes	2016	10.75%	478.6	478.6	478.6
Senior PIK Toggle Notes	2018	10.75%/11.5%	10.5	10.5	9.4
Unsecured Senior Debt					
5.5%	2010	5.5%			186.9
8.0%	2011	8.0%			12.5
5.375%	2013	5.375%	125.2	100.0	95.5
7.0%	2013	7.0%	0.6	0.7	0.7
5.625%	2015	5.625%	784.3	564.4	319.5
6.5%	2016	6.5%	568.5	403.6	251.9
5.75%	2017	5.75%	532.2	340.9	151.3
Floating Rate Contingent Convertible Senior Notes	2024	0.51%	0.2	0.2	0.2
Unsecured Senior Subordinated Notes					
7.875%	2010	7.875%			142.5
8.125%	2011	8.125%			11.4
Other Unsecured Borrowings					
5.3% special improvement district bonds	2035	5.3%	67.1	67.1	68.4
Other	Various	Various	11.6	11.6	18.1
Capitalized Lease Obligations					
6.42%-9.8%	to 2020	6.42%-9.8%	5.6	5.6	10.2
Total debt			23,155.9	19,717.1	18,943.1
Current portion of long-term debt			(255.1)	(255.1)	(74.3)
Long-term debt			$ 22,900.8	$ 19,462.0	$ 18,868.8

* We are permitted to extend the maturity of the CMBS Loans from 2013 to 2015, subject to satisfying certain conditions, in connection with the CMBS Amendment.

** The PHW Las Vegas senior secured loan is subject to extension options moving its maturity from 2011 to 2015, subject to certain conditions.

Book values of debt as of September 30, 2010 are presented net of unamortized discounts of $3,438.9 million and unamortized premiums of $0.1 million. As of December 31, 2009, book values are presented net of unamortized discounts of $3,108.9 million and unamortized premiums of $0.1 million.

Our current maturities of debt include required interim principal payments on each of our Term Loans, our Chester Downs term loan, and the special improvement district bonds.

CMBS Financing and Amendment

In connection with the Acquisition, eight of our properties, Harrah s Las Vegas, Rio, Flamingo Las Vegas, Harrah s Atlantic City, Showboat Atlantic City, Harrah s Lake Tahoe, Harveys Lake Tahoe and Bill s Lake Tahoe and their related assets were spun out of CEOC to Caesars. These properties borrowed $6,500 million under the CMBS Financing. On May 22, 2008, Paris Las Vegas and Harrah s Laughlin and their related operating assets were spun out of CEOC to Caesars and became property secured under the CMBS Loans, and Harrah s Lake Tahoe, Harveys Lake Tahoe, Bill s Lake Tahoe and Showboat Atlantic City were transferred to CEOC from Caesars as contemplated under the debt agreements effective pursuant to the Acquisition. The entities that are borrowers under the CMBS Financing, which we refer to as the CMBS Entities, are currently Harrah s Las Vegas, Rio, Flamingo Las Vegas, Harrah s Atlantic City, Paris Las Vegas and Harrah s Laughlin. The CMBS Financing is secured by the assets of the CMBS Entities and certain aspects of the financing are guaranteed by Caesars.

On August 31, 2010, the CMBS Entities executed an agreement with the lenders under our CMBS Financing to amend the terms of our CMBS Financing, or the CMBS Amendment, to, among other things, (i) provide our subsidiaries that are borrowers under the CMBS Loans the right to extend the maturity of the CMBS Loans, subject to certain conditions, by up to two years until February 2015, (ii) amend certain terms of the CMBS Loans with respect to reserve requirements, collateral rights, property release prices and the payment of management fees, (iii) provide for ongoing mandatory offers to repurchase CMBS Loans using excess cash flow from the CMBS entities at discounted prices, (iv) provide for the amortization of the mortgage loan in certain minimum amounts upon the occurrence of certain conditions, and (v) provide for certain limitations with respect to the amount of excess cash flow from the CMBS Entities that may be distributed to us. Any CMBS Loan purchased pursuant to the CMBS Amendment will be canceled.

In the fourth quarter of 2009, we purchased $948.8 million face value of CMBS Loans for $237.2 million. Pursuant to the terms of the CMBS Amendment, we have agreed to pay lenders selling CMBS Loans during the fourth quarter 2009 an additional $48.0 million for their loans previously sold, to be paid no later than December 31, 2010. This additional liability was recorded as a loss on early extinguishment of debt during the first quarter of 2010.

In June 2010, we purchased $46.6 million face value of CMBS Loans for $22.6 million, recognizing a net gain on the transaction of $23.3 million during the second quarter of 2010. In September 2010, in connection with the amendment, we purchased $123.8 million face value of CMBS Loans for $37.1 million, of which $31.0 million was paid at the closing of the CMBS Amendment, and the remainder of which will be paid prior to December 31, 2010. We recognized a pre-tax gain on the transaction of $77.4 million, net of deferred finance charges.

As part of the CMBS Amendment, in order to extend the maturity of the CMBS Loans under the extension option, we will be required to extend our interest rate cap agreement to cover the two years of extended maturity of the CMBS Loans, with a maximum aggregate purchase price for such extended interest rate cap for $5.0 million. We have funded the $5.0 million obligation in connection with the closing of the CMBS Amendment on September 1, 2010. As part of the CMBS Amendment, we have also agreed to purchase $191.3 million face value of CMBS Loans for $95.7 million during fourth quarter 2010.

Issuances and Redemptions

During the second quarter of 2010, CEOC completed the offering of $750.0 million aggregate principal amount of 12.75% second-priority senior secured notes due 2018 and used the proceeds of this offering to redeem or repay the following outstanding debt:

Debt (dollars in millions)	Maturity	Interest Rate	Face Value
5.5% Senior Notes	2010	5.5%	$ 191.6
8.0% Senior Notes	2011	8.0%	13.2
8.125% Senior Subordinated Notes	2011	8.125%	12.0
Revolving Credit Facility	2014	3.23%-3.25%	525.0

In connection with the retirement of the outstanding senior and senior subordinated notes above, CEOC recorded a pre-tax loss of $4.5 million during the second quarter of 2010.

On June 3, 2010, we announced an agreement under which affiliates of each of Apollo, TPG and Paulson will exchange $1,118.3 million face amount of debt for 15.6 percent of the common equity of Caesars, prior to giving effect to this offering, subject to regulatory approvals and certain other conditions. In connection with the transaction, Apollo, TPG, and Paulson purchased $835.4 million face value of CEOC notes that were held by another subsidiary of Caesars for aggregate consideration of $557.0 million, including accrued interest. The exchange of the debt for equity is expected to be completed in the fourth quarter of 2010 or first quarter of 2011. Any notes exchanged for equity will be held by a subsidiary of Caesars and will remain outstanding for purposes of CEOC.

Credit Agreement and Incremental Facility Amendment. In connection with the Acquisition, CEOC entered into the senior secured credit facilities, or the Credit Facilities. This financing is neither secured nor guaranteed by Caesars other direct, wholly owned subsidiaries, including the subsidiaries that own properties that are security for the CMBS Financing.

On June 3, 2009, CEOC entered into an amendment and waiver to its Credit Facilities to, among other things: (i) allow for one or more future issuances of additional secured notes or loans, including the $1,375.0 million and $720.0 million of first lien notes both of which are discussed below; (ii) exclude from the maintenance covenant under its senior secured credit facilities (a) notes secured with a first priority lien on the assets of CEOC and its subsidiaries that secure the senior secured credit facilities that collectively result in up to $2,000.0 million of net proceeds (provided that the aggregate face amount of all such notes shall not collectively exceed $2,200.0 million) and (b) up to $250.0 million aggregate principal amount of consolidated debt of subsidiaries that are not wholly owned subsidiaries; (iii) subject to specified procedures, allow CEOC to buy back loans from individual lenders at negotiated prices, which may be less than par and (iv) subject to the requirement to make such offers on a pro rata basis to all lenders, allow CEOC to agree with certain lenders to extend the maturity of their term loans or revolving commitments, and for CEOC to pay increased interest rates or otherwise modify the terms of their loans or revolving commitments in connection with such an extension.

On June 15, 2009, CEOC issued $1,375.0 million principal amount of 11.25% senior secured notes due 2017. These notes are secured with a first priority lien on the assets of CEOC and the subsidiaries that secure the senior secured credit facilities. Proceeds from this issuance were used to pay a portion of CEOC s outstanding term loans and revolving loans under its senior secured credit facilities, of which $231.9 million was used to permanently reduce commitments under the revolving credit facility and $832.1 million was used to reduce amounts due on the term loan.

On September 11, 2009, CEOC issued $720.0 million principal amount of additional first lien notes. Proceeds from this issuance were used to pay a portion of CEOC s outstanding term loans and revolving loans under its senior secured credit facilities, of which $138.1 million was used to permanently reduce commitments under the revolving credit facility and $495.3 million was used to reduce amounts due on the term loan.

On October 22, 2009, CEOC completed cash tender offers for certain of its outstanding debt securities with maturities in 2010 and 2011 (as more fully discussed below). In connection with these tender offers, CEOC borrowed $1,000.0 million of new term loans under its Credit Facilities pursuant to an incremental amendment, or the Incremental Loans. A portion of the net proceeds of the Incremental Loans were used to purchase the notes validly tendered and not validly withdrawn pursuant to the tender offers.

As of September 30, 2010, our Credit Facilities provided for senior secured financing of up to $8,442.6 million, consisting of (i) senior secured term loan facilities in an aggregate principal amount of up to $6,812.6 million with $5,820.1 million maturing on January 20, 2015 and $992.5 million maturing on October 31, 2016, and (ii) a senior secured revolving credit facility in an aggregate principal amount of up to $1,630.0 million, maturing January 28, 2014, including both a letter of credit sub-facility and a swingline loan sub-facility. The Credit Facilities require scheduled quarterly payments of $7.5 million, with the balance due at maturity. A total of $6,812.6 million face amount of borrowings were outstanding under the Credit Facilities as of September 30, 2010, with $120.0 million of the revolving credit facility committed to outstanding letters of credit. After consideration of these borrowings and letters of credit, $1,510.0 million of additional borrowing capacity was available to us under our revolving credit facility as of September 30, 2010.

Exchange Offers, Debt Repurchases and Open Market Purchases. From time to time, we may retire portions of our outstanding debt in open market purchases, privately negotiated transactions or otherwise. These repurchases will be funded through available cash from operations and from our established debt programs. Such repurchases are dependent on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors.

In December 2008, CEOC completed private exchange offers whereby $2,224.0 million, face amount, of CEOC s debt maturing between 2010 and 2018, was exchanged for new 10.0% Second-Priority Senior Secured Notes with a face value of $214.8 million due 2015 and new 10.0% Second-Priority Senior Secured Notes with a face value of $847.6 million due 2018. Interest on the new notes is payable in cash each June 15 and December 15 until maturity. The Second-Priority Senior Secured Notes are secured by a second priority security interest in substantially all of CEOC s and its subsidiary s property and assets that secure the senior secured credit facilities. These liens are junior in priority to the liens on substantially the same collateral securing the senior secured credit facilities.

On April 15, 2009, CEOC completed private exchange offers to exchange $3,648.8 million aggregate principal amount of new 10.0% Second-Priority Senior Secured Notes due 2018 for $5,470.1 million principal amount of its outstanding debt due between 2010 and 2018. The new notes are guaranteed by Caesars and are secured on a second-priority lien basis by substantially all of CEOC s and its subsidiaries assets that secure the senior secured credit facilities. In addition to the exchange offers, a subsidiary of Caesars paid $96.7 million to purchase for cash certain notes of CEOC with an aggregate principal amount of $522.9 million maturing between 2015 and 2017. The notes purchased pursuant to this tender offer remained outstanding for CEOC but reduce Caesars, outstanding debt on a consolidated basis. Additionally, CEOC paid $4.8 million in cash to purchase notes of $24.0 million aggregate principal amount from retail holders that were not eligible to participate in the exchange offers. As a result of the exchange and tender offers, we recorded a pretax gain in the second quarter 2009 of $4,023.0 million arising from this early extinguishment of debt.

On October 22, 2009, CEOC completed cash tender offers for certain of its outstanding debt securities with maturities in 2010 and 2011. CEOC purchased $4.5 million principal amount of its 5.500% senior notes due 2010, $17.2 million principal amount of its 7.875% senior subordinated notes due 2010, $19.6 million principal amount of its 8.000% senior notes due 2011 and $4.2 million principal amount of its 8.125% senior subordinated notes due 2011 for an aggregate consideration of $44.5 million.

During the 2009 fourth quarter, we entered into and completed purchase and sale agreements with certain lenders to acquire CMBS Loans under our CMBS Financing. We purchased $948.8 million face value of our

Table of Contents

outstanding CMBS Loans for $237.2 million, recognizing a pre-tax gain on the transaction of approximately $688.1 million. As a result of the recent debt repurchase, the total outstanding debt related to CMBS Financing was $5,551.5 million as of December 31, 2009. In connection with the amendment to the CMBS Financing, we purchased $123.8 million of face value of CMBS Loans for $37.1 million in August 2010, which left a balance of $5,380.9 million outstanding on the CMBS Loans. The total outstanding debt related to CMBS Financing will be reduced to $5,189.6 million by December 31, 2010 as a result of additional purchases of certain CMBS Loans by us for an additional payment by us of $95.7 million, as required pursuant to the terms of the CMBS Amendment.

As a result of the receipt of the requisite consent of lenders having loans made under the Senior Unsecured Interim Loan Agreement, or Interim Loan Agreement, representing more than 50% of the sum of all loans outstanding under the Interim Loan Agreement, waivers or amendments of certain provisions of the Interim Loan Agreement to permit CEOC, from time to time, to buy back loans at prices below par from specific lenders in the form of voluntary prepayments of the loans by CEOC on a non-pro rata basis are now operative. Included in the exchanged debt discussed above are $297.0 million of 10.0% Second-Priority Senior Secured Notes that were exchanged for $442.0 million principal amount of loans surrendered in the exchange offer for loans outstanding under the Interim Loan Agreement. As a result of these transactions, all loans outstanding under the Interim Loan Agreement have been retired.

As a result of the 2009 exchange and tender offers, the CMBS Financing repurchases, and purchases of our debt on the open market, we recorded a pre-tax gain in 2009 of $4,965.5 million arising from early extinguishment of debt, comprised as follows:

(In millions)	**Year ended Dec. 31, 2009**
Face Value of CEOC Open Market Purchases:	
5.50% due 7/01/2010	$ 68.0
7.875% due 3/15/2010	111.5
8.00% due 02/01/2011	37.7
8.125% due 05/15/2011	178.2
5.375% due 12/15/2013	87.2
10.75% due 1/28/2016	265.0
Face Value of Other Caesars Subsidiary Open Market Purchases:	
5.625% due 06/01/2015	$ 138.0
5.750% due 06/01/2017	169.0
6.50% due 06/01/2016	24.0
Total face value of open market purchases	1,078.6
Cash paid for open market purchases	(657.0)
Net cash gain on open market purchases	421.6
Write-off of unamortized discounts and fees	(167.2)
Gain on CMBS repurchases	688.1
Gain on debt exchanges	4,023.0
Aggregate gains on early extinguishments of debt	$ 4,965.5

Under the American Recovery and Reinvestment Act of 2009, or the ARRA, we will receive temporary federal tax relief under the Delayed Recognition of Cancellation of Debt Income, or CODI, rules. The ARRA contains a provision that allows for a five-year deferral for tax purposes of CODI for debt reacquired in 2009 and 2010, followed by recognition of CODI ratably over the succeeding five years. The provision applies for specified types of repurchases including the acquisition of a debt instrument for cash and the exchange of one debt instrument for another. For state income tax purposes, certain states have conformed to the ARRA and others have not.

Table of Contents

Interest and Fees. Borrowings under the Credit Facilities, other than borrowings under the Incremental Loans, bear interest at a rate equal to the then-current LIBOR rate or at a rate equal to the alternate base rate, in each case plus an applicable margin. As of September 30, 2010, the Credit Facilities, other than borrowings under the Incremental Loans, bore interest at LIBOR plus 300 basis points for the term loans and a portion of the revolver loan and 150 basis points over the alternate base rate for the swingline loan and at the alternate base rate plus 200 basis points for the remainder of the revolver loan.

Borrowings under the Incremental Loans bear interest at a rate equal to either the alternate base rate or the greater of (i) the then-current LIBOR rate or (ii) 2.0%; in each case plus an applicable margin. At September 30, 2010, borrowings under the Incremental Loans bore interest at the minimum base rate of 2.0%, plus 750 basis points.

In addition, on a quarterly basis, we are required to pay each lender (i) a commitment fee in respect of any unborrowed amounts under the revolving credit facility and (ii) a letter of credit fee in respect of the aggregate face amount of outstanding letters of credit under the revolving credit facility. As of September 30, 2010, the Credit Facilities bore a commitment fee for unborrowed amounts of 50 basis points.

We make monthly interest payments on our CMBS Financing. Our outstanding notes (secured and unsecured) have semi-annual interest payments, with the majority of those payments on June 15 and December 15.

In July 2008, CEOC made the permitted election under the Indenture governing its 10.75%/11.5% Senior Toggle Notes due 2018 and the Interim Loan Agreement dated January 28, 2008, to pay all interest due on January 28, and February 1, 2009, for the loan in-kind. A similar election was made in January 2009 to pay the interest due August 1, 2009, for the 10.75%/11.5% Senior Toggle Notes due 2018 in-kind, and in March 2009, the election was made to pay the interest due April 28, 2009, on the Interim Loan Agreement in-kind. In connection with the debt exchange detailed below, the Interim Toggle Notes were no longer outstanding. We used the cash savings generated by this election for general corporate purposes, including the early retirement of other debt.

A change in interest rates on variable-rate debt will impact our financial results. For example, assuming a constant outstanding balance for our variable-rate debt for the next twelve months, a hypothetical 1% increase in corresponding interest rates would change interest expense for the twelve months following September 30, 2010 by approximately $62.8 million. At September 30, 2010, the three-month USD LIBOR rate was 0.2914%. A hypothetical reduction of this rate to 0% would decrease interest expense for the next twelve months by approximately $18.3 million. These hypothetical interest amounts exclude interest on the $5,810.1 million of variable-rate debt for which our interest rate swap agreements are designated as hedging instruments for accounting purposes, through the earlier of the expiration of such swap agreements or twelve months. At September 30, 2010, our variable-rate debt, excluding the aforementioned $5,810.1 million of variable-rate debt hedged against interest rate swap agreements, represents approximately 35.2% of our total debt, while our fixed-rate debt is approximately 64.8% of our total debt.

Table of Contents

Collateral and Guarantors. CEOC s Credit Facilities are guaranteed by Caesars, and are secured by a pledge of CEOC s capital stock, and by substantially all of the existing and future property and assets of CEOC and its material, wholly owned domestic subsidiaries other than unrestricted subsidiaries, including a pledge of the capital stock of CEOC s material, wholly owned domestic subsidiaries and 65% of the capital stock of the first-tier foreign subsidiaries, in each case subject to exceptions. The following casino properties have mortgages under the Credit Facilities:

Las Vegas	**Atlantic City**	**Louisiana/Mississippi**	**Iowa/Missouri**
Caesars Palace Bally s Las Vegas Imperial Palace Bill s Gamblin Hall & Saloon	Bally s Atlantic City Caesars Atlantic City Showboat Atlantic City	Harrah s New Orleans (Hotel only) Harrah s Louisiana Downs Horseshoe Bossier City Harrah s Tunica Horseshoe Tunica Tunica Roadhouse Hotel & Casino	Harrah s St. Louis Harrah s Council Bluffs Horseshoe Council Bluffs/ Bluffs Run

Illinois/Indiana	**Other Nevada**
Horseshoe Southern Indiana	Harrah s Reno
Harrah s Metropolis	Harrah s Lake Tahoe
Horseshoe Hammond	Harveys Lake Tahoe

Additionally, certain undeveloped land in Las Vegas also is mortgaged.

Restrictive Covenants and Other Matters. The Credit Facilities require compliance on a quarterly basis with a maximum net senior secured first lien debt leverage test. In addition, the Credit Facilities include negative covenants, subject to certain exceptions, restricting or limiting CEOC s ability and the ability of its restricted subsidiaries to, among other things: (i) incur additional debt; (ii) create liens on certain assets; (iii) enter into sale and lease-back transactions (iv) make certain investments, loans and advances; (v) consolidate, merge, sell or otherwise dispose of all or any part of its assets or to purchase, lease or otherwise acquire all or any substantial part of assets of any other person; (vi) pay dividends or make distributions or make other restricted payments; (vii) enter into certain transactions with its affiliates; (viii) engage in any business other than the business activity conducted at the closing date of the loan or business activities incidental or related thereto; (ix) amend or modify the articles or certificate of incorporation, by-laws and certain agreements or make certain payments or modifications of indebtedness; and (x) designate or permit the designation of any indebtedness as Designated Senior Debt.

Caesars is not bound by any financial or negative covenants contained in CEOC s credit agreement, other than with respect to the incurrence of liens on and the pledge of its stock of CEOC.

All borrowings under the senior secured revolving credit facility are subject to the satisfaction of customary conditions, including the absence of a default and the accuracy of representations and warranties, and the requirement that such borrowing does not reduce the amount of obligations otherwise permitted to be secured under our new senior secured credit facilities without ratably securing the retained notes.

Certain covenants contained in CEOC s credit agreement require the maintenance of a Senior Secured Leverage Ratio, which is the ratio of senior first priority secured debt to last twelve months adjusted EBITDA of CEOC, as calculated pursuant to the agreement, which differs from the calculation of LTM Adjusted EBITDA presented on page 16 of this prospectus. The June 3, 2009 amendment and waiver to our credit agreement excludes from the Senior Secured Leverage Ratio (a) the $1,375.0 million Original First Lien Notes issued June 15, 2009 and the $720.0 million Additional First Lien Notes issued on September 11, 2009 and (b) up to $250.0 million aggregate principal amount of consolidated debt of subsidiaries that are not wholly owned subsidiaries. Certain covenants contained in CEOC s credit agreement governing its senior secured credit facilities, the indenture and other agreements governing CEOC s 10.0% Second-Priority Senior Secured Notes due 2015 and 2018, and our first lien notes restrict our ability to take certain actions such as incurring additional debt or making acquisitions if we are unable to meet adjusted EBITDA to Fixed Charges, senior secured debt to last twelve months adjusted EBITDA and consolidated debt to last twelve months adjusted EBITDA ratios. The covenants that restrict additional indebtedness and the ability to make future acquisitions require a last twelve months adjusted EBITDA to Fixed Charges ratio (measured on a trailing four-quarter basis) of 2.0:1.0, in each case as calculated pursuant to the applicable agreements. Failure to comply with these covenants can result in limiting our long-term growth prospects by hindering our ability to incur future indebtedness or grow through acquisitions.

The indenture governing the 10.75% Senior Notes, 10.75%/11.5% Senior Toggle Notes and the agreements governing the other cash pay debt and payment in kind toggle debt limit CEOC s and most of its subsidiaries ability to among other things: (i) incur additional debt or issue certain preferred shares; (ii) pay dividends or make distributions in respect of our capital stock or make other restricted payments; (iii) make certain investments; (iv) sell certain assets; (v) with respect to CEOC only, engage in any business or own any material asset other than all of the equity interest of CEOC so long as certain investors hold a majority of the notes; (vi) create or permit to exist dividend and/or payment restrictions affecting its restricted subsidiaries; (vii) create liens on certain assets to secure debt; (viii) consolidate, merge, sell or otherwise dispose of all or substantially all of its assets; (ix) enter into certain transactions with its affiliates; and (x) designate its subsidiaries as unrestricted subsidiaries. Subject to certain exceptions, the indenture governing the notes and the agreements governing the other cash pay debt and PIK toggle debt will permit us and our restricted subsidiaries to incur additional indebtedness, including secured indebtedness.

The CMBS Financing includes negative covenants, subject to certain exceptions, restricting or limiting the ability of the CMBS Entities, to, among other things: (i) incur additional debt; (ii) create liens on assets; (iii) make certain investments, loans and advances; (iv) consolidate, merge, sell or otherwise dispose of all or any part of its assets or to purchase, lease or otherwise acquire all or any substantial part of assets of any other person; (v) enter into certain transactions with its affiliates; (vi) engage in any business other than the ownership of the properties and business activities ancillary thereto; and (vi) amend or modify the articles or certificate of incorporation, by-laws and certain agreements. The CMBS Financing also includes affirmative covenants that require the CMBS Entities to, among other things, maintain the borrowers as special purpose entities, maintain certain reserve funds in respect of furniture, fixtures and equipment, taxes, and insurance, and comply with other customary obligations for CMBS real estate financings. In addition, the CMBS Financing obligates the CMBS Entities to apply excess cash flow from the CMBS properties in certain specified manners, depending on the outstanding principal amount of various tranches of the CMBS Loans and other factors. These obligations will limit the amount of excess cash flow from the CMBS Entities that may be distributed to Caesars. For example, the CMBS entities are required to use 100% of excess cash flow to make ongoing mandatory offers on a quarterly basis to purchase CMBS mezzanine loans at discounted prices from the holders thereof. To the extent such offers are accepted, such excess cash flow will need to be so utilized and will not be available for distribution to Caesars. To the extent such offers are not accepted with respect to any fiscal quarter, the amount of excess cash flow that may be distributed to Caesars is limited to 85% of excess cash flow with respect to such quarter. In addition, the CMBS Financing provides that once the aggregate principal amount of the CMBS mezzanine loans is less than or equal to $625.0 million, the mortgage loan will begin to amortize on a quarterly basis in an amount equal to the greater of 100% of excess cash flow for such quarter and $31.25 million. If the CMBS mortgage loan begins to amortize, the excess cash flow from the CMBS Entities will need to be utilized in connection with such amortization and will not be available for distribution to Caesars.

Other Financing Transactions

Harrah s Chester Secured Loan

During 2009, Chester Downs, a majority-owned subsidiary of CEOC and owner of Harrah s Chester, entered into an agreement to borrow under a senior secured term loan with a principal amount of $230.0 million and borrowed such amount, net of original issue discount. The proceeds of the term loan were used to pay off intercompany debt due to CEOC and to repurchase equity interests from certain minority partners of Chester Downs. As a result of the purchase of these equity interests, CEOC currently owns approximately 95% of Chester Downs.

On October 28, 2010, Chester Downs, amended its existing senior secured term loan facility to obtain an additional $40.0 million of term loans. The additional loans have substantially the same terms as the existing term loans including with respect to interest rate, maturity and security. The proceeds of the additional loans will be used for general corporate purposes, including the repayment of indebtedness and capital expenditures.

Acquisition of Planet Hollywood

On February 19, 2010, CEOC acquired 100% of the equity interests of PHW Las Vegas, which owns and operates Planet Hollywood. In connection with this transaction, PHW Las Vegas assumed a $554.3 million, face value, senior secured loan, and a subsidiary of CEOC cancelled certain debt issued by PHW Las Vegas predecessor entities. The outstanding amount is secured by the assets of PHW Las Vegas, and is non-recourse to our other subsidiaries.

In connection with the transaction and the assumption of debt, PHW Las Vegas entered into the Amended and Restated Loan Agreement with Wells Fargo Bank, N.A., as trustee for The Credit Suisse First Boston Mortgage Securities Corp. Commercial Mortgage Pass-Through Certificates, Series 2007-TFL2, or the Lender. PHW Las Vegas is an unrestricted subsidiary of CEOC and therefore not a borrower under CEOC s Credit Facilities. A subsidiary of CEOC manages the property for PHW Las Vegas for a fee. The maturity date for this loan is December 2011, with two extension options, which, if exercised, would extend maturity until April 2015.

Guaranty

In connection with PHW Las Vegas Amended and Restated Loan Agreement, Caesars entered into a Guaranty Agreement for the benefit of Lender pursuant to which Caesars guaranteed to the Lender certain recourse liabilities of PHW Las Vegas. Caesars maximum aggregate liability for such recourse liabilities is limited to $30.0 million provided that such recourse liabilities of PHW Las Vegas do not arise from (i) events, acts, or circumstances that are actually committed by, or voluntarily or willfully brought about by Caesars or (ii) event, acts, or circumstances (regardless of the cause of the same) that provide actual benefit (in cash, cash equivalent, or other quantifiable amount) to us to the full extent of the actual benefit received by the Registrant. Pursuant to the Guaranty Agreement, Caesars is required to maintain a net worth or liquid assets of at least $100.0 million.

Prepayments

PHW Las Vegas may, at its option, voluntarily prepay the loan in whole or in part upon twenty days prior written notice to the Lender.

PHW Las Vegas is required to prepay the loan in (i) the amount of any insurance proceeds received by the Lender for which the Lender is not obligated to make available to PHW Las Vegas for restoration in accordance with the terms of the Amended and Restated Loan Agreement, (ii) the amount of any proceeds received from the operator of the timeshare property adjacent to Planet Hollywood, subject to the limitations set forth in the Amended and Restated Loan Agreement and (iii) the amount of any excess cash remaining after application of the cash management provisions of the Amended and Restated Loan Agreement.

Interest Payments

The amount outstanding under the Amended and Restated Loan Agreement bears interest, payable to third party lenders on a monthly basis, at a rate per annum equal to LIBOR plus 1.533%. Interest only participations of PHW Las Vegas bear interest at a fixed rate equal to $7.3 million per year, payable to a subsidiary of CEOC that owns such participations.

Table of Contents

Derivative Instruments

We account for derivative instruments in accordance with Accounting Standards Codification, or ASC, 815 (Accounting for Derivatives and Hedging Activities), which requires that all derivative instruments be recognized in the financial statements at fair value. Any changes in fair value are recorded in the statements of operations or in other comprehensive income/(loss), depending upon whether or not the derivative is designated and qualifies for hedge accounting, the type of hedge transaction and the effectiveness of the hedge. The estimated fair values of our derivative instruments are based on market prices obtained from dealer quotes. Such quotes represent the estimated amounts we would receive or pay to terminate the contracts.

Our derivative instruments contain a credit risk that the counterparties may be unable to meet the terms of the agreements. We minimize that risk by evaluating the creditworthiness of our counterparties, which are limited to major banks and financial institutions. Our derivatives are recorded at their fair values, adjusted for the credit rating of the counterparty if the derivative is an asset, or adjusted for the credit rating of Caesars if the derivative is a liability.

Derivative Instruments Interest Rate Swap Agreements

We use interest rate swaps to manage the mix of our debt between fixed and variable rate instruments. As of September 30, 2010 we had 13 outstanding interest rate swap agreements, three of which have effective dates starting in 2011, subsequent to the expiration of seven of our other swap agreements. As a result of staggering the effective dates, we have a notional amount of $6,500.0 million outstanding through April 25, 2011, and a notional amount of $5,750.0 million outstanding beginning after April 25, 2011. The difference to be paid or received under the terms of the interest rate swap agreements is accrued as interest rates change and recognized as an adjustment to interest expense for the related debt. Changes in the variable interest rates to be paid or received pursuant to the terms of the interest rate swap agreements will have a corresponding effect on future cash flows. The major terms of the interest rate swap agreements as of September 30, 2010 are as follows:

Effective Date	Notional Amount (in millions)	Fixed Rate Paid	Variable Rate Received as of Sept 30, 2010	Next Reset Date	Maturity Date
April 25, 2007	$ 200	4.898%	0.498%	October 26, 2010	April 25, 2011
April 25, 2007	200	4.896%	0.498%	October 26, 2010	April 25, 2011
April 25, 2007	200	4.925%	0.498%	October 26, 2010	April 25, 2011
April 25, 2007	200	4.917%	0.498%	October 26, 2010	April 25, 2011
April 25, 2007	200	4.907%	0.498%	October 26, 2010	April 25, 2011
September 26, 2007	250	4.809%	0.498%	October 26, 2010	April 25, 2011
September 26, 2007	250	4.775%	0.498%	October 26, 2010	April 25, 2011
April 25, 2008	2,000	4.276%	0.498%	October 26, 2010	April 25, 2013
April 25, 2008	2,000	4.263%	0.498%	October 26, 2010	April 25, 2013
April 25, 2008	1,000	4.172%	0.498%	October 26, 2010	April 25, 2012
April 26, 2011	250	1.351%		April 26, 2011	January 25, 2015
April 26, 2011	250	1.347%		April 26, 2011	January 25, 2015
April 26, 2011	250	1.350%		April 26, 2011	January 25, 2015

The variable rate on our interest rate swap agreements did not materially change as a result of the October 26, 2010 reset.

Until October 2009, our effective interest rate swap agreements were designated as cash flow hedging instruments for accounting purposes. During October 2009, we borrowed $1,000.0 million under the Incremental Loans and used a majority of the net proceeds to temporarily repay most of our revolving debt under the Credit Facilities. As a result, we no longer had a sufficient amount of outstanding debt under the same terms as our

interest rate swap agreements to support hedge accounting treatment for the full $6,500.0 million in interest rate swaps. Thus, as of September 30, 2009, we removed the cash flow hedge designation for the $1,000.0 million swap agreement, freezing the amount of deferred losses recorded in Accumulated Other Comprehensive Loss associated with this swap agreement, and reducing the total notional amount on interest rate swaps designated as cash flow hedging instruments to $5,500.0 million. Beginning October 1, 2009, we began amortizing deferred losses frozen in Accumulated Other Comprehensive Loss into income over the original remaining term of the hedged forecasted transactions that are still considered to be probable of occurring. For the quarter and nine months ended September 30, 2010, we recorded $2.2 million and $6.5 million, respectively, as an increase to interest expense, and we will record an additional $8.7 million as an increase to interest expense and other comprehensive income over the next twelve months, all related to deferred losses on the $1,000.0 million interest rate swap.

During the fourth quarter of 2009, we re-designated approximately $310.1 million of the $1,000.0 million swap as a cash flow hedging instrument. Also, on September 29, 2010, we entered into three forward interest rate swap agreements for notional amounts totaling $750.0 million that have been designated as cash flow hedging instruments. As a result, at September 30, 2010, $6,560.0 million of our total interest rate swap agreements notional amount of $7,250.0 million remained designated as hedging instruments for accounting purposes. Any future changes in fair value of the portion of the interest rate swap agreement not designated as a hedging instrument will be recognized in interest expense during the period in which the changes in value occur.

Derivative Instruments   Interest Rate Cap Agreements

On January 28, 2008, we entered into an interest rate cap agreement to partially hedge the risk of future increases in the variable rate of the CMBS Financing. The interest rate cap agreement, which was effective January 28, 2008 and terminates February 13, 2013, is for a notional amount of $6,500.0 million at a LIBOR cap rate of 4.5%. The interest rate cap was designated as a cash flow hedging instrument for accounting purposes on May 1, 2008.

On November 30, 2009, June 7, 2010, and September 1, 2010, we purchased and extinguished $948.8 million, $46.6 million, and $123.8 million, respectively, of the CMBS Financing. The hedging relationship between the CMBS Financing and the interest rate cap remained effective subsequent to each debt extinguishment. As a result of the extinguishments, in the fourth quarter 2009, second quarter 2010, and third quarter 2010, we reclassified $12.1 million, $0.6 million, and $1.5 million, respectively, of deferred losses out of Accumulated Other Comprehensive Loss and into interest expense associated with hedges for which the forecasted future transactions are no longer probable of occurring.

On January 31, 2010, we removed the cash flow hedge designation for the $6,500.0 million interest rate cap, freezing the amount of deferred losses recorded in Accumulated Other Comprehensive Loss associated with the interest rate cap. Beginning February 1, 2010, we began amortizing deferred losses frozen in Accumulated Other Comprehensive Loss into income over the original remaining term of the hedge forecasted transactions that are still probable of occurring. For the quarter and nine months ended September 30, 2010, we recorded $6.7 million and $16.2 million, respectively, as an increase to interest expense, and we will record an additional $20.9 million as an increase to interest expense and Accumulated Other Comprehensive Loss over the next twelve months, all related to deferred losses on the interest rate cap. In connection with the extinguishment of $46.6 million of the CMBS Financing, on June 7, 2010, we reclassified $1.0 million of deferred losses recorded in Accumulated Other Comprehensive Loss associated with the interest rate cap into interest expense associated with hedges for which the forecasted transactions are no longer probable of occurring.

On January 31, 2010, we re-designated $4,650.2 million of the interest rate cap as a cash flow hedging instrument for accounting purposes. Any future changes in fair value of the portion of the interest rate cap not designated as a hedging instrument will be recognized in interest expense during the period in which the changes in value occur.

On April 5, 2010, as required under the amended and restated loan agreement, we entered into an interest rate cap agreement to partially hedge the risk of future increases in the variable rate of the PHW Las Vegas senior secured loan.

Table of Contents

The interest rate cap agreement is for a notional amount of $554.3 million at a LIBOR cap rate of 5.0%, and matures on December 9, 2011. To give proper consideration to the prepayment requirements of the PHW Las Vegas senior secured loan, we have designated $525.0 million of the $554.3 million notional amount of the interest rate cap as a cash flow hedging instrument for accounting purposes.

Derivative Instruments Impact on Financial Statements

The following table represents the effect of derivative instruments in the Consolidated Statements of Operations for the nine months ended September 30, 2010 and 2009 for amounts transferred into or out of Accumulated Other Comprehensive Loss:

(Dollars in millions)

Cash Flow Hedging Relationships	Loss on Derivatives Recognized in OCI (Effective Portion) Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009	Location of (Gain) or Loss Reclassified From Accumulated OCI Into Income (Effective Portion)	Loss Reclassified from Accumulated OCI into Income (Effective Portion) Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009	Location of (Gain) or Loss Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)	(Gain) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing) Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009
Interest rate contracts	$ 143.0	$ 54.7	Interest Expense	$ 23.4	$ 0.6	Interest Expense	$ (55.1)	$

(Dollars in millions)

Derivatives Not Designated as Hedging Instruments	Location of Loss Recognized in Income on Derivative	Loss Recognized in Income on Derivatives Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009
Interest Rate Contracts	Interest Expense	$ 10.8	$

The following table represents the effect of derivative instruments in the Consolidated Statements of Operations for the year ended December 31, 2009 and the period from January 28, 2008 through December 31, 2008:

(Dollars in millions)

Cash Flow Hedging Relationships	(Gain) or Loss on Derivatives Recognized in OCI (Effective Portion) 2009	Jan. 28 through Dec. 31, 2008	Location of Loss Reclassified From Accumulated OCI Into Income (Effective Portion)	Loss Reclassified from Accumulated OCI into Income (Effective Portion) 2009	Jan. 28 through Dec. 31, 2008	Location of (Gain) or Loss Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)	(Gain) or Loss Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing) 2009	Jan. 28 through Dec. 31, 2008

Interest rate contracts	$ 20.9	$ 158.8	Interest Expense	$ 15.1	$ 0.8	Interest Expense	$ (7.6)	$ 104.3

(Dollars in millions)		**(Gain) or Loss Recognized in Income on Derivatives**	
Derivatives Not Designated as Hedging Instruments	**Location of (Gain) or Loss Recognized in Income on Derivative**	**2009**	**Jan. 28 through Dec. 31, 2008**
Interest Rate Contracts	Interest Expense	$ (7.6)	$ 116.0

76

In addition to the impact on interest expense from amounts reclassified from Accumulated Other Comprehensive Loss, the difference to be paid or received under the terms of the interest rate swap agreements is recognized as interest expense and is paid quarterly. This cash settlement portion of the interest rate swap agreements increased interest expense for the nine months ended September 30, 2010 and 2009 by $199.3 million and $147.6 million, respectively.

Guarantees of Third-Party Debt and Other Obligations and Commitments

The tables below summarize our contractual obligations and other commitments as of September 30, 2010, after giving effect to the Private Placement and this offering.

(In millions)		**Payments Due by Period**			
Contractual Obligations[(a)]	**Total**	**Oct. 1, 2010 through Dec. 31, 2010**	**2011 through 2012**	**2013 through 2014**	**Thereafter**
Debt, face value[(b)]	$ 22,032.0	$ 213.6	$ 98.4	$ 223.4	$ 21,496.6
Capital lease obligations	5.6	4.5	1.1		
Estimated interest payments[(c)]	9,685.2	429.8	3,208.8	2,870.4	3,176.2
Operating lease obligations	2,226.6	25.2	151.4	126.0	1,924.0
Purchase order obligations	53.0	53.0			
Guaranteed payments to State of Louisiana	29.8	15.0	14.8		
Community reinvestment	86.7	1.6	12.1	12.0	61.0
Construction commitments	37.3	37.3			
Entertainment obligations	96.1	14.1	62.0	20.0	
Other contractual obligations	592.5	33.4	141.4	100.8	316.9
	$ 34,844.8	$ 827.5	$ 3,690.0	$ 3,352.6	$ 26,974.7

(a) In addition to the contractual obligations disclosed in this table, we have unrecognized tax benefits that, based on uncertainties associated with the items, we are unable to make reasonably reliable estimates of the period of potential cash settlements, if any, with taxing authorities. See note 9 to our unaudited consolidated condensed financial statements as of September 30, 2010 included elsewhere in this prospectus.

(b) Payments consider extended maturities of the CMBS Loans from 2013 to 2015 and the PHW Las Vegas senior secured loan from 2011 to 2015.

(c) Estimated interest for variable rate debt is based on rates at September 30, 2010. Estimated interest includes the estimated impact of our interest rate swap and interest rate cap agreements.

(Dollars in millions)		**Commitment Amounts Per Year**			
Other Commitments	**Total Amounts Committed**	**Oct. 1, 2010 through Dec. 31, 2010**	**2011 through 2012**	**2013 through 2014**	**Thereafter**
Letters of credit	$ 120.0	$ 120.0	$	$	$
Minimum payments to tribes	20.4	3.5	14.6	2.3	

The agreements pursuant to which we manage casinos on Indian lands contain provisions required by law that provide that a minimum monthly payment be made to the tribe. That obligation has priority over scheduled repayments of borrowings for development costs and over the management fee earned and paid to the manager. In the event that insufficient cash flow is generated by the operations to fund this payment, we must pay the shortfall to the tribe. Subject to certain limitations as to time, such advances, if any, would be repaid to us in future periods in which operations generate cash flow in excess of the required minimum payment. These commitments will terminate upon the occurrence of certain defined events, including termination of the management contract. Our aggregate monthly commitment for the minimum guaranteed payments pursuant to the contracts for the three managed Indian-owned

77

facilities now open, which extend for periods of up to 51 months from September 30, 2010, is $1.2 million. Each of these casinos currently generates sufficient cash flows to cover all of its obligations, including its debt service.

Debt Covenant Compliance

Certain covenants contained in the credit agreement governing our senior secured credit facilities and the CEOC indenture and other agreements governing our senior notes, first lien notes and second lien notes (i) require the maintenance of a senior secured debt to last twelve months adjusted EBITDA ratio and (ii) restrict our ability to take certain actions such as incurring certain kinds of additional debt such as new debt security issuances or making acquisitions if we are unable to meet adjusted EBITDA to Fixed Charges, senior secured debt to last twelve months adjusted EBITDA and consolidated debt to last twelve months adjusted EBITDA ratios, in each case calculated pursuant to the applicable agreements. Failure to comply with these covenants can result in limiting our long-term growth prospects by hindering our ability to incur certain kinds of future indebtedness or grow through acquisitions. Although these covenants do restrict our ability to incur certain kinds of indebtedness, our indentures and senior secured credit facilities contain carve-outs for the incurrence of indebtedness such as revolving credit borrowings under our senior secured credit facilities, refinancing indebtedness and other debt required to maintain our day-to-day operations. We believe that CEOC is currently in compliance with all of its debt maintenance covenants.

Competitive Pressures

The gaming industry is highly competitive and our competitors vary considerably in size, quality of facilities, number of operations, brand identities, marketing and growth strategies, financial strength and capabilities, level of amenities, management talent and geographic diversity. We also compete with other non-gaming resorts and vacation areas, and with various other entertainment businesses. Our competitors in each market may have substantially greater financial, marketing and other resources than we do and there can be no assurance that they will not in the future engage in aggressive pricing action to compete with us. Although we believe we are currently able to compete effectively in each of the various markets in which we participate, we cannot make assurances that we will be able to continue to do so or that we will be capable of maintaining or further increasing our current market share. Our failure to compete successfully in our various markets could adversely affect our business, financial condition, results of operations and cash flow.

In recent years, many casino operators have been reinvesting in existing markets to attract new customers or to gain market share, thereby increasing competition in those markets. As companies have completed expansion projects, supply has typically grown at a faster pace than demand in some markets and competition has increased significantly. The expansion of existing casino entertainment properties, the increase in the number of properties and the aggressive marketing strategies of many of our competitors have increased competition in many markets in which we operate, and this intense competition is expected to continue. These competitive pressures have affected, and are expected to continue to adversely affect, our financial performance in certain markets.

Several states and Indian tribes are also considering enabling the development and operation of casinos or casino-like operations in their jurisdictions.

Although, historically, the short-term effect of such competitive developments on us generally has been negative, we are not able to determine the long-term impact, whether favorable or unfavorable, that development and expansion trends and events will have on current or future markets. We also cannot determine the long-term impact of the financial crisis on the economy, and casinos specifically. In the short-term, the current financial crisis has stalled or delayed some of our capital projects, as well as those of many of our competitors. In addition, our substantial indebtedness could limit our flexibility in planning for, or reacting to, changes in our operations or business and restrict us from developing new gaming facilities, introducing new technologies or exploiting business opportunities, all of which could place us at a competitive disadvantage. We believe that the geographic diversity of our operations; our focus on multi-market customer relationships; our service training, our rewards and customer loyalty programs; and our continuing efforts to establish our brands as premier brands upon which we have built strong customer loyalty have well-positioned us to face the challenges present within our industry. We utilize the unique capabilities of WINet, a sophisticated nationwide customer database, and Total Rewards, a nationwide loyalty program that allows our customers to earn complimentary items and other benefits for playing at our casinos. We believe these sophisticated marketing tools provide us with competitive advantages, particularly with players who visit more than one market.

Significant Accounting Policies and Estimates

We prepare our consolidated condensed financial statements in conformity with GAAP. Certain of our accounting policies, including the estimated lives assigned to our assets, the determination of bad debt, asset impairment, fair value of guarantees and self-insurance reserves, the purchase price allocations made in connection with our acquisitions/merger and the calculation of our income tax liabilities, require that we apply significant judgment in defining the appropriate assumptions for calculating financial estimates. By their nature, these judgments are subject to an inherent degree of uncertainty. Our judgments are based on our historical experience, terms of existing contracts, observance of trends in the industry, information provided by our customers and information available from other outside sources, as appropriate. Actual results may differ from our estimates. For a discussion of our significant accounting policies and estimates, please refer to Management s Discussion and Analysis of Financial Condition and Results of Operations and the notes to our audited consolidated financial statements included elsewhere in this prospectus. Significant changes to our accounting policies and any new accounting pronouncements are further discussed in note 2, Recently Issued Accounting Pronouncements, to our unaudited consolidated condensed financial statements as of September 30, 2010 included elsewhere in this prospectus.

We consider accounting estimates to be critical accounting policies when:

- the estimates involve matters that are highly uncertain at the time the accounting estimate is made; and

- different estimates or changes to estimates could have a material impact on the reported financial position, changes in financial position, or results of operations.

When more than one accounting principle, or method of its application, is generally accepted, we select the principle or method that we consider to be the most appropriate when given the specific circumstances. Application of these accounting principles requires us to make estimates about the future resolution of existing uncertainties. Estimates are typically based upon historical experience, current trends, contractual documentation, and other information, as appropriate. Due to the inherent uncertainty involving estimates, actual results reported in the future may differ from those estimates. In preparing these financial statements, we have made our best estimates and judgments of the amounts and disclosures included in the financial statements, giving regard to materiality. The following summarizes our critical accounting policies.

Property and Equipment

We have significant capital invested in our property and equipment, which represents approximately 62% of our total assets. Judgments are made in determining the estimated useful lives of assets, salvage values to be assigned to assets and if or when an asset has been impaired. The accuracy of these estimates affects the amount of depreciation expense recognized in our financial results and whether we have a gain or loss on the disposal of an asset. We assign lives to our assets based on our standard policy, which is established by management as representative of the useful life of each category of asset. We review the carrying value of our property and equipment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. The factors considered by management in performing this assessment include current operating results, trends and prospects, as well as the effect of obsolescence, demand, competition and other economic factors. In estimating expected future cash flows for determining whether an asset is impaired, assets are grouped at the operating unit level, which for most of our assets is the individual casino.

Goodwill and Other Intangible Assets

The purchase price of an acquisition is allocated to the underlying assets acquired and liabilities assumed based upon their estimated fair values at the date of acquisition. We determine the estimated fair values after review and consideration of relevant information including discounted cash flows, quoted market prices and estimates made by management. To the extent the purchase price exceeds the fair value of the net identifiable tangible and intangible assets acquired and liabilities assumed, such excess is allocated to goodwill.

During the fourth quarter of each year, we perform annual assessments for impairment of goodwill and other intangible assets that are not subject to amortization as of September 30. We perform assessments for impairment of goodwill and other intangible assets more frequently if impairment indicators exist. Due to the relative impact of weak economic conditions on certain properties, we performed interim assessments of goodwill and certain intangible assets for impairment during the first nine months of 2010 and 2009. These interim assessments resulted in impairment charges of $144.0 million and $1,625.7 million recorded during the nine months ended September 30, 2010 and 2009, respectively. These impairment charges were primarily a result of adjustments to our long-term operating plan as a result of the current economic climate.

Our 2008 analysis reflected factors impacted by then-current market conditions, including lower valuation multiples for gaming assets, higher discount rates resulting from turmoil in the credit markets and the completion of our 2009 budget and forecasting process, and indicated that our goodwill and other non-amortizing intangible assets were impaired; therefore, an impairment charge of $5,489.6 million was recorded in fourth quarter 2008.

We determine estimated fair value of a reporting unit as a function, or multiple, of EBITDA combined with estimated future cash flows discounted at rates commensurate with our capital structure and the prevailing borrowing rates within the casino industry in general. We determine the estimated fair values of our intangible assets by using the relief from royalty method under the income approach. After consideration of the impairment charges recorded in 2009 and 2008, we had $8,408.2 million in goodwill and other intangible assets in our consolidated balance sheet at December 31, 2009 as compared to $10,210.1 million at December 31, 2008.

The annual evaluation of goodwill and other non-amortizing intangible assets requires the use of estimates about future operating results, valuation multiples and discount rates of each reporting unit to determine their estimated fair value. Changes in these assumptions can materially affect these estimates. Thus, to the extent the economy continues to deteriorate during 2010, discount rates increase significantly, or we do not meet our projected performance, we could have additional impairment to record within our 2010 financial statements, and such impairments could be material. This is especially true for our Las Vegas region which had a significant portion of our remaining goodwill as of December 31, 2009. In accordance with GAAP, once an impairment of goodwill or other intangible asset has been recorded, it cannot be reversed.

Total Rewards Point Liability Program

Our customer loyalty program, Total Rewards, offers incentives to customers who gamble at certain of our casinos throughout the United States. Under the program, customers are able to accumulate, or bank, reward credits over time that they may redeem at their discretion under the terms of the program. The reward credit balance will be forfeited if the customer does not earn a reward credit over the prior six-month period. As a result of the ability of the customer to bank the reward credits, we accrue the expense of reward credits, after consideration of estimated forfeitures, or breakage, as they are earned. The value of the cost to provide reward credits is expensed as the reward credits are earned and is included in casino expense on our consolidated statements of operations. To arrive at the estimated cost associated with reward credits, estimates and assumptions are made regarding incremental marginal costs of the benefits, breakage rates and the mix of goods and services for which reward credits will be redeemed. We use historical data to assist in the determination of estimated accruals. At September 30, 2010, December 31, 2009 and December 31, 2008, $53.1 million, $53.2 million and $64.7 million, respectively, were accrued for the cost of anticipated Total Rewards credit redemptions.

In addition to reward credits, customers at certain of our properties can earn points based on play that are redeemable in cash, or cash-back points. In 2007, certain of our properties introduced a modification to the cash-back program whereby points are redeemable in playable credits at slot machines where, after one play-through, the credits can be cashed out. We accrue the cost of cash-back points and the modified program, after consideration of estimated breakage, as they are earned. The cost is recorded as contra-revenue and included in casino promotional allowances on our consolidated statements of operations. At September 30, 2010, December 31, 2009 and December 31, 2008, the liability related to outstanding cash-back points, which is based on historical redemption activity, was $1.0 million, $2.8 million and $9.3 million, respectively.

Allowance for Doubtful Accounts

We reserve an estimated amount for receivables that may not be collected. Methodologies for estimating allowance for doubtful accounts range from specific reserves to various percentages applied to aged receivables. Historical collection rates are considered, as are customer relationships, in determining specific reserves. At September 30, 2010, December 31, 2009 and December 31, 2008, we had $215.6 million, $207.1 million and $201.4 million, respectively, in our allowance for doubtful accounts. As with many estimates, management must make judgments about potential actions by third parties in establishing and evaluating our reserves for allowance for doubtful accounts.

Self-Insurance Accruals

We are self-insured up to certain limits for costs associated with general liability, workers compensation and employee health coverage. Insurance claims and reserves include accruals of estimated settlements for known claims, as well as accruals of actuarial estimates of incurred but not reported claims. At September 30, 2010, December 31, 2009 and December 31, 2008, we had total self-insurance accruals reflected in our consolidated balance sheets of $229.9 million, $209.6 million and $213.0 million, respectively. In estimating these costs, we consider historical loss experience and make judgments about the expected levels of costs per claim. We also rely on consultants to assist in the determination of estimated accruals. These claims are accounted for based on actuarial estimates of the undiscounted claims, including those claims incurred but not reported. We believe the use of actuarial methods to account for these liabilities provides a consistent and effective way to measure these highly judgmental accruals; however, changes in health care costs, accident frequency and severity and other factors can materially affect the estimate for these liabilities. We continually monitor the potential for changes in estimates, evaluate our insurance accruals and adjust our recorded provisions.

Income Taxes

We are subject to income taxes in the United States, both federal and state, and numerous foreign jurisdictions in which we operate. We record income taxes under the asset and liability method, whereby deferred tax assets and liabilities are recognized based on the expected future tax consequences of temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and attributable to operating loss and tax credit carryforwards. ASC 740 requires a reduction of the carrying amounts of deferred tax assets by a valuation allowance if, based on the available evidence, it is more likely than not that such assets will not be realized. Accordingly, the need to establish valuation allowances for deferred tax assets is assessed periodically based on the ASC 740 more likely than not realization threshold. This assessment considers, among other matters, the nature, frequency and severity of current and cumulative losses, forecasts of future profitability, the duration of statutory carryforward periods, our experience with operating loss and tax credit carryforwards not expiring unused, and tax planning alternatives.

The effect on the income tax provision and deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. We have previously provided a valuation allowance on foreign tax credits, certain foreign and state net operating losses, or NOLs, and other deferred foreign

Table of Contents

and state tax assets. U.S. tax rules require us to allocate a portion of our total interest expense to our foreign operations for purposes of determining allowable foreign tax credits. Consequently, this decrease to taxable income from foreign operations results in a diminution of the foreign taxes available as a tax credit. Certain foreign and state NOLs and other deferred foreign and state tax assets were not deemed realizable because they are attributable to subsidiaries that are not expected to produce future earnings. Other than these exceptions, we are unaware of any circumstances that would cause the remaining deferred tax assets to not be realizable. Further, a portion of the valuation allowance against state NOLs was removed as a result of operations and debt activity in the year ended December 31, 2009.

We adopted the directives of ASC 740 regarding uncertain income tax positions on January 1, 2007. We classify reserves for tax uncertainties within Accrued expenses and Deferred credits and other in our consolidated condensed balance sheets, separate from any related income tax payable or deferred income taxes. In accordance with ASC 740 s directives regarding uncertain tax positions, reserve amounts relate to any potential income tax liabilities resulting from uncertain tax positions, as well as potential interest or penalties associated with those liabilities.

We file income tax returns, including returns for our subsidiaries, with federal, state, and foreign jurisdictions. We are under regular and recurring audit by the Internal Revenue Service, or IRS, on open tax positions, and it is possible that the amount of the liability for unrecognized tax benefits could change during the next twelve months. As a result of the expiration of the statue of limitations and closure of IRS audits, our 2004 and 2005 federal income tax years were closed during the year ended December 31, 2009. The IRS audit of our 2006 federal income tax year also concluded during the year ended December 31, 2009. The IRS audit of our 2007 federal income tax year concluded during the quarter ended March 31, 2010. The IRS audit of our 2008 federal income tax year concluded during the quarter ended June 30, 2010. During the quarter ended June 30, 2010, we submitted a protest to the IRS Appeals office regarding several issues from the 2008 IRS audit. We do not believe that it is reasonably possible that these issues will be settled in the next twelve months.

We are also subject to exam by various state and foreign tax authorities. Tax years prior to 2005 are generally closed for foreign and state income tax purposes as the statutes of limitations have lapsed. However, various subsidiaries are still capable of being examined by the New Jersey Division of Taxation for tax years beginning with 1999 due to our execution of New Jersey statute of limitation extensions.

Derivative Instruments

We account for derivative instruments in accordance with ASC 815, which requires that all derivative instruments be recognized in the financial statements at fair value. Any changes in fair value are recorded in the statements of operations or in other comprehensive income/(loss) within the equity section of the balance sheets, depending upon whether or not the derivative is designated and qualifies for hedge accounting, the type of hedge transaction and the effectiveness of the hedge. The estimated fair values of our derivative instruments are based on market prices obtained from dealer quotes. Such quotes represent the estimated amounts we would receive or pay to terminate the contracts.

Our derivative instruments contain a credit risk that the counterparties may be unable to meet the terms of the agreements. We minimize that risk by evaluating the creditworthiness of our counterparties, which are limited to major banks and financial institutions. Our derivatives are recorded at their fair values, adjusted for the credit rating of the counterparty if the derivative is an asset, or adjusted for the credit rating of the Company if the derivative is a liability.

Recently Issued and Proposed Accounting Standards

For discussions of the adoption and potential impacts of recently issued accounting standards, refer to note 2 in the notes to the audited consolidated financial statements as of December 31, 2009, or note 2 in the notes to our unaudited consolidated condensed financial statements as of September 30, 2010 included elsewhere in this prospectus.

Quantitative and Qualitative Disclosure About Market Risk

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, foreign currency exchange rates and commodity prices. Our primary exposure to market risk is interest rate risk associated with our debt. We attempt to limit our exposure to interest rate risk by managing the mix of our debt between fixed-rate and variable-rate obligations. Of our $19,717.1 million of total debt at September 30, 2010, $6,945.2 million, excluding $5,810.1 million of variable rate debt for which we have entered into interest rate swap agreements, was subject to variable interest rates. To manage our interest rate risk, we have entered into interest rate swap agreements with respect to LIBOR borrowings for a notional amount of $6,500.0 million of this variable rate debt, all of which fix the floating rates of interest to fixed rates. In addition to the swap agreements, we entered into an interest rate cap agreement for a notional amount of $6,500.0 million at a LIBOR cap rate of 4.5% and an interest rate cap agreement for a notional amount of $554.3 million at a LIBOR cap rate of 5.0%. Assuming a constant outstanding balance for our variable rate debt for the next twelve months, a hypothetical 1% increase in interest rates would increase interest expense for the next twelve months by approximately $62.8 million. At September 30, 2010, the three-month USD LIBOR rate was 0.2914%. A hypothetical reduction of this rate to 0% would decrease interest expense for the next twelve months by approximately $18.3 million.

We use interest rate swaps to manage the mix of our debt between fixed and variable rate instruments. We do not purchase or hold any derivative financial instruments for trading purposes.

The table below provides information as of September 30, 2010, about our financial instruments that are sensitive to changes in interest rates, including debt obligations and interest rate swaps. For debt obligations, the table presents principal cash flows and related weighted average interest rates by maturity dates. Principal amounts are used to calculate the payments to be exchanged under the related agreement(s) and weighted average variable rates are based on implied forward rates in the yield curve as of September 30, 2010.

(Dollars in millions)	**2010**	**2011**	**2012**	**2013**	**2014**	**Thereafter**	**Total**	**FMV**
Liabilities								
Long-term debt								
Fixed rate	$ 13.8	$ 40.6	$ 38.9	$ 164.6	$ 38.8	$ 15,913.7	$ 16,210.4	$ 13,702.0(1)
Average interest rate	7.6%	7.3%	7.5%	5.9%	7.5%	7.5%	7.4%	
Variable rate	$ 204.3	$ 10.0	$ 10.0	$ 10.0	$ 10.0	$ 6,701.2	$ 6,945.5	$ 6,168.9(1)
Average interest rate	3.4%	9.4%	9.4%	9.4%	9.4%	4.1%	4.1%	
	$ 218.1	$ 50.6	$ 48.9	$ 174.6	$ 48.8	$ 22,614.9	$ 23,155.9	
Interest Rate Derivatives								
Interest rate swaps(2)								
Variable to Fixed	$	$ 1,500.0	$ 1,000.0	$ 4,000.0	$	$ 750.0	$ 7,250.0	$ (418.1)
Average pay rate	4.4%	4.1%	3.8%	3.2%	1.3%	1.3%	3.8%	
Average receive rate	0.6%	0.6%	1.1%	1.6%	2.3%	2.4%	1.0%	
Interest rate cap	$	$ 554.3	$	$ 6,500.0	$	$	$ 7,054.3	$ 1.3

(1) The fair values are based on the borrowing rates currently available for debt instruments with similar terms and maturities and market quotes of our publicly traded debt.

(2) On September 29, 2010, we entered into three interest rate swap agreements for notional amounts totaling $750.0 million. The swaps have an effective date of April 26, 2011 and terminate on January 25, 2015. The average pay rate is 1.35% and the average receive rate is based on one-month LIBOR.

As of September 30, 2010, December 31, 2009 and December 31, 2008, our long-term variable rate debt reflects borrowings under our senior secured credit facilities provided to us by a consortium of banks with a total capacity of $8,442.6 million, $8,465.0 million and $9,196.0 million, respectively. The interest rates charged on borrowings under these facilities are a function of LIBOR and prime rate. As such, the interest rates charged to us for borrowings under the facilities are subject to change as LIBOR changes.

Table of Contents

Foreign currency translation gains and losses were not material to our results of operations for the nine months ended September 30, 2010 and 2009, the year ended December 31, 2009, the Successor period from January 28, 2008 through December 31, 2008, the Predecessor period from January 1, 2008 through January 27, 2008, and the Predecessor year ended December 31, 2007. Our only material ownership interests in businesses in foreign countries are London Clubs, Macau Orient Golf and an approximate 95% ownership of a casino in Uruguay. Therefore, we have not been subject to material foreign currency exchange rate risk from the effects that exchange rate movements of foreign currencies would have on our future operating results or cash flows.

From time to time, we hold investments in various available-for-sale equity securities; however, our exposure to price risk arising from the ownership of these investments is not material to our consolidated financial position, results of operations or cash flows.

Table of Contents

INDUSTRY

Introduction

Based on 2009 reported gaming revenues, we estimate the size of the global casino gaming industry in major gaming markets worldwide to be approximately $100 billion. Revenues in the United States are split among commercial casinos (including racetrack casinos) and tribal casinos at $31 billion and $27 billion, respectively. Domestic casino gaming revenues had steadily grown on an annualized basis to $34.1 billion in 2007 until the last three years when, during the global economic recession, they contracted to $30.7 billion in 2009.

Source: 2010 AGA Survey of Casino Entertainment

For the nine months ended September 30, 2010, as compared to the prior year period, discretionary spending has increased in sectors such as amusement parks, retail sales, lodging and cruise lines, while gaming revenues have actually decreased slightly. As such, there remains significant upside potential in gaming revenues as compared to other discretionary consumer sectors.

The following key trends are currently affecting the gaming industry:

Expansion of existing and new jurisdictions. Domestically, several states are in the process of either expanding existing gaming offerings or legalizing gaming activities where they are currently illegal. These locations are generally regional in nature and should increase overall gaming spending and open up new opportunities for ownership and management of casinos. For example, Pennsylvania recently expanded gaming by allowing table games and in Ohio a voter referendum in November 2009 amended the state constitution to allow casinos in four cities. Internationally, there are numerous countries that are in the process of legalizing or liberalizing the rules under which gaming activities can be undertaken as the economy recovers.

Limited supply expansion in established gaming markets. We estimate there will be limited supply introduced into established markets in the foreseeable future, in part due to a lack of available construction financing and the limited number of available licenses in certain jurisdictions. The lack of additional supply being introduced should lead to increased revenues and profits among established enterprises.

Favorable travel industry trends. Our industry is heavily dependent upon both the leisure and business traveler. The trends in both of these areas have turned positive over the past few quarters, as evidenced by increasing hotel occupancy, visitor counts and convention space booking.

Continuing legalization of online gaming. Online gaming is currently only legal in a limited number of jurisdictions, but additional jurisdictions, including the United States, are considering legalizing online gaming. Prior to the Unlawful Internet Gambling Enforcement Act being passed in 2006, published reports estimate that the United States online poker industry generated $1.5 billion in revenues. A recent H2 Gaming Capital study anticipates that the global online gaming market will grow to $36 billion in revenues by 2012.

Table of Contents

United States

Casino gambling was first legalized in the U.S. by the State of Nevada in 1931. Since then, the industry has grown to 443 commercial casinos in 13 states with over $30.7 billion of gross gaming revenue, according to the American Gaming Association, or AGA. Additionally, according to the AGA, the relatively recent development of Tribal gaming establishments has created another 456 gaming operations across 29 states. According to Casino City s North American Gaming Almanac, there are over 680,000 slots and 26,000 table games (including poker) in the U.S., including Tribal casinos.

Historically, the U.S. gaming industry was predominately located in two cities, Las Vegas, NV and Atlantic City, NJ. In 2009, the Las Vegas Strip and Atlantic City generated approximately $9.5 billion of revenue and accounted for approximately 31% of the total commercial casino revenues in the U.S. However, as casinos have gained more recognition as a key source of entertainment, jobs, and income, and as the demand for gaming has increased, there has been an increased proliferation of gaming in other regional markets. The following chart shows total revenues in the top 10 casino markets in the U.S. for 2009:

Source: 2010 AGA Survey of Casino Entertainment

Las Vegas

Las Vegas is the largest and most prominent gaming market in the U.S. with 182 licensed casinos, 127,800 nonrestricted slot machines, 4,470 licensed tables and $8.8 billion of gaming revenue in 2009 for Clark County. Las Vegas 148,940 hotel rooms consistently exhibit occupancy rates in the 80% 90% range and are home to 18 of the 25 largest hotels in the world. During the past 10-15 years, Las Vegas has successfully focused on attracting more than just gamblers as operators have invested in non-gaming amenities. As a result, Las Vegas has become one of the nation s most popular convention center destinations and draws travelers attracted to the city s fine dining, shopping, and entertainment, as well as the gaming facilities. The city drew 37.5 million and 36.4 million visitors in 2008 and 2009, respectively.

For most of its history, Las Vegas effectively illustrated a supply-generated market dynamic. Each new wave of mega-resort openings leading up to the recent recession has expanded the Las Vegas market in terms of visitation and total revenues. Between 1970 and 2007, visitor volumes have increased at a faster pace than the Las Vegas room supply. This in turn generated room demand and led to consistently strong occupancy rates. In addition, the average length of stay and amount spent per trip has increased as Las Vegas has evolved from a one-dimensional casino town into a diversified destination-resort market. Prior to the recent recession, the Las Vegas market has shown consistent growth over the long term, both in terms of visitation and expenditures, and has exhibited one of the highest hotel occupancy rates of any major market in the U.S. According to the Las Vegas Convention and Visitors Authority, the number of visitors traveling to Las Vegas increased significantly over the last 19 years, from 21.0 million visitors in 1990 to a peak of 39.2 million visitors in 2007 before declining due to the recent economic downturn. Over this period, Las Vegas hotel room inventory has been highly correlated with visitation. Below is a chart showing Las Vegas hotel room inventory and visitation over that period and a chart comparing Las Vegas occupancy with that of other major U.S. markets.

Source: Las Vegas Convention and Visitors Authority

Source: State visitor associations

The development and expansion of mega-resorts along the Strip has been a primary generator of the recent visitation growth in the market. As the Strip has continued to evolve there has been a substantial shift in revenue mix, with an increased focus on non-gaming amenities. Industry analysts believe that there are three primary influences for this shift in recent years:

(1) newer, larger and more diverse resorts

(2) greater focus on the convention market and

(3) new marketing campaigns targeting a broader customer base.

As the total room inventory in Las Vegas has grown via the increasing presence of mega-resorts, there has been a corresponding impact in non-gaming revenues. According to Nevada State Gaming Control Board Nevada Gaming Abstract, while gaming revenues have continued to grow in terms of absolute dollars, from $2.3 billion in 1990 to $5.5 billion in 2009 (4.7% compound annual growth rate, or CAGR), the percentage of total Strip casino-hotel resort revenues represented by gaming (casino) has declined substantially over the past 17 years, from 58% of total revenues in 1990 to just 39% in 2009.

Las Vegas continues to be an intensely competitive market with continued increases in new development and expansions. In April 2005, Wynn Resorts opened the first new resort on the Strip since 1999. Along with Wynn s opening, several other competitors have recently opened new resorts or made announcements of their planned capital expenditures in the area. In early 2008, the Las Vegas Sands opened an adjacent property to the Venetian Resort and Casino, named the Palazzo. Wynn Resorts also completed a new property adjacent to Wynn Las Vegas, called Encore, which opened in late 2008. In December 2009, MGM Resorts International opened CityCenter, a multi-use property on 67 acres of land on the Strip between Bellagio and Monte Carlo. Deutsche Bank is scheduled to open the Cosmopolitan, a new hotel-casino situated between the Bellagio and CityCenter, in December 2010. Consistent with these trends, we are investing capital in the Las Vegas market to further bolster our leading market position. In particular, the LINQ expansion will dramatically improve our food and beverage and retail offerings as well as further solidifying our leading position on the premier corner of the Strip.

In the nine months ended September 30, 2010, there has been some improvement across a number of key measures in Las Vegas, including gaming revenue, revenue per available room, visitor volume, total room nights occupied, ADR, convention attendance and average daily auto traffic. However, the current state of the national economy has affected the bottom line of Nevada casinos. In 2009, gaming revenues decreased as customers cut their discretionary spending, in some cases, dramatically. A company s vulnerability will be determined by the duration and depth of the economic downturn.

Atlantic City

Atlantic City first legalized gaming in 1976 and is now the second largest gaming market in the U.S. Home to 11 casinos and over 30,000 slots, the Atlantic City market benefits from attractive demographics with 42 million adults within a 300 mile radius. 2009 brought 30.4 million visitors, according to the South Jersey Transportation Authority.

Atlantic City gaming revenues rose steadily since the introduction of gaming in New Jersey to a peak of $5.2 billion in 2006. Growth from 2001 to 2006 in the Atlantic City market can be attributed primarily to the expansion of select properties (Tropicana, Bally s) and the opening of the Borgata Hotel, Casino and Spa. The Borgata, a joint venture between Boyd Gaming Corporation and MGM Resorts International, opened in July 2003, in Atlantic City s Marina District. The Borgata was the first casino to open in Atlantic City since April 1990.

Due to the introduction of competitive gaming options in the northeast region of the U.S. and the recent global economic recession, Atlantic City gaming revenues have fallen to $3.9 billion as of 2009. Several recent trends have negatively impacted Atlantic City properties. In 2004, Pennsylvania passed legislation to legalize slot machines at seven horse racing tracks, five independent slot parlors and two resort slot parlors. At least four of these facilities are expected to be in the greater Philadelphia area. Currently, ten facilities have opened in Pennsylvania with the balance expected to open after 2009. Movements are underway to legalize slot machines at the New Jersey Meadowlands. Additionally, Atlantic City enacted a partial smoking ban on April 15, 2007. Revenues have been impacted in the periods following the enactment, in some cases, dramatically. Competition from Pennsylvania and New York, and the national economy, severely affected the Atlantic City market in 2008 and continued through 2010. We expect the recent declines in Atlantic City to stabilize as gaming expansion in

Table of Contents

the Mid-Atlantic region slows, and the Atlantic City Partnership, with the support of the New Jersey state government, is focusing on four key areas to encourage future growth in the city: safety, marketing, regulatory reform and the Community Redevelopment Investment Act.

Regional Markets

Regional markets have become increasingly popular with both casino operators and customers. Casinos are choosing to invest more capital in these regions as capital expenditure requirements are low relative to other major markets and several major markets have already been largely penetrated. Customers are visiting these locations more often due to both their close proximity and as an alternative form of entertainment. Additionally, an increasing number of states have been taking a more liberal approach to legalizing casinos as gaming has become a mainstream form of leisure entertainment with the potential to generate significant tax revenues. States with regional commercial gaming properties include Colorado, Illinois, Indiana, Iowa, Louisiana, Maryland, Michigan, Mississippi, Missouri, Pennsylvania, South Dakota, West Virginia, Delaware, Florida and New York.

In the nine months ended September 30, 2010, regional markets have stabilized or are improving as job losses and housing declines moderated, minimal new competition has emerged and customer spend and visits stabilized.

Many regional casinos directly compete with Tribal gaming properties. Tribal gaming began with the Indian Gaming Regulatory Act of 1988, which permitted states to authorize tribes to operate casinos on Indian reservations. Recently many tribes have built Las Vegas style casinos, with high-class accommodations and different forms of entertainment, such as concerts, as a way to entice younger people to their casinos.

International Markets

International gaming growth is expected to continue. Macau is located on the Southeast coast of China to the western bank of the Pearl River Delta. Macau gaming revenue has grown from $2.8 billion in 2000 to $14.9 billion in 2009. The rapid pace of new casino growth in Macau should benefit casino operators who hold concessions, as well as gaming equipment suppliers. Other major international gaming markets include Australia, New Zealand, Malaysia, Singapore, Great Britain and South Africa.

Table of Contents

BUSINESS

Overview

We are the world s largest casino entertainment provider, as measured by net revenues and individual casinos, and the most geographically diverse U.S. casino operator. Our business is primarily conducted through a wholly owned subsidiary, Caesars Entertainment Operating Company, Inc., or CEOC, although certain material properties are not owned by CEOC. As of September 30, 2010, we owned, operated or managed, through various subsidiaries, 52 casinos in 12 U.S. states and seven countries. The vast majority of these casinos operate in the United States and England, primarily under the Caesars, Harrah s and Horseshoe brand names in the United States. Our casino entertainment facilities include 33 land-based casinos, 12 riverboat or dockside casinos, three managed casinos on Indian lands in the United States, one managed casino in Canada, one casino combined with a greyhound racetrack, one casino combined with a thoroughbred racetrack and one casino combined with a harness racetrack. Our 33 land-based casinos include one in Uruguay, nine in England, one in Scotland, two in Egypt and one in South Africa. As of September 30, 2010, our facilities had an aggregate of approximately three million square feet of gaming space and approximately 42,000 hotel rooms. Our industry-leading customer loyalty program, Total Rewards, has over 40 million members. We use the Total Rewards system to market promotions and to generate customer play when they travel among our markets in the United States and Canada. In addition, we own an online gaming business, providing for real money casino, bingo and poker games in the United Kingdom and play for fun offerings in other jurisdictions. We intend to offer real money online casino and poker gaming in legally compliant jurisdictions going forward. We also own and operate the World Series of Poker tournament and brand.

We derive the majority of our revenues and Property EBITDA from gaming sources. However, we also generate significant revenues and Property EBITDA from other sources such as lodging, food, beverage, and entertainment.

On January 28, 2008, Caesars was acquired by affiliates of the Sponsors in an all-cash transaction valued at approximately $30.7 billion. Holders of Caesars stock received $90.00 in cash for each outstanding share of common stock.

Description of Business

We have established a rich history of industry leading growth and expansion since we commenced casino operations in 1937. We own or manage casino entertainment facilities in more areas throughout the United States than any other participant in the casino industry. In addition to casinos, our facilities typically include hotel and convention space, restaurants and non-gaming entertainment facilities. Set forth below are our net revenues and Property EBITDA by region for the twelve months ended September 30, 2010:

LTM Revenue	Property EBITDA LTM
September 30, 2010	September 30, 2010

In southern Nevada, Harrah s Las Vegas, Rio All-Suite Hotel & Casino, Caesars Palace, Bally s Las Vegas, Flamingo Las Vegas, Paris Las Vegas, Imperial Palace Hotel & Casino, Bill s Gamblin Hall & Saloon and Hot Spot Oasis are located in Las Vegas, and draw customers from throughout the United States. On February 19, 2010, we acquired the Planet Hollywood in Las Vegas. Harrah s Laughlin is located near both the Arizona and California borders and draws customers primarily from the southern California and Phoenix metropolitan areas and, to a lesser extent, from throughout the U.S. via charter aircraft.

In northern Nevada, Harrah s Lake Tahoe, Harveys Resort & Casino and Bill s Casino are located near Lake Tahoe and Harrah s Reno is located in downtown Reno. These facilities draw customers primarily from northern California, the Pacific Northwest and Canada. On January 4, 2010, we closed Bill s Casino and we sold the property on February 26, 2010.

Our Atlantic City casinos, Harrah s Resort Atlantic City, Showboat Atlantic City, Caesars Atlantic City and Bally s Atlantic City, draw customers primarily from the Philadelphia metropolitan area, New York and New Jersey.

Harrah s Chester is a combination harness racetrack and casino located approximately six miles south of Philadelphia International Airport which draws customers primarily from the Philadelphia metropolitan area and Delaware. In June 2009, we acquired an additional interest in this property and we now have a 95 percent ownership interest in this property.

Our Chicagoland dockside casinos, Harrah s Joliet in Joliet, Illinois, and Horseshoe Hammond in Hammond, Indiana, draw customers primarily from the greater Chicago metropolitan area. In southern Indiana, we own Horseshoe Southern Indiana (formerly Caesars Indiana), a dockside casino complex located in Elizabeth, Indiana, which draws customers primarily from northern Kentucky, including the Louisville metropolitan area, and southern Indiana, including Indianapolis.

In Louisiana, we own Harrah s New Orleans, a land-based casino located in downtown New Orleans, which attracts customers primarily from the New Orleans metropolitan area. In northwest Louisiana, Horseshoe Bossier City, a dockside casino, and Harrah s Louisiana Downs, a thoroughbred racetrack with slot machines, located in Bossier City, cater to customers in northwestern Louisiana and east Texas, including the Dallas/Fort Worth metropolitan area.

On the Mississippi gulf coast, we own the Grand Casino Biloxi, located in Biloxi, Mississippi, which caters to customers in southern Mississippi, southern Alabama and northern Florida.

Harrah s North Kansas City and Harrah s St. Louis, both dockside casinos, draw customers from the Kansas City and St. Louis metropolitan areas, respectively. Harrah s Metropolis is a dockside casino located in Metropolis, Illinois, on the Ohio River, drawing customers from southern Illinois, western Kentucky and central Tennessee.

Horseshoe Tunica, Harrah s Tunica and Tunica Roadhouse Hotel & Casino (formerly Sheraton Casino & Hotel Tunica), dockside casino complexes located in Tunica, Mississippi, are approximately 30 miles from Memphis, Tennessee and draw customers primarily from the Memphis area.

Horseshoe Casino and Bluffs Run Greyhound Park, a land-based casino and pari-mutuel facility, and Harrah s Council Bluffs Casino & Hotel, a dockside casino facility, are located in Council Bluffs, Iowa, across the Missouri River from Omaha, Nebraska. At Horseshoe Casino and Bluffs Run Greyhound Park, we own the assets other than gaming equipment, and lease these assets to the Iowa West Racing Association, or IWRA, a nonprofit corporation, and we manage the facility for the IWRA under a management agreement expiring in October 2024. Iowa law requires that a qualified nonprofit corporation hold Bluffs Run s gaming and pari-mutuel licenses and own its gaming equipment. The license to operate Harrah s Council Bluffs Casino & Hotel is held jointly with IWRA, the qualified sponsoring organization. The Sponsorship and Operations Agreement between IWRA and us terminates on December 31, 2015, subject to our option to extend the term of the agreement for three succeeding three year terms, provided we are not in default.

Caesars Windsor, located in Windsor, Ontario, draws customers primarily from the Detroit metropolitan area and the Conrad Resort & Casino located in Punta Del Este, Uruguay, draws customers primarily from Argentina and Uruguay.

As part of the acquisition of London Clubs in December 2006, we own or manage four casinos in London: the Sportsman, the Golden Nugget, the Rendezvous, and The Casino at the Empire. We ceased managing Fifty in November 2009 when the facility closed. Our casinos in London draw customers primarily from the London metropolitan area as well as international visitors. We also own Alea Nottingham, Alea Glasgow, Alea Leeds, Manchester235, Rendezvous Brighton and Rendezvous Southend-on-Sea in the provinces of the United Kingdom, which primarily draw customers from their local areas. Pursuant to a concession agreement, we also operate two casinos in Cairo, Egypt: The London Club Cairo (which is located at the Ramses Hilton) and Caesars Cairo, which draw customers primarily from other countries in the Middle East. Emerald Safari, located in the province of Gauteng in South Africa, draws customers primarily from South Africa.

We also earn fees through our management of three casinos for Indian tribes:

Harrah s Phoenix Ak-Chin, located near Phoenix, Arizona, which we manage for the Ak-Chin Indian Community under a management agreement that expires in December 2014. Harrah s Phoenix Ak-Chin draws customers from the Phoenix metropolitan area;

Harrah s Cherokee Casino and Hotel, which we manage for the Eastern Band of Cherokee Indians on their reservation in Cherokee, North Carolina under a management contract that expires in November 2011. Harrah s Cherokee draws customers from eastern Tennessee, western North Carolina, northern Georgia and South Carolina; and

Harrah s Rincon Casino and Resort, located near San Diego, California, which we manage for the Rincon San Luiseno Band of Mission Indians under a management agreement that expires in November 2013. Harrah s Rincon draws customers from the San Diego metropolitan area and Orange County, California.

We own and operate Bluegrass Downs, a harness racetrack located in Paducah, Kentucky, Thistledown Racetrack, a thoroughbred racing facility in Cleveland, Ohio, and own a one-half interest in Turfway Park LLC, which is the owner of the Turfway Park thoroughbred racetrack in Boone County, Kentucky. Turfway Park LLC owns a minority interest in Kentucky Downs LLC, which is the owner of the Kentucky Downs racetrack located in Simpson County, Kentucky. We did not own or operate Thistledown Racetrack until July 28, 2010.

We also own and operate the World Series of Poker tournaments, and we license trademarks for a variety of products and businesses related to this brand. We also have real money online gaming operations in the United Kingdom, and offer online play-for-fun poker applications to residents in most countries in the world, including the United States.

We also own Macau Orient Golf located on a 175 acre site on the Cotai strip in Macau.

Additional information about our casino entertainment properties is set forth below in Properties.

We were incorporated on November 2, 1989 in Delaware, and prior to such date operated under predecessor companies. Our principal executive offices are located at One Caesars Palace Drive, Las Vegas, Nevada 89109, telephone (702) 407-6000. Until January 28, 2008, our common stock was traded on the NYSE under the symbol HET. Subject to the approval of our listing application, our common stock will trade under the symbol CZR on the Nasdaq Global Select market upon consummation of this offering.

Our Competitive Strengths

We attribute our operating success and historical industry outperformance to the following key strengths that differentiate us from our competition:

Industry s largest operator with leading market positions in numerous jurisdictions. We are the world s largest gaming company (as measured by net revenues and individual casinos) and the most geographically diverse U.S. casino operator. As of September 30, 2010, we owned, managed or operated 52 casinos in 12 U.S. states and seven countries. In addition, our casino properties operate as market leaders, having the #1 or #2 market share, based on revenue, in almost every major U.S. gaming market, including Las Vegas, the largest gaming market in the U.S. We use our scale and market leading position, in combination with our proprietary marketing technology and customer loyalty programs, to foster revenue growth and encourage repeat business.

Superior business model based on nationwide customer database and loyalty program. Our strategy is to generate same store gaming revenue growth and cross-market play through superior marketing and technological capabilities in combination with our nationwide casino network. One result of these capabilities is that most of our financial results have outperformed our competitors in the markets where we operate. The systems that we use to generate our same store gaming revenue growth and cross-market play consist of proprietary tools including Total Rewards and the WINet database. We believe these marketing tools, coupled with the industry s broadest geographic reach, provide us with a significant competitive advantage that enables us to efficiently market our products to a large and recurring customer base, and generate profitable revenue growth.

Portfolio of the most highly recognized brand names in the gaming industry. We own, operate or manage casinos that bear many of the most highly recognized brand names in the gaming industry, including Caesars, Harrah s, Horseshoe, Rio, Paris, Bally s, Flamingo and Planet Hollywood. We also own the Total Rewards loyalty program and the World Series of Poker brand. Many of these brands have a strong identity and enjoy widespread customer recognition. This diverse collection of brands allows us to appeal to a wide range of customer preferences and capture multiple visits through our ability to offer differentiated gaming experiences. In casino brand awareness studies, our key brands consistently achieve higher rates of recognition overall, as compared to our competitors.

Leading innovator in the gaming industry. We have a proven record of innovation, including revolutionizing our industry s approach to marketing with the introduction of our Total Rewards loyalty program in 1997 and applying this program nationwide and across multiple brands. We believe that our industry will continue to evolve into additional areas of gaming and entertainment, including online gaming, and we have expended resources designed to put us on the forefront of these areas. We are the only U.S. land-based casino company that owns an online gaming business. In addition, we are exploring additional online entertainment offerings that capitalize on our recognized brand names, particularly our World Series of Poker and Caesars brands. We believe that we are better positioned than our competitors to take advantage of new opportunities in the gaming industry due to our history of innovation, strong brand names and current online business, and we plan to continue to invest in developing areas of the gaming industry.

Long-dated capital structure with no near-term maturities and significant liquidity. Recent capital market transactions have improved our liquidity and maturity profile and have better positioned us to grow and create value. These transactions have included two debt-for-debt exchange offers, tender offers, open market repurchases, the issuance of new first and second lien notes and an amendment to our CMBS Financing, including a two-year maturity extension, subject to certain conditions. Through these transactions, we have reduced the amount of our debt maturing through the remainder of 2010 and 2011 from $1,503.0 million to zero and the amount of our term debt maturing from 2010 through 2014 from $8,507.0 million to $125.8 million. These debt maturities assume that we will exercise extension options on the CMBS Financing and on $551.4 million of Planet Hollywood debt, moving its maturity from December 2011 to April 2015. Further, these transactions have enhanced our liquidity. We have also reduced our annual interest expense through these transactions by approximately $105 million as of September 30, 2010. After taking into account the Private

Placement, this offering and the amendment to the CMBS Loans, as of September 30, 2010, we had $1.6 billion of cash on hand and $1.5 billion available under our revolving credit facility. With minimal near-term maturities representing a percentage of our total debt that is significantly less than that of almost all of our competitors and significant liquidity, we believe that we are well positioned to capitalize on growth opportunities and any potential rebound in the broader economy.

Experienced and highly motivated management team with proven track record. Our management team, led by CEO Gary Loveman, has built Caesars into an industry leader by geographically diversifying our operations and introducing technology-based tools to loyalty programs. A former associate professor at the Harvard University Graduate School of Business Administration, Mr. Loveman joined us as Chief Operating Officer in 1998 and drew on his extensive background in retail marketing and service-management to enhance Total Rewards. Mr. Loveman has been named Best CEO in the gaming and lodging industry by Institutional Investor magazine four times. In addition, our senior management operations team has an average of 26 years of industry experience. Other senior management team members possess significant experience in government and a variety of consumer industries. In addition, a significant portion of our management team s compensation is in the form of equity and stock options, the value of which depends on our overall results and motivates our senior management to focus on maximizing our long-term earnings and equity value.

Our Business Strategy

Leverage our unique scale and proprietary loyalty programs to generate superior revenue growth and fair share. We plan to continue to aggressively leverage our nationwide distribution platform and superior marketing and technological capabilities to generate same store gaming revenue growth and cross-market play. Our Total Rewards and WINet systems include over 40 million program members with 158% growth in tracked players since 2000. Through these systems, we promote cross-market play and target our efforts and marketing expenditures on areas and customer segments that generate the highest return. This system, coupled with our footprint in the U.S., enables us to profitably stimulate substantial cross-market play, which is defined as gaming win from a given customer out of his or her dominant or home market. We offer a unique value proposition to loyal players whereby they get the best service and product in their local market, and as a reward for their loyalty, they get especially attentive and customized services in our destination markets. This two-part value proposition is unique to us and an important source of our competitive advantage. For example, a number of financial measures have improved significantly at our Planet Hollywood property since we acquired it earlier this year, in large part due to our cross-market play. Cross market play represents 65% and 56% of the gross gaming revenues we generate in Las Vegas and Atlantic City, respectively. The data that we collect indicates that individual customers play more with Caesars when they visit multiple properties, either during the same trip or on different occasions. Our wins per position at both destination and regional markets, as well as in our local markets, were significantly higher than the industry average in those markets for the first eight-months of 2010. Our extensive historical knowledge and refined decision modeling procedures enable us to distribute best practices to ensure our marketing expenditures are being used to their utmost efficiency. Given our historical investments in information technology and our broad geographic footprint, we believe we have a competitive advantage with regards to stimulating this type of cross market play.

Continue to evolve our integrated marketing programs to maximize returns and maintain our competitive advantage. We have established a marketing organization that is designed to adhere to the scientific method of test and control, which we believe is the optimal approach to continued advancement and innovation. The structure and procedures embedded in our organization enable individual creativity to flourish while simultaneously ensuring impartial evaluations and the rapid transfer of best practices. The evolution of our structure has enabled us to respond more quickly to changes in customer elasticity and to have confidence in our approach with respect to our offers and incentives.

Maximize our core business profitability upon a rebound in net revenues. We operate businesses that have inherently low variable costs such that positive change in revenues should drive relatively large improvements in

Table of Contents

EBITDA. A key determinant of hotel revenues is the ADR that is charged. Increases in ADR would drive nearly a dollar for dollar improvement in EBITDA and on our room base of 42,000 rooms, we anticipate that a $5 increase in ADR on an annual basis would equate to an improvement to annual EBITDA of approximately $64 million. Our average system-wide ADR was $109 in 2007, compared to $86 during the last twelve months ended September 30, 2010. Likewise, we anticipate that a $5 improvement per rated customer gaming trip would equate to an improvement to annual EBITDA of approximately $99 million, and a $5 improvement per unrated customer gaming trip would equate to an improvement to annual EBITDA of approximately $77 million. Average spending per rated customer gaming trip declined from $191 in 2007 to $158 during the last twelve months ended September 30, 2010. While we use 2007 as a measurement for our financial performance and the gaming industry in general, we may not attain those financial levels in the near term, or at all.

In addition to the inherently high variable margin nature of our businesses, we have and will continue to dedicate significant efforts towards positioning our business and cost structure to ensure we generate the maximum incremental profitability when core industry revenue growth returns. We have implemented a $700 million cost savings program pursuant to which we achieved approximately $684 million of run-rate savings through September 30, 2010 and approximately $550 million of permanent cost reductions. Over the last several years, our management team has instituted operational concepts, such as LEAN service operations, Kaizens, and dynamic volume based scheduling, with the intention to ensure we are operating at consistently high efficiency rates. Additionally, we consolidated activities, rationalized our marketing efforts, and drove procurement efficiencies. Moreover, we have achieved these cost savings while maintaining consistent customer satisfaction levels since the cost savings initiatives were implemented. As of September 30, 2010, approximately $85.6 million of identified estimated cost savings from these initiatives remained to be realized. Since September 30, 2010, we have identified approximately $129 million of additional anticipated cost savings to be derived primarily from management consolidation and other head count reductions both at the corporate level and throughout our properties, as well as additional reductions in advertising and marketing spend. When revenue trends improve, we anticipate that our margins will improve compared to our previous periods of similar revenue levels due to the combination of our significantly reduced cost structure and generally high margins. However, this trend may not continue and our margins may not improve at all. See Risk Factors.

Pursue opportunistic domestic acquisitions and development opportunities. We believe our brand portfolio and recognition, coupled with the power of the Total Rewards loyalty program uniquely positions us to capitalize on expansion into underdeveloped regional markets or to pursue opportunistic acquisitions of distressed assets. We believe our operating expertise and network synergies enable us to create value above and beyond what other operators can provide. Our geographically broad-based experience gives us a superior understanding of a property s revenue potential and enables us to be the optimal partner or purchaser for select assets. For example, in August 2010, we reached a non-binding agreement in principle with Rock Gaming, LLC to jointly own and develop, and for us to manage, two casinos to be built in Cleveland and Cincinnati. We believe there will be expansion opportunities in newly created U.S. regional markets due to continued legalization of gaming in new jurisdictions. Additionally, in October 2010, we executed a term sheet pursuant to which we may acquire a minority interest in Philadelphia Entertainment and Development Partners, L.P., the holder of a license to develop and operate a casino project in Philadelphia, Pennsylvania; we would be primarily responsible for design and development of the project and enter into a management agreement to manage the project upon opening. Completion of these transactions is subject to a number of conditions, including, without limitation, the negotiation of definitive documentation, receipt of required regulatory approvals, receipt of acceptable financing, and other terms and conditions. Further, we believe that due to the continued global economic downturn, there will be opportunities to acquire assets at attractive valuations, such as our recent acquisition of Planet Hollywood, due to the fragmented nature of our industry and the benefits inherent in our scale.

Pursue opportunities to further expand into international markets. We currently own, operate or manage 15 casino properties in international gaming markets across Europe, North America, South America and Africa. In addition, in Asia, we own 175 acres of prime real estate on the Cotai strip in Macau. We believe that we remain well-positioned for international gaming growth and legalization in Asia and Europe and will continue to evaluate opportunities to own, operate or manage international casinos. Our Caesars brand remains the most recognized casino brand in the world, and we plan to leverage the power of this brand as we expand into international markets.

Continue to grow our online business. Our globally recognized World Series of Poker and Caesars brands and our strong online gaming management team position us to take advantage of opportunities in the global online gaming market and to continue to develop the infrastructure to support larger scale real money online gaming as it becomes legalized and licensed in new jurisdictions. In late 2009, we launched our real money WSOP and Caesars-branded poker, bingo and casino online sites in the United Kingdom. As part of our online strategy, we will continue to expand our online real money gaming offerings in legally compliant jurisdictions and offer for fun online gaming options in other jurisdictions. In addition, we will continue to expand our WSOP tournaments to international jurisdictions where we believe there is a likelihood of legalization of online gaming. We believe that the expansion of online gaming offerings will benefit our land-based portfolio due to further brand enhancement, customer acquisition in new channels, and marketing arrangements including incorporating our Total Rewards and cash-back for points programs into our online gaming sites.

We believe that additional jurisdictions will legalize online gaming due to consumer demand, a broader understanding of the need to regulate the industry and to generate income through taxes on gaming revenue. As such, we support of efforts to regulate the online gaming industry to ensure that consumers are protected. We believe that the potential for online gaming is substantial and believe that we will command, at a minimum, our fair share in any legal jurisdiction. A recent H2 Gaming Capital study projects that the global online gaming market will grow to $36 billion in revenues by 2012. We believe that the largest opportunity in online gaming in the near term is the legalization of online poker in the United States.

We plan to proliferate the WSOP brand, and to acquire customers across a number of interactive channels. We continue to be among the leaders in iTunes app downloads with over three million downloads to date. In July 2010, we entered into an agreement with Playdom, Inc. to re-launch their existing online poker game on Facebook and other social networks under the World Series of Poker brand. Also, in July 2010, HIE launched a play money site, accessible through WSOP.com, which allows players to learn and play poker for fun and to win seats at the WSOP land-based events. Therefore, by combining the smartphone, internet download and social network platforms, HIE is positioned to leverage its brand and offline assets to build a database of users which should reasonably be in the millions of players.

Sales and Marketing

We believe that our distribution system of casino entertainment facilities provides us the ability to generate play by our customers when they travel among markets, which we refer to as cross-market play. In addition, we have several critical multi-property markets like Las Vegas, Atlantic City and Tunica, and we have seen increased revenue from customers visiting multiple properties in the same market. We believe our industry-leading customer loyalty program, Total Rewards, in conjunction with this distribution system, allows us to capture a growing share of our customers gaming budget and compete more effectively.

Our Total Rewards program is structured in tiers, providing customers an incentive to consolidate their play at our casinos. Total Rewards customers are able to earn Tier Credits and Reward Credits and redeem those credits at substantially all of our casino entertainment facilities located in the U.S. and Canada for on-property entertainment expenses. Total Rewards members can also earn Tier Credits and Reward Credits for non-gaming purchases at our facilities. Depending on their level of play with us in a calendar year, customers may be designated as either Gold, Platinum, Diamond, or Seven Stars customers. Customers who do not participate in Total Rewards are encouraged to join, and those with a Total Rewards card are encouraged to consolidate their play through targeted promotional offers and rewards.

We have developed a database containing information for our customers and aspects of their casino gaming play. We use this information for marketing promotions, including through direct mail campaigns and the use of electronic mail and our website.

Patents and Trademarks

The development of intellectual property is part of our overall business strategy, and we regard our intellectual property to be an important element of our success. While our business as a whole is not substantially dependent on any one patent or combination of several of our patents or other intellectual property, we seek to establish and maintain our proprietary rights in our business operations and technology through the use of patents, copyrights, trademarks and trade secret laws. We file applications for and obtain patents, copyrights and trademarks in the United States and in foreign countries where we believe filing for such protection is appropriate. We also seek to maintain our trade secrets and confidential information by nondisclosure policies and through the use of appropriate confidentiality agreements. We have obtained thirty-two patents in the United States and ten patents in other countries. Our U.S. patents have patent terms that variously expire between 2011 and 2021.

We have not applied for patents or the registration of all of our technology or trademarks, as the case may be, and may not be successful in obtaining the patents and trademarks that we have applied for. Despite our efforts to protect our proprietary rights, parties may infringe our patents and use information that we regard as proprietary and our rights may be invalidated or unenforceable. The laws of some foreign countries do not protect proprietary rights to as great an extent as do the laws of the United States. In addition, others may be able independently to develop substantially equivalent intellectual property.

We hold the following trademarks used in this document: Harrah ®s, Caesars®, Grand Casino℠, Bally ®s, Flamingo®, Paris®, Caesars Palace®, Rio®, Showboat®, Bill ®s, Harveys®, Total Rewards®, Bluffs Run®, Louisiana Downs®, Reward Credits®, Horseshoe®, Seven Stars®, Tunica Roadhouse℠ and World Series of Poker®. Trademark rights are perpetual provided that the mark remains in use by us. In addition, we hold trademark licenses for Planet Hollywood® used in connection with the Planet Hollywood Resort & Casino in Las Vegas, NV, which will expire on February 19, 2045, and for Imperial Palace used in connection with the Imperial Palace Las Vegas hotel and casino, which will expire on December 23, 2012. We consider all of these marks, and the associated name recognition, to be valuable to our business.

Competition

We own, operate or manage land-based, dockside, riverboat and Indian casino facilities in most U.S. casino entertainment jurisdictions. We also own, operate or manage properties in Canada, the provinces of the United Kingdom, South Africa, Egypt and Uruguay. We compete with numerous casinos and casino hotels of varying quality and size in the market areas where our properties are located. We also compete with other non-gaming resorts and vacation areas, and with various other entertainment businesses. The casino entertainment business is characterized by competitors that vary considerably by their size, quality of facilities, number of operations, brand identities, marketing and growth strategies, financial strength and capabilities, level of amenities, management talent and geographic diversity.

In most markets, we compete directly with other casino facilities operating in the immediate and surrounding market areas. In some markets, we face competition from nearby markets in addition to direct competition within our market areas.

In recent years, with fewer new markets opening for development, competition in existing markets has intensified. Many casino operators, including us, have invested in expanding existing facilities, developing new facilities, and acquiring established facilities in existing markets, such as our acquisition of Caesars Entertainment, Inc. in 2005 and our renovated and expanded facility in Hammond, Indiana. This expansion of existing casino entertainment properties, the increase in the number of properties and the aggressive marketing strategies of many of our competitors has increased competition in many markets in which we compete, and this intense competition can be expected to continue.

The expansion of casino entertainment into new markets, such as the expansion of tribal casino opportunities in New York and California and the approval of gaming facilities in Pennsylvania and Florida present competitive issues for us which have had a negative impact on our financial results.

The casino entertainment industry is also subject to political and regulatory uncertainty. See Management s Discussion and Analysis of Financial Condition and Results of Operations Consolidated Operating Results and Regional Operating Results.

Developments and Acquisitions

Las Vegas. In July 2007, we announced plans for an expansion and renovation of Caesars Palace Las Vegas. We announced that we will defer completion of the planned 660-room hotel tower due to current economic conditions impacting the Las Vegas tourism sector, and it is currently scheduled to open in 2013. We completed other aspects of the project in 2009 as planned, including the mid-summer 2009 opening of an additional 110,000 square feet of meeting and convention space, three 10,000 square foot villas and an expanded pool and garden area. The total capital expenditures for the project, excluding the costs to complete the deferred rooms, was approximately $648.2 million.

On February 19, 2010, we completed the acquisition of the Planet Hollywood Resort and Casino located in Las Vegas, Nevada. Planet Hollywood is adjacent to Paris Las Vegas and gives us seven contiguous resorts on the east side of the Las Vegas Strip.

In June 2010, we announced our plans to build the LINQ, a dining, entertainment and retail development between our Flamingo and Imperial Palace casinos, on the east side of the Las Vegas Strip, which is scheduled to open in 2014. The estimated $522.0 million project anticipates the construction of bars, restaurants, shops and entertainment along a 1,000-foot pedestrian walkway. Over 20 bars and restaurants opening to the street will be anchored by a giant observation wheel that will reach heights of over 600 feet. We intend to rely on foot traffic in this area to capture an increased share of existing visitors entertainment budget.

Ohio. On September 15, 2009, we announced that the United States Bankruptcy Court for the District of Delaware had approved an agreement for the sale of Thistledown Racetrack from Magna Entertainment Corp. to CEOC. The closing of the sale was subject to the satisfaction of certain conditions and receipt of all required regulatory approvals. The conditions to closing were never satisfied, and the agreement was never consummated. As a result the agreement was terminated by the seller on May 17, 2010.

On May 25, 2010, CEOC entered into a new agreement to purchase the assets of Thistledown Racetrack. The acquisition was completed on July 28, 2010. The results of Thistledown Racetrack for periods subsequent to July 28, 2010 will be consolidated with our results. In connection with this acquisition, we paid $42.5 million during July 2010 to acquire the assets of Thistledown Racetrack.

Pennsylvania. In October 2010, we executed a term sheet pursuant to which we may acquire a minority interest in Philadelphia Entertainment and Development Partners, L.P., the holder of a license to develop and operate the Penns Landing casino project in Philadelphia, Pennsylvania. In addition to acquiring a minority interest, we would be primarily responsible for design and development of the project and enter into a management agreement to manage the project upon opening. Penns Landing is expected to open during 2012. Completion of the transaction is subject to a number of conditions, including the negotiation of definitive documentation, receipt of required regulatory approvals, receipt of acceptable financing and other terms and conditions.

Macau. In September 2007, we acquired a company with the right to operate a golf course located on 175 acres on the Cotai adjacent to one of two border crossings into Macau from China. Since the acquisition, we have undertaken a redesign of the golf course and opened a Butch Harmon School of Golf at the facility. We also plan to complete renovations of the existing clubhouse to add certain amenities, meeting facilities, and a restaurant.

Table of Contents

Employee Relations

We have approximately 70,000 employees through our various subsidiaries. Approximately 26,000 employees are covered by collective bargaining agreements with certain of our subsidiaries, relating to certain casino, hotel and restaurant employees at certain of our properties. Most of our employees covered by collective bargaining agreements are located at our properties in Las Vegas and Atlantic City. Our collective bargaining agreements with employees located at our Atlantic City properties expire at various times throughout 2011 and our collective bargaining agreements with our employees located at our Las Vegas properties expire at various times between 2011 and 2014.

Properties

The following table sets forth information about our casino entertainment facilities as of September 30, 2010, unless otherwise noted:

Summary of Property Information

Property	Type of Casino	Casino Space Sq. Ft.[a]	Slot Machines[a]	Table Games[a]	Hotel Rooms and Suites[a]
Atlantic City, New Jersey					
Harrah s Atlantic City	Land-based	177,000	3,150	150	2,590
Showboat Atlantic City	Land-based	120,100	2,840	120	1,330
Bally s Atlantic City	Land-based	167,200	3,660	200	1,760
Caesars Atlantic City	Land-based	141,300	2,820	170	1,140
Las Vegas, Nevada					
Harrah s Las Vegas	Land-based	90,600	1,430	110	2,530
Rio	Land-based	117,300	1,100	90	2,520
Caesars Palace	Land-based	131,100	1,420	160	3,230
Paris Las Vegas	Land-based	95,300	1,140	100	2,920
Bally s Las Vegas	Land-based	66,200	1,030	60	2,810
Flamingo Las Vegas[b]	Land-based	76,800	1,390	120	3,460
Imperial Palace	Land-based	118,000	760	50	2,640
Bill s Gamblin Hall & Saloon	Land-based	42,500	390	40	200
Hot Spot Oasis[c]	Land-based	1,000	20		
Planet Hollywood Resort and Casino[d]	Land-based	108,900	1,200	80	2,720
Laughlin, Nevada					
Harrah s Laughlin	Land-based	56,000	880	40	1,510
Reno, Nevada					
Harrah s Reno	Land-based	41,600	830	40	930
Lake Tahoe, Nevada					
Harrah s Lake Tahoe	Land-based	57,600	830	70	510
Harveys Lake Tahoe	Land-based	63,300	780	70	740
Chicago, Illinois area					
Harrah s Joliet (Illinois)[f]	Dockside	38,900	1,170	30	200
Horseshoe Hammond (Indiana)	Dockside	108,200	3,160	160	
Metropolis, Illinois					
Harrah s Metropolis[g]	Dockside	31,000	1,150	30	260
Southern Indiana					
Horseshoe Southern Indiana	Dockside	86,600	1,910	110	500
Council Bluffs, Iowa					
Harrah s Council Bluffs	Dockside	28,000	1,000	20	250

Horseshoe Council Bluffs[h]	Greyhound racing facility and land-based casino	&nb