CAESARS ENTERTAINMENT Corp
Form 424B4
February 08, 2012
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Filed pursuant to Rule 424(b)(4)
Registration No. 333-177985

PROSPECTUS

1,811,313 Shares

Caesars Entertainment Corporation

Common Stock

$9.00 per share

This is the initial public offering of our common stock. We are selling an aggregate of 1,811,313 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 $9.00 per share. Our common stock has been approved for listing on the Nasdaq Global Select Market under the symbol CZR.

We have granted to the underwriters a 30-day option to purchase up to 271,697 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 21 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	$ 9.00	$ 0.63	$ 8.37
Total	$ 16,301,817.00	$ 1,141,127.19	$ 15,160,689.81

Delivery of the shares of common stock will be made on or about February 13, 2012.

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.

Credit Suisse **Citigroup**

BofA Merrill Lynch **Deutsche Bank Securities**

KeyBanc Capital Markets **Lebenthal & Co., LLC** **Ramirez & Co., Inc.**

Prospectus dated February 7, 2012.

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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, Bally s Las Vegas and Flamingo Las Vegas. We have omitted the ® and trademark designations for such trademarks named in this prospectus.

Dealer Prospectus Delivery Obligation

Until March 2, 2012, 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.

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PROSPECTUS SUMMARY

The following summary contains information about Caesars Entertainment Corporation 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 Caesars Entertainment Corporation, 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. In connection with the reclassification of our common stock in 2010, we changed our name from Harrah s Entertainment, Inc. to Caesars Entertainment Corporation, and 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, we, us and our refer to Caesars and its consolidated subsidiaries, and CEOC refers to Caesars Entertainment Operating Company, Inc. Except for the financial statements included elsewhere in this prospectus and as stated otherwise herein, the share data set forth in this prospectus reflects a 1.742-for-one split of our common stock that we expect to effect prior to consummation of this offering.

Our Company

We are the world s most diversified casino-entertainment provider and the most geographically diverse U.S. casino-entertainment company. As of September 30, 2011, 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, 2011, 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 across our network of properties. In addition, we own an online gaming business, providing for real money casino, bingo and poker in the United Kingdom, alliances with online gaming providers in Italy and France, play for fun offerings in other jurisdictions, social games on Facebook and other social media websites, and mobile application platforms. We also own and operate the World Series of Poker tournament and brand.

We derive the majority of our revenues and Property EBITDA (as defined under Summary Historical Consolidated Financial Data of Caesars Entertainment Corporation) from gaming sources. However, we also generate significant revenues and Property EBITDA from other sources, such as sales of lodging, food, beverages, 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 acquisition in the history of the gaming industry. In 2010, 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, which operates a golf course on 175 acres of prime real estate through a land concession 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 efficiently than our largest competitors and generate cross-market play, which we define as play by a guest in one of our properties outside the home market of their primary gaming property. 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 affiliates of TPG Capital, L.P. (TPG) which we refer to 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. Following this offering and the Co-Investors Transaction (as defined below), 70.1% 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 such shares.

Our Industry

Based on 2010 reported gaming revenues, we estimate the size of the global casino gaming industry in major gaming markets worldwide to be approximately $120 billion. Revenues in the United States are split among commercial casinos (including racetrack casinos) and tribal casinos at approximately $31 billion and approximately $27 billion, respectively. Domestic casino gaming revenues had steadily grown on an annualized basis to approximately $34 billion in 2007 until the last three years when, during the global economic recession, they contracted to $30.7 billion in 2009 and increased slightly to $30.9 billion in 2010.

The following key trends are currently affecting the U.S. gaming industry:

Liberalization of existing and new jurisdictions. Domestically, several states are in the process of either liberalizing 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, in 2010, Pennsylvania began allowing table games in casinos and in Ohio a voter referendum in November 2009 amended the state constitution to allow casinos in four cities.

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 limited availability of construction financing and the limited number of available licenses in certain jurisdictions. The lack of additional supply being introduced should provide stability for established enterprises and lead to increased revenues and profit. For example, in the Las Vegas market there are no planned large-scale casino projects expected to open in the near term.

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 since 2010, as evidenced by increasing hotel occupancy, visitor counts and convention space booking.

Potential legalization of online gaming. Globally, online gaming is currently only legal in a limited number of jurisdictions, but additional jurisdictions, including the United States, are considering legalizing and regulating online gaming, most notably poker. Prior to the Unlawful Internet Gambling Enforcement Act being passed in 2006, published reports estimated that the United States online poker industry generated $1.5 billion in revenues.

Our Competitive Strengths

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

One of the industry s largest operators with leading market positions in numerous jurisdictions. We are one of the world s largest gaming companies (as measured by net revenues and individual casinos) and the most geographically diverse U.S. casino operator. As of September 30, 2011, 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. 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 not aware of another 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, an amendment to our commercial mortgage-backed securities, or CMBS, financing (the CMBS Financing), including a two-year maturity extension, subject to

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certain conditions, and an amendment to our senior secured credit facilities pursuant to which a portion of the loan was extended by three years. Through these transactions, we have reduced the amount of our debt maturing from 2012 through 2014 from $7,000.6 million to $125.8 million. These debt maturities assume that we will exercise extension options on the CMBS Financing, moving its maturity from 2013 to 2015. We have also reduced our annual interest expense through these transactions by approximately $94.0 million. Further, these transactions have enhanced our liquidity. As of September 30, 2011, we had approximately $1.2 billion of cash and cash equivalents, excluding $544.0 million in restricted cash, and $1.1 billion available under our revolving credit facility. Although we have $22,513.6 million face value of total debt outstanding at September 30, 2011, only $45.5 million of this debt is due within the next 12 months, with minimal near-term maturities thereafter, after taking into account our exercise of the extension options with respect to the CMBS Financing and the Planet Hollywood debt. Therefore, we believe that our significant liquidity combined with our debt maturity profile positions us well to capitalize on growth opportunities and an extended 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 W. 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 27 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 184% 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 vast footprint in the U.S., enables us to profitably stimulate substantial cross-market play. 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 in 2010, in large part due to our ability to stimulate cross-market play. Cross market play represents 70% and 60% 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 on average 25% higher than the industry average in those markets for the first nine months of 2011. 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 revenues.

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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 Income from Operations. 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 Income from Operations 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 Income from Operations of approximately $65 million. Our average system-wide ADR was $111 in 2007, compared to $91 during the last twelve months ended September 30, 2011. Likewise, we anticipate that a $5 improvement in spend per rated customer gaming trip would equate to an improvement to annual Income from Operations of approximately $95 million, and a $5 improvement per unrated customer gaming trip would equate to an improvement to annual Income from Operations of approximately $79 million. Average spending per rated customer gaming trip declined from $178 in 2007 to $162 during the last twelve months ended September 30, 2011. 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. Over the last several years, our management team has instituted operational concepts, such as LEAN service operations and Kaizen activities (operational practices that consider work from the perspective of the customer and endeavor to provide service and product in the most efficient way possible) as well as dynamic volume based scheduling, with the intention to achieve consistently high efficiency rates. For example, our Kaizen efforts help our operations teams to identify more efficient ways to operate their respective businesses and provide direct management with the tools to monitor progress and to assist in the early identification of variances to the planned processes.

Additionally, we consolidated activities, refined our target marketing efforts, and drove procurement efficiencies. Moreover, we have achieved these cost savings while achieving record customer satisfaction levels since the cost savings initiatives were implemented. To further ensure that our operating structure is designed in the most effective and efficient way, in the fourth quarter of 2010, we embarked on a reorganization we refer to as Project Renewal. Under Project Renewal, our management team was challenged to review all of our key decision making procedures and lines of business and to identify the optimum way of structuring them given our breadth and scale of product offerings. As a result of the process, in the third quarter of 2011, we designed a unique shared services organization that will enable more efficient decision making and sharing of best practices. This organization includes business analytics, meetings and conventions, retail, database marketing, VIP marketing, our flight program, and other key areas of our operations. We anticipate that our company will have a permanently lower cost structure and will benefit from greater concentration of specified talent and quicker decision making. We will continue to make progress on Project Renewal and anticipate reaching our $400 million target and full implementation run rate at the end of 2012. To ensure that the impact from Project Renewal is reflected in our financial performance and that each planned initiative is executed, we track our progress centrally and in a detailed fashion. The savings value for each initiative is calculated by predicting the change in the expense level compared to the current expense level under constant business volumes and conditions.

As of September 30, 2011, we have realized approximately $135 million in savings associated with Project Renewal. We classify initiatives that are identified and are in the process of being implemented as yet to be realized identified estimated cost savings. For the purposes of our senior secured leverage ratio under our credit agreement, this amount can be added back into the EBITDA calculation to calculate Adjusted EBITDA. As of September 30, 2011, the yet to be realized identified estimated cost savings was $202.5 million. This figure increases as new initiatives that are part of Project Renewal are identified and get implemented, and decrease as the actual results become reflected in our cost structure. 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 Pro Forma, which would have a negative effect on our results of operations and negatively impact our covenant calculation and could have a negative effect on our stock price on page 29 of this prospectus.

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 intend to pursue these acquisitions from time to time. 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, we executed a definitive agreement in December 2010 with Rock Gaming LLC to jointly develop, and for us to manage, two of four authorized casinos in Ohio, Horseshoe Cleveland and Horseshoe Cincinnati. As part of our investment, we agreed to contribute Thistledown Racetrack, a non-casino racetrack located outside Cleveland, to the venture, subject to certain conditions. The venture obtained financing for the casinos in August 2011 and we expect Horseshoe Cleveland to open in the second quarter of 2012 and Horseshoe Cincinnati to open in the second quarter of 2013. Commencement of operations of Horseshoe Cleveland and Horseshoe Cincinnati is subject to the receipt of gaming licenses. Along with Rock Gaming LLC and local investors in Maryland, in September 2011, a Caesars led group submitted a bid for a license to develop a video lottery terminal facility in Baltimore. Completion of the Baltimore license bid 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. In addition, we intend to apply for a video lottery terminal license in Ohio in connection with our contribution of Thistledown Racetrack to Rock Gaming LLC. We believe there will be expansion opportunities in newly created U.S. regional markets due to continued legalization of gaming in new jurisdictions. Further, we believe that due to the continued global economic downturn, there will be opportunities to acquire assets at attractive valuations, such as our 2010 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 acquisition, development and construction of new hotels, casinos and gaming and non-gaming venues and the expansion of existing ones could have an adverse effect on our business, financial condition and results of operations due to various factors including delays, cost overruns and other uncertainties and Risk Factors Risks Related to Our Business We may not realize all of the anticipated benefits of current or potential future acquisitions 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 operate a golf course on 175 acres of prime real estate through a land concession on the Cotai strip in Macau. We believe that we remain well-positioned for international gaming growth and legalization in Asia and Europe. We are investigating various opportunities to own, operate or manage international resorts and casinos. These opportunities are at varying stages of development, such as due diligence investigations, executed confidentiality agreements, and other discussions regarding potential projects, which may or may not come to fruition. We will continue to evaluate and pursue opportunities to own, operate or manage international casinos and resorts. Our Caesars brand remains the most recognized casino brand in the world, and we plan to leverage the power of this brand, and our other brands, as we expand into international markets. In addition to international gaming opportunities, we are also actively pursuing non-gaming management, branding, and development opportunities in Asia and other parts of the world where our brands and reputation are already well-recognized assets. In 2011, we formed a group to focus on this opportunity called Caesars Global Life. In September 2011, we announced our first project, a management and branding agreement for a development, whose equity will be provided by a third party, that will be called Caesars Palace Longmu Bay. Located in Hainan, China, and at a projected cost to the owner of $470 million, it is expected to open in 2014 and will contain a 1,000-room, five-star hotel with a marina, spa, retail, gourmet dining and other amenities, including 36 holes of golf. This project will be the foundation for our expansion in China and throughout the entire Asia-Pacific region, where we expect to participate in the development of a total of 25 hotels and resorts over the next five years. See Risk Factors Risks Related to Our Business The acquisition, development and construction of new hotels, casinos and gaming and non-gaming venues and the expansion of existing ones could have an adverse effect on our business, financial condition and results of operations due to various factors, including delays, cost overruns and other uncertainties and Risk Factors Risks Related to Our Business The risks associated with international operations could reduce our profits for a discussion of the risks relating to this strategy.

Continue to grow our online business. Our globally recognized World Series of Poker and Caesars brands and our dedicated 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 World Series of Poker and Caesars-branded poker, bingo and casino online sites in the United Kingdom. We also have alliances with online gaming providers in Italy and France. 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 those and other jurisdictions. In May 2011, we purchased a majority stake in Playtika Ltd., or Playtika, a social games company located in Israel, and in December 2011 purchased the remaining outstanding shares of Playtika. Playtika develops social games for Facebook and other social networking websites and mobile games. In addition, we will continue to expand our World Series of Poker tournaments to international jurisdictions where we believe there is a likelihood of legalization of online gaming, in order to grow the brand s awareness. We believe that the expansion of online gaming offerings, for real money, for fun and social and mobile games, 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 offerings.

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. An H2 Gaming Capital study conducted in 2010 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 potential legalization of online poker in the United States.

Recent Events

Co-Investors Transaction

Caesars entered into a Release and Contribution Agreement, dated as of January 25, 2012 (the Contribution Agreement), with certain of its direct and indirect stockholders, pursuant to which Caesars, Hamlet Holdings and entities controlled by the Sponsors have agreed to release the contractual transfer restrictions on the shares of our common stock (the Released Shares) beneficially owned by certain indirect stockholders (the Participating Co-Investors). The Released Shares comprise 24,150,456 shares of our common stock. In consideration for such release, the Participating Co-Investors have agreed to direct the contribution to Caesars of a portion of the Released Shares beneficially owned by each Participating Co-Investor (the Delivered Shares). Caesars agreed to cause the registration for resale (the Shelf Registration) under the Securities Act of the remaining Released Shares not constituting Delivered Shares (the Registered Shares) and the listing of the Registered Shares on the Nasdaq Global Select Market (Nasdaq). Upon the effectiveness of the Shelf Registration, which will be concurrent with the listing of our common stock on Nasdaq, 50% of the Registered Shares will be eligible for resale under the Shelf Registration. In connection with this offering, the Participating Co-Investors will agree not to offer or sell, dispose of or hedge, directly or indirectly, the remaining 50% of the Registered Shares without the permission of the underwriters for a period of 180 days from the date of this prospectus, subject to certain exceptions and automatic extension in certain circumstances. The shares of common stock offered by us in this offering, excluding any shares issued pursuant to the underwriters option to purchase additional shares, will be equal in number to the Delivered Shares contributed to us on behalf of the Participating Co-Investors. We refer to the transaction with the Participating Co-Investors as the Co-Investors Transaction.

The Sponsors are not selling their shares in this offering, and their shares will not be included in the Shelf Registration. The shares held by certain affiliates of Paulson & Co. Inc. (the Paulson Investors) are currently eligible for resale.

Chester Bond Offering

On January 27, 2012, Chester Downs and Marina, LLC (Chester Downs), a majority-owned subsidiary of CEOC, priced an offering of $330 million aggregate principal amount of 9.25% senior secured notes due 2020 through a private placement. Chester Downs intends to use the proceeds of the notes to repay its existing term loan, make a distribution to Chester Downs managing member, Harrah s Chester Downs Investment Company, LLC, and for other general corporate purposes. The offering is expected to close on February 3, 2012.

Amendment of Senior Secured Credit Facilities and Related Financing

On February 2, 2012, CEOC, a wholly-owned subsidiary of Caesars, announced its intent to seek amendments to its senior secured credit facilities to, among other things: (i) extend the maturity of up to $4.0 billion aggregate principal amount of B-1, B-2 and B-3 term loans held by consenting lenders (Extending Term Lenders) from January 28, 2015 to January 28, 2018 and increase the interest rate with respect to such extended term loans (Extended Term Loans); (ii) convert original maturity revolver commitments held by consenting lenders to Extended Term Loans and promptly following such conversion, repay Extended Term Loans held by any consenting lender in an amount equal to 10% of the amount of revolver commitments that such lender elected to convert; (iii) extend the maturity of original maturity revolver commitments held by consenting lenders who elect not to convert their commitments to term loans, from January 28, 2014 to January 28, 2017 and increase the interest rate and the undrawn commitment fee with respect to such extended revolver commitments and upon the effectiveness of such extension, terminate 20% of extended revolver commitments on a pro rata basis; and (iv) modify certain other provisions of the credit facilities. In connection with the proposed amendment, CEOC intends to raise up to $1.25 billion of senior secured indebtedness and use up to $1.0 billion of the net cash proceeds to repay a portion of the term loans held by each Extending Term Lender on a pro rata basis, with such repayment being applied, first, to such Extending Term Lender s non-extended B-1, B-2 and B-3 term loans and, second, to such Extending Term Lender s Extended Term Loans. This indebtedness would have a later maturity and bear an interest rate that is higher than that of the term loans being repaid. The proposed amendment of the senior secured credit facilities and related transactions are subject to market and other conditions, and may not occur as described or at all.

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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 September 30, 2011, Apollo had assets under management of approximately $65 billion in its private equity, capital markets and real estate businesses.

TPG

TPG is a leading global private investment firm founded in 1992 with $48 billion of assets under management and offices in San Francisco, Beijing, Fort Worth, Hong Kong, London, Luxembourg, Melbourne, Moscow, Mumbai, New York, Paris, Shanghai, Singapore and Tokyo. TPG has extensive experience with global public and private investments executed through leveraged buyouts, recapitalizations, spinouts, growth investments, joint ventures and restructurings.

Organizational Structure

The chart below depicts our organizational structure following the consummation of this offering.

(1) In connection with the Co-Investors Transaction, Hamlet Holdings has agreed to cause its irrevocable proxy to be terminated with respect to 24,150,456 of the Released Shares held by certain co-investors. Following this offering and the Co-Investors Transaction, shares held by funds affiliated with and controlled by the Sponsors and their co-investors, representing 70.1% of Caesars outstanding common stock, will be subject to the 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) Shares held by Participating Co-Investors, representing 17.9% of Caesars common stock, will be eligible for resale upon effectiveness of the registration statement of which this prospectus forms a part and will be listed on Nasdaq following this offering.

(3) Consists primarily of captive insurance subsidiaries, Harrah s BC, Inc., or HBC, and Caesars Interactive Entertainment, Inc., which owns the World Series of Poker brand and our online businesses.

(4) 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, 2011.

(5) Consists of certain affiliates of Paulson & Co. Inc. Shares held by the Paulson Investors are currently eligible for resale and will be listed on Nasdaq following this offering.

(6) 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.

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The Offering

Common stock offered	1,811,313 shares
Common stock to be outstanding immediately after this offering	125,025,500 shares
Option to purchase additional shares	We have granted to the underwriters a 30-day option to purchase up to 271,697 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 \$13.0 million after deducting the underwriting discounts and commissions and expenses at an offering price of \$9.00 per share.
	We intend to use the net proceeds from this offering for general corporate purposes, including development projects and maintenance capital expenditures.
Proposed Nasdaq 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.

Except as otherwise indicated, all information in this prospectus:

- assumes this offering have been consummated and that the underwriters have not exercised their option to purchase up to 271,697 additional shares of common stock from us;

- does not give effect to 6,937,285 shares of our common stock issuable upon the exercise of outstanding options as of September 30, 2011, at a weighted-average exercise price of \$41.37 per share, or 1,341,057 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 56,778 shares of our common stock issuable upon the exercise of outstanding warrants as of September 30, 2011, at a weighted-average exercise price of $57.41 per share, or 64,051 shares of common stock issuable upon the exercise of warrants issued subsequent to September 30, 2011 at a weighted-average exercise price of $23.87 per share;

does not give effect to 536,452 shares of our common stock reserved for future issuance under the Caesars Entertainment Corporation Management Equity Incentive Plan; and

does not give effect to 6,867,018 shares of our common stock reserved for future issuance under the Caesars Entertainment Corporation 2012 Performance Incentive Plan.

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Summary Historical Consolidated Financial Data of Caesars Entertainment Corporation

The following tables present our summary historical consolidated financial information as of and for the periods presented. The summary historical consolidated financial information for the periods from January 1, 2008 through January 27, 2008 (Predecessor) and from January 28, 2008 through December 31, 2008, and for the years ended December 31, 2009 and 2010 (Successor) should be read in conjunction with our audited consolidated financial statements as of December 31, 2010 included elsewhere in this prospectus. The summary historical consolidated financial information as of December 31, 2008 has been derived from our audited consolidated financial statements not included in this prospectus. The summary historical consolidated financial information as of September 30, 2011 and for the nine month periods ended September 30, 2010 and 2011 are derived from, and should be read in conjunction with, our unaudited consolidated condensed financial statements as of September 30, 2011 included elsewhere in this prospectus. The summary historical consolidated financial information as of September 30, 2010 has been derived from our unaudited consolidated condensed financial statements not included in this prospectus. Except as otherwise described herein, our interim unaudited financial statements 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. Except as otherwise specified in the tables below, the per share data included in this summary historical financial information does not reflect the 1.742-for-one split of our common stock that we expect to effect prior to consummation of this offering.

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, 2009 and 2010, for the periods from January 1, 2008 through January 27, 2008 and from January 28, 2008 through December 31, 2008, and the years ended December 31, 2009 and 2010 have been audited by Deloitte & Touche LLP, an independent registered public accounting firm.

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Caesars Entertainment Corporation

Summary Historical Consolidated Financial Data

(In millions, except per share data)	Predecessor January 1, 2008 through January 27, 2008	Successor January 28, 2008 through December 31, 2008	Year Ended December 31, 2009	Year Ended December 31, 2010	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2011
Consolidated Statement of Operations						
Revenues						
Casino	$ 614.6	$ 7,476.9	$ 7,124.3	$ 6,917.9	$ 5,251.3	$ 5,029.5
Food and beverage	118.4	1,530.2	1,479.3	1,510.6	1,157.8	1,165.0
Rooms	96.4	1,174.5	1,068.9	1,132.3	858.5	917.2
Management fees	5.0	59.1	56.6	39.1	31.2	27.7
Other	42.7	624.8	592.4	576.3	439.9	473.4
Less: casino promotional allowances	(117.0)	(1,498.6)	(1,414.1)	(1,357.6)	(1,041.1)	(950.7)
Net revenues	760.1	9,366.9	8,907.4	8,818.6	6,697.6	6,662.1
Operating Expenses						
Direct						
Casino	340.6	4,102.8	3,925.5	3,948.9	2,982.9	2,827.9
Food and beverage	50.5	639.5	596.0	621.3	469.7	500.3
Rooms	19.6	236.7	213.5	259.4	195.5	217.1
Property general and administrative and other	178.2	2,143.0	2,018.8	2,061.7	1,580.0	1,593.0
Depreciation and amortization	63.5	626.9	683.9	735.5	548.1	532.2
Project opening costs	0.7	28.9	3.6	2.1	4.0	4.2
Write-downs, reserves and recoveries	4.7	16.2	107.9	147.6	136.3	82.9
Impairment of intangible assets		5,489.6	1,638.0	193.0	144.0	
(Income)/loss in non-consolidated affiliates	(0.5)	2.1	2.2	1.5	2.1	4.2
Corporate expense	8.5	131.8	150.7	140.9	103.8	115.1
Acquisition and integration costs	125.6	24.0	0.3	13.6	8.3	3.6
Amortization of intangible assets	5.5	162.9	174.8	160.8	121.7	117.7
Total operating expenses	796.9	13,604.4	9,515.2	8,286.3	6,296.4	5,998.2
Income/(loss) from operations	(36.8)	(4,237.5)	(607.8)	532.3	401.2	663.9
Interest expense, net of interest capitalized	(89.7)	(2,074.9)	(1,892.5)	(1,981.6)	(1,471.9)	(1,448.3)
Gains on early extinguishments of debt		742.1	4,965.5	115.6	48.7	47.9
Other income, including interest income	1.1	35.2	33.0	41.7	28.2	16.7
Income/(loss) from continuing operations before income taxes	(125.4)	(5,535.1)	2,498.2	(1,292.0)	(993.8)	(719.8)
Benefit/(provision) for income taxes	26.0	360.4	(1,651.8)	468.7	364.5	248.5
Income/(loss) from continuing operations, net of tax	(99.4)	(5,174.7)	846.4	(823.3)	(629.3)	(471.3)
Income from discontinued operations, net of tax	0.1	90.4				
Net income/(loss)	(99.3)	(5,084.3)	846.4	(823.3)	(629.3)	(471.3)
Less: net (income)/loss attributable to non-controlling interests	(1.6)	(12.0)	(18.8)	(7.8)	(5.1)	4.3
Net income/(loss) attributable to Caesars	(100.9)	(5,096.3)	827.6	(831.1)	(634.4)	(467.0)
Preferred stock dividends		(297.8)	(354.8)			
Net income/(loss) attributable to common stockholders	$ (100.9)	$ (5,394.1)	$ 472.8	$ (831.1)	$ (634.4)	$ (467.0)

Earnings per share basic						
Income/(loss) from continuing operations	$ (0.54)	$ (134.59)	$ 11.62	$ (14.58)	$ (11.70)	$ (6.50)
Discontinued operations, net		2.22				
Net income/(loss)	$ (0.54)	$ (132.37)	$ 11.62	$ (14.58)	$ (11.70)	$ (6.50)
Earnings per share diluted						
Income/(loss) from continuing operations	$ (0.54)	$ (134.59)	$ 6.88	$ (14.58)	$ (11.70)	$ (6.50)
Discontinued operations, net		2.22				
Net income/(loss)	$ (0.54)	$ (132.37)	$ 6.88	$ (14.58)	$ (11.70)	$ (6.50)
Basic weighted-average common shares outstanding	188.1	40.8	40.7	57.0	54.2	71.8
Diluted weighted-average common shares outstanding	188.1	40.8	120.2	57.0	54.2	71.8

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Pro-Forma for stock split (1) (In millions, except per share data)	Predecessor January 1, 2008 through January 27, 2008	Successor January 28, 2008 through December 31, 2008	Year Ended December 31, 2009	Year Ended December 31, 2010	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2011
Earnings per share basic						
Income/(loss) from continuing operations		$ (77.26)	$ 6.67	$ (8.37)	$ (6.72)	$ (3.73)
Discontinued operations, net		1.27				
Net income/(loss)		$ (75.99)	$ 6.67	$ (8.37)	$ (6.72)	$ (3.73)
Earnings per share diluted						
Income/(loss) from continuing operations		$ (77.26)	$ 3.95	$ (8.37)	$ (6.72)	$ (3.73)
Discontinued operations, net		1.27				
Net income/(loss)		$ (75.99)	$ 3.95	$ (8.37)	$ (6.72)	$ (3.73)
Basic weighted-average common shares outstanding		71.0	70.9	99.3	94.4	125.1
Diluted weighted-average common shares outstanding		71.0	209.4	99.3	94.4	125.1

(1) As adjusted on a pro-forma basis to reflect the 1.742-for-one split of our common stock. As the Predecessor operated under a different capital structure than the Successor, the earnings per share data, pro-forma for stock split, is not presented for the period from January 1, 2008 through January 27, 2008 (Predecessor).

(In millions, except ratio data)	Predecessor January 1, 2008 through January 27, 2008	Successor January 28, 2008 through December 31, 2008	Year Ended December 31, 2009	Year Ended December 31, 2010	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2011
Balance Sheet Data (at period end)						
Cash and cash equivalents		$ 650.5	$ 918.1	$ 987.0	$ 1,323.7	$ 1,150.7
Working capital		(536.4)	(6.6)	207.7	121.7	235.8
Total assets		31,048.6	28,979.2	28,587.7	29,287.9	28,866.1
Total debt		23,208.9	18,943.1	18,841.1	19,717.1	19,620.6
Total stockholders equity/(deficit)		(1,360.8)	(867.0)	1,672.6	1,062.6	1,205.9
Other Financial Data						
Capital expenditures, net of changes in construction payables	$ 125.6	$ 1,181.4	$ 464.5	$ 160.7	$ 124.6	$ 164.9
EBITDA(1)	35.5	(2,610.3)	5,210.6	1,555.6	1,127.5	1,375.8
Property EBITDA(2)	171.2	2,244.9	2,153.6	1,927.3	1,469.5	1,523.8
Total debt, net of cash and cash equivalents		22,558.4	18,025.0	17,854.1	18,393.4	18,469.9
Ratio of total debt, net of cash and cash equivalents to EBITDA(1)(3)		(8.6):1	3.5:1	11.5:1	8.5:1	10.2:1

	Successor Twelve Months Ended December 31, 2009	Twelve Months Ended December 31, 2010	Twelve Months Ended September 30, 2010	Twelve Months Ended September 30, 2011
LTM Adjusted EBITDA Pro Forma(4)	$ 2,296.5	$ 2,094.4	$ 1,950.4	$ 2,120.0

(1) We define EBITDA as net income/(loss) attributable to Caesars before (i) interest expense, net of capitalized interest and interest income, (ii) (benefit)/provision for income taxes, and (iii) depreciation and amortization.

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

	Predecessor	Successor				
(In millions)	January 1, 2008 through January 27, 2008	January 28, 2008 through December 31, 2008	Year Ended December 31, 2009	Year Ended December 31, 2010	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2011
Net Income/(loss) attributable to Caesars	$ (100.9)	$ (5,096.3)	$ 827.6	$ (831.1)	$ (634.4)	$ (467.0)
Interest expense, net of interest capitalized and interest income	89.7	2,041.2	1,859.2	1,947.6	1,448.0	1,432.4
(Benefit)/provision for income taxes	(26.0)	(360.4)	1,651.8	(468.7)	(364.5)	(248.5)
Depreciation and amortization	72.7	805.2	872.0	907.8	678.4	658.9
EBITDA	$ 35.5	$ (2,610.3)	$ 5,210.6	$ 1,555.6	$ 1,127.5	$ 1,375.8

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. 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 a substitute 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.

(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 net income/(loss), our most comparable measure in accordance with GAAP, to Property EBITDA. Property EBITDA is comprised of net income/(loss) before (i) interest expense, net of interest capitalized and interest income, (ii) (benefit)/provision for income taxes, (iii) depreciation and amortization, (iv) corporate expenses and (v) certain items that we do not consider indicative of our ongoing operating performance at an operating property level. 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 unexpected items.

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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, as calculated in this prospectus, may not be comparable to similarly titled measures reported by other companies within our industry. We have included Property EBITDA because our management uses Property EBITDA to measure performance and allocate resources, and we believe that Property EBITDA provides investors with additional information consistent with that used by our management.

	Predecessor	Successor				
(In millions)	**January 1, 2008 through January 27, 2008**	**January 28, 2008 through December 31, 2008**	**Year Ended December 31, 2009**	**Year Ended December 31, 2010**	**Nine Months Ended September 30, 2010**	**Nine Months Ended September 30, 2011**
Net income/(loss)	$ (99.3)	$ (5,084.3)	$ 846.4	$ (823.3)	$ (629.3)	$ (471.3)
Interest expense, net of interest capitalized	$ 89.7	$ 2,074.9	$ 1,892.5	$ 1,981.6	$ 1,471.9	$ 1,448.3
Other income, including interest income	(1.1)	(35.2)	(33.0)	(41.7)	(28.2)	(16.7)
(Benefit)/provision for income taxes	(26.0)	(360.4)	1,651.8	(468.7)	(364.5)	(248.5)
Depreciation and amortization	63.5	626.9	683.9	735.5	548.1	532.2
Amortization of intangible assets	5.5	162.9	174.8	160.8	121.7	117.7
Impairment of intangible assets		5,489.6	1,638.0	193.0	144.0	
Write-downs, reserves and recoveries	4.7	16.2	107.9	147.6	136.3	82.9
Gains on early extinguishments of debt		(742.1)	(4,965.5)	(115.6)	(48.7)	(47.9)
Project opening costs	0.7	28.9	3.6	2.1	4.0	4.2
Acquisition and integration costs	125.6	24.0	0.3	13.6	8.3	3.6
Income from discontinued operations, net of tax	(0.1)	(90.4)				
Income/(loss) in non-consolidated affiliates	(0.5)	2.1	2.2	1.5	2.1	4.2
Corporate expense	8.5	131.8	150.7	140.9	103.8	115.1
Property EBITDA	$ 171.2	$ 2,244.9	$ 2,153.6	$ 1,927.3	$ 1,469.5	$ 1,523.8

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;
- does not reflect our capital expenditures, future requirements for capital expenditures or contractual commitments; and
- does not reflect other amounts such as project opening costs and other items, acquisition and integration costs, and other types of costs that are excluded from management s performance measurement of its properties.

(3) The ratio of total debt, net of cash and cash equivalents to EBITDA for the nine-month periods ended September 30, 2010 and 2011 has been calculated using EBITDA on a last twelve months basis as shown in footnote (4) below.

(4) LTM Adjusted EBITDA Pro Forma is calculated in accordance with the indentures governing CEOC s existing notes and the credit agreement governing CEOC s senior secured credit facilities. LTM Adjusted EBITDA Pro Forma is net income/(loss) attributable to Caesars adjusted for certain non-cash and other items that are included in net income (loss). We present LTM Adjusted EBITDA Pro Forma as a supplemental measure of our performance and believe that LTM Adjusted EBITDA Pro Forma provides investors with additional information 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. Our ability to engage in activities such as incurring additional indebtedness, making investments and paying dividends is tied to a fixed charge coverage ratio, a total first priority secured leverage ratio and a consolidated leverage ratio under the senior secured credit facilities based on LTM Adjusted EBITDA Pro Forma for CEOC and its consolidated restricted subsidiaries. In addition, CEOC is required to maintain a senior secured leverage ratio under its credit agreement.

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Accordingly, we believe it is useful to provide the calculation of LTM Adjusted EBITDA Pro Forma for purposes of determining our ability to engage in these activities. We are in compliance with all the covenants under our various debt agreements. For a more detailed discussion of CEOC s covenant compliance and the required ratios, see Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Capital Resources. We also present LTM Adjusted EBITDA Pro Forma 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.

LTM Adjusted EBITDA Pro Forma is a non-GAAP financial measure and should not be construed as an alternative to net income/(loss) attributable to Caesars as an indicator of operating performance. LTM Adjusted EBITDA Pro Forma is not comparable to similarly titled measures reported by other companies. We have included LTM Adjusted EBITDA Pro Forma because we believe it provides management and investors with additional information to measure our performance and liquidity, consistent with the information also used by our management and certain of our lenders to measure our performance and liquidity.

LTM Adjusted EBITDA Pro Forma 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 Pro Forma:

- 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 Pro Forma 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 Pro Forma, which would have a negative effect on our results of operations and negatively impact our covenant calculation and could have a negative effect on our stock price.

LTM Adjusted EBITDA Pro Forma includes the results of our CMBS properties, Planet Hollywood and certain other subsidiary entities, 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. As a result, LTM Adjusted EBITDA Pro Forma for Caesars is higher than the same measure for CEOC.

Adjustments similar to the ones reflected in the calculation of LTM Adjusted EBITDA Pro Forma 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 Pro Forma should not be construed as in inference that our future results will be unaffected by unusual or non-recurring items.

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.

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

(In millions)	Successor Twelve Months Ended December 31, 2009	Successor Twelve Months Ended December 31, 2010	Successor Twelve Months Ended September 30, 2010	Successor Twelve Months Ended September 30, 2011
Net income/(loss) attributable to Caesars	$ 827.6	$ (831.1)	$ (338.8)	$ (663.7)
Interest expense, net of interest capitalized and interest income	1,859.2	1,947.6	1,925.7	1,932.0
(Benefit)/provision for income taxes	1,651.8	(468.7)	(303.5)	(352.7)
Depreciation and amortization	872.0	907.8	891.6	888.3
EBITDA	5,210.6	1,555.6	2,175.0	1,803.9
Project opening costs, abandoned projects and development costs[a]	3.5	31.2	31.8	35.3
Acquisition and integration costs[b]	0.3	13.6	8.3	8.9
Gains on early extinguishments of debt[c]	(4,965.5)	(115.6)	(735.0)	(114.8)
Net income/(loss) attributable to non-controlling interests, net of (distributions)[d]	(1.5)	(2.3)	(2.4)	(12.6)
Impairment of intangible assets, including goodwill[e]	1,638.0	193.0	156.3	49.0
Non-cash expense for stock compensation benefits[f]	16.3	18.1	20.3	19.2
Expected recoveries from insurance claims for flood losses[g]				14.0
Other items[h]	169.0	177.6	195.6	114.6
Adjusted EBITDA	2,070.7	1,871.2	1,849.9	1,917.5
Pro forma adjustment for acquired, new or disposed properties[i]	17.0	15.7	14.9	
Pro forma adjustment for yet-to-be realized cost savings[j]	208.8	207.5	85.6	202.5
LTM Adjusted EBITDA Pro Forma	$ 2,296.5	$ 2,094.4	$ 1,950.4	$ 2,120.0

See page 20 for footnotes.

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

			Successor	
(In millions)	Nine Months Ended September 30, 2010	Twelve Months Ended December 31, 2010	Nine Months Ended September 30, 2011	Twelve Months Ended September 30, 2011[1]
Net income/(loss) attributable to Caesars	$ (634.4)	$ (831.1)	$ (467.0)	$ (663.7)
Interest expense, net of interest capitalized and interest income	1,448.0	1,947.6	1,432.4	1,932.0
(Benefit)/provision for income taxes	(364.5)	(468.7)	(248.5)	(352.7)
Depreciation and amortization	678.4	907.8	658.9	888.3
EBITDA	1,127.5	1,555.6	1,375.8	1,803.9
Project opening costs, abandoned projects and development costs[a]	31.1	31.2	35.2	35.3
Acquisition and integration costs[b]	8.3	13.6	3.6	8.9
Gains on early extinguishments of debt[c]	(48.7)	(115.6)	(47.9)	(114.8)
Loss attributable to non-controlling interests, net of (distributions)[d]	(0.7)	(2.3)	(11.0)	(12.6)
Impairment of intangible assets, including goodwill[e]	144.0	193.0		49.0
Non-cash expense for stock compensation benefits[f]	16.5	18.1	17.6	19.2
Expected recoveries from insurance claims for flood losses[g]			14.0	14.0
Other items[h]	153.3	177.6	90.3	114.6
Adjusted EBITDA	$ 1,431.3	$ 1,871.2	$ 1,477.6	1,917.5
Pro forma adjustment for yet-to-be realized cost savings[j]				202.5
LTM Adjusted EBITDA Pro Forma				$ 2,120.0

(1) LTM calculated as nine months ended September 30, 2011, plus the twelve months ended December 31, 2010, less the nine months ended September 30, 2010.

See page 20 for footnotes.

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

			Successor	
(In millions)	**Nine Months Ended September 30, 2009**	**Twelve Months Ended December 31, 2009**	**Nine Months Ended September 30, 2010**	**Twelve Months Ended September 30, 2010[1]**
Net income/(loss) attributable to Caesars	$ 532.0	$ 827.6	$ (634.4)	$ (338.8)
Interest expense, net of interest capitalized and 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[a]	2.8	3.5	31.1	31.8
Acquisition and integration costs[b]	0.3	0.3	8.3	8.3
Gains on early extinguishments of debt[c]	(4,279.2)	(4,965.5)	(48.7)	(735.0)
Net income/(loss) attributable to non-controlling interests, net of (distributions)[d]	0.2	(1.5)	(0.7)	(2.4)
Impairment of intangible assets, including goodwill[e]	1,625.7	1,638.0	144.0	156.3
Non-cash expense for stock compensation benefits[f]	12.5	16.3	16.5	20.3
Other items[h]	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[i]				14.9
Pro forma adjustment for yet-to-be realized cost savings[j]				85.6
LTM Adjusted EBITDA Pro Forma				$ 1,950.4

(1) LTM calculated as the nine months ended September 30, 2010, plus the twelve months ended December 31, 2009, less the nine months ended September 30, 2009.

(a) Amounts represent pre-opening costs incurred in connection with new property openings and expansion projects at existing properties, as well as any non-cash write-offs of abandoned development projects.

(b) Amounts include certain one-time costs associated with the 2010 acquisition of Planet Hollywood and with development activities in the Ohio and Pennsylvania markets, which are infrequently occurring costs associated with acquisition initiatives.

(c) Amounts represent the difference between the fair value of consideration paid and the book value, net of deferred financing costs, of debt retired through debt extinguishment transactions, which are capital structure-related, rather than operational-type costs.

(d) Amounts represent minority owners share of income/(loss) from our majority-owned consolidated subsidiaries, net of cash distributions to minority owners, which is a non-cash item as it excludes any cash distributions.

(e) Amounts represent non-cash charges to impair intangible assets primarily resulting from changes in the business outlook in light of the economic downturns in prior periods.

(f) Amounts represent non-cash stock-based compensation expense related to stock options granted to our employees.

(g) Amounts represent the expected cash payments to be received from our insurance carriers to compensate us for lost profits during the floods that occurred in 2011.

(h) Amounts represent add-backs and deductions from EBITDA, whether permitted and/or required under the indentures governing CEOC s existing notes and the credit agreement governing CEOC s senior secured credit facilities, included in arriving at LTM Adjusted EBITDA Pro Forma but not separately identified. Such add-backs and deductions include litigation awards and settlements, severance and relocation costs, permit remediation costs, gains and losses from disposals of assets, costs incurred in connection with implementing our efficiency and cost-saving programs, our insurance policy deductibles incurred as a result of catastrophic events such as floods and hurricanes, and non-cash equity in earnings of non-consolidated affiliates (net of distributions).

(i) Amounts represent the estimated annualized impact of operating results related to newly completed construction projects, combined with the estimated annualized EBITDA impact associated with properties acquired or disposed of during the period.

(j) Amounts represent adjustments to reflect the impact of annualized run-rate cost savings and anticipated future cost savings to be realized from our announced Project Renewal and other profitability improvement programs.

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RISK FACTORS

You should carefully consider the risk factors set forth below, as well as the other information contained in this prospectus. 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, 2011, we had $22,513.6 million face value of outstanding indebtedness. Assuming constant outstanding balances and interest rates, our debt service obligation for the next twelve months is $1,737.2 million, which includes required interest payments of $1,691.7 million. These amounts do not include up to $1,140.0 million of notes that are held by HBC, all of which are 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, and 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, 2011, we had $1,080.2 million available for additional borrowing under our senior secured revolving credit facility after giving effect to $126.6 million in outstanding letters of credit thereunder, all of which would be secured. 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. In addition, Caesars has no restrictions on its ability to incur debt. 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, as well as to finance development and expansion opportunities.

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

Our senior secured credit facilities, the CMBS mortgage loan and/or related mezzanine loans the (CMBS Loans), the indentures governing most of our existing notes, the senior secured loan related to the development of Octavius Tower at Caesars Palace Las Vegas and Project Linq, the senior secured loan of PHW Las Vegas, LLC and the senior secured loan of Chester Downs 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 CMBS Loans, our first lien notes, our second lien notes, the senior secured loan of PHW Las Vegas, LLC, or PHW Las Vegas, the senior secured loan related to the development of the Octavius Tower at Caesars Palace Las Vegas, the Octavius Tower or Project Octavius, and a retail, dining and entertainment corridor located between the Imperial Palace Hotel and Casino and the Flamingo Las Vegas on the Las Vegas strip, or Project Linq, 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

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

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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. If we are unable to satisfy or refinance our debt obligations as they come due, we cannot assure you that your investment in our company will retain any value.

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;
- 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; and
- our ability to refinance our debt, which depends on the condition of the capital markets and our financial condition at such time.

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.

Our ability to restructure or refinance our debt will depend on the condition of the capital markets and our financial condition at such time. As of September 30, 2011, approximately $11.1 billion face value of our indebtedness, including the CMBS Financing (assuming the extension options with respect to such debt are exercised), will mature in 2015, representing approximately 49% of our total debt (at face value) as of September 30, 2011. For a discussion of our debt maturities, see Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Guarantees of Third-Party Debt and Other Obligations and Commitments Contractual Obligations. We do not expect that our cash flow from operations will be sufficient to repay this indebtedness, and we will have to seek a refinancing. We cannot predict at this time whether we will be able to secure any such refinancing, even if market conditions and our financial condition improve between now and then. The market for CMBS financings has substantially decreased since we raised the CMBS financing and it is uncertain whether we will be able to refinance the entire outstanding principal amount of our indebtedness that will be due in 2015, including the CMBS Financing. Even if refinancing alternatives were available to us, we may not find them suitable or at comparable interest rates to the indebtedness being refinanced. In addition, the terms of existing or future debt agreements may restrict us from securing a refinancing on terms that are available to us at that time. In the absence of such operating results and resources, we would face substantial liquidity problems and would likely 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. We could also be required to reorganize our Company in its entirety. Neither the Sponsors nor any of their respective affiliates has any continuing obligation to provide us with debt or equity financing. Even if we are able to refinance our debt, any refinancing 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 senior secured credit facility. If we are unable to service our debt obligations generally, and if we are unable to refinance our debt obligations that mature in 2015 or thereafter, we cannot assure you that our company will continue in its current state or that your investment in our company will retain any value.

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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. For example, our properties in Las Vegas compete with hotel-casinos located on and near the Las Vegas strip, such as the Wynn Las Vegas Resort, the Venetian, and the Mandalay Bay Resort & Casino. Our properties in Las Vegas also compete with casino destinations throughout the world, as well as resort facilities and vacation destinations elsewhere in the United States and around the world. 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. Many of our competitors are subsidiaries or divisions of large public companies and may have greater financial and other resources than we have. 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, 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 economies around the world, the volatility and disruption of the capital and credit markets and adverse changes in the global financial markets could negatively impact our financial performance and our ability to access financing.

The severe economic downturn over the past few years 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 recently experienced, 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 $111 in 2007, compared to $91 during the last twelve months ended September 30, 2011. 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 a result, we may not be

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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 in November 2010. 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 acquisition, development and construction of new hotels, casinos and gaming and non-gaming venues and the expansion of existing ones could have an adverse effect on our business, financial condition and results of operations due to various factors including delays, cost overruns and other uncertainties.

We intend to develop, construct and open or acquire new hotels, casinos and other gaming venues, as well as develop and manage non-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, as well as the development and construction of non-gaming venues such as Project Linq in Las Vegas and Caesars Palace Longmu Bay, 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 or by licensing our brands to third parties. These joint development, expansion projects or license agreements are subject to risks, in addition to those disclosed above, as they are dependent on our ability to reach and maintain agreements with third parties. For example, we made a bid with Rock Gaming LLC and other local investors for a video lottery terminal facility in Baltimore, Maryland and we can give no assurances that the bid will be awarded to us, that we will reach definitive agreements with the other parties that comprise the bid, or that the development project will be undertaken.

Our failure to complete any new development or expansion project, or consummate any joint development, expansion projects or projects where we license our brands, 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.

We may sell different properties as a result of our evaluation of our portfolio of businesses. Such divestitures would affect our costs, revenues, profitability and financial position.

From time to time, we evaluate our properties and may, as a result, sell or attempt to sell different properties. These divestitures affect our costs, revenues, profitability and financial position.

Divestitures have inherent risks, including possible delays in closing transactions (including potential difficulties in obtaining regulatory approvals), the risk of lower-than-expected sales proceeds for the divested businesses, and potential post-closing claims for indemnification. In addition, current economic conditions and relatively illiquid real estate markets may result in fewer potential bidders and unsuccessful sales efforts. Expected costs savings, which are offset by revenue losses from divested properties, may also be difficult to achieve or maximize due to our fixed cost structure.

We may incur impairments to goodwill, indefinite-lived intangible assets, or long-lived assets which could negatively affect our future profits.

In accordance with the authoritative accounting guidance for goodwill and other intangible assets, we test our goodwill and indefinite-lived intangible assets for impairment annually or if a triggering event occurs. We perform the annual impairment testing for goodwill and indefinite-lived intangible assets during the fourth quarter of each fiscal year based upon September 30 information. The results of our 2011 preliminary annual impairment test of goodwill and indefinite-lived intangible assets did not require us to record an impairment charge during the three and nine months ended September 30, 2011; however, as discussed below, if our estimates of projected cash flows related to these assets are not achieved, we may be subject to a future

impairment charge, which could have a material adverse impact on our consolidated financial statements. In addition, in accordance with the provisions of the authoritative accounting guidance for the impairment or disposal of long-lived assets, we test long-lived assets for impairment if a triggering event occurs.

We are dependent upon our properties for future cash flows and our continued success depends on our ability to draw customers to our properties. Significant negative industry or economic trends, reduced estimates of future cash flows, disruptions to our business, slower growth rates or lack of growth in our business have resulted in significant write-downs and impairment charges during the years ended December 31, 2010 and 2009, and during the period from January 28, 2008 through December 31, 2008, and, if one or more of such events occurs in the future, additional impairment charges may be required in future periods. If we are required to record additional impairment charges, this could have a material adverse impact on our consolidated financial statements.

Acts of terrorism and war, natural 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. For example, a substantial number of our customers for our properties in Las Vegas use air travel. On September 11, 2001, acts of terrorism occurred in New York City, Pennsylvania and Washington, D.C. As a result of these terrorist acts, domestic and international travel was severely disrupted, which resulted in a decrease in customer visits to our properties in Las Vegas. We cannot predict the extent to which disruptions in air or other forms of travel as a result of any further terrorist act, security alerts or war, uprisings, or hostilities in places such as Iraq and Afghanistan, other countries throughout the world will continue to directly or indirectly impact our business and operating results. For example, our operations in Cairo, Egypt were negatively affected from the uprising there in January 2011. 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 underinsured 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. Seven of our properties were closed during the first half of 2011 due to flooding and severe weather conditions. Additionally, in August 2011, our casinos in Atlantic City were closed during a busy summer weekend due to Hurricane Irene. These events may intensify over time due to the effects of global climate change.

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. In some cases, however, we will receive no proceeds from insurance, such as our August 2011 closing in Atlantic City.

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.

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Our business is particularly sensitive to energy prices and a rise in energy prices could harm our operating results.

We are a large consumer of electricity and other energy and, therefore, higher energy prices may have an adverse effect on our results of operations. Accordingly, increases in energy costs may have a negative impact on our operating results. Additionally, higher electricity and gasoline prices which affect our customers may result in reduced visitation to our resorts and a reduction in our revenues. We may be indirectly impacted by regulatory requirements aimed at reducing the impacts of climate change directed at up-stream utility providers, as we could experience potentially higher utility, fuel, and transportation costs.

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 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. The impact of this union activity is undetermined and could negatively impact our profits.

We extend credit to a portion of our customers and we may not be able to collect gaming receivables from our credit players.

We conduct our gaming activities on a credit and cash basis at many of our properties. Any such credit we extend is unsecured. Table games players typically are extended more credit than slot players, and high-stakes players typically are extended more credit than patrons who tend to wager lower amounts. High-end gaming is more volatile than other forms of gaming, and variances in win-loss results attributable to high-end gaming may have a significant positive or negative impact on cash flow and earnings in a particular quarter. We extend credit to those customers whose level of play and financial resources warrant, in the opinion of management, an extension of credit. These large receivables could have a significant impact on our results of operations if deemed uncollectible. While gaming debts evidenced by a credit instrument, including what is commonly referred to as a marker, and judgments on gaming debts are enforceable under the current laws of the jurisdictions in which we allow play on a credit basis and judgments in such jurisdictions on gaming debts are enforceable in all states under the Full Faith and Credit Clause of the U.S. Constitution, other jurisdictions may determine that enforcement of gaming debts is against public policy. Although courts of some foreign nations will enforce gaming debts directly and the assets in the U.S. of foreign debtors may be reached to satisfy a judgment, judgments on gaming debts from U.S. courts are not binding on the courts of many foreign nations.

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 received 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 deferral for tax purposes of CODI for debt reacquired in 2009 and 2010, followed by recognition of CODI ratably from 2014 through 2018. In connection with the debt that we reacquired in 2009 and 2010, we have deferred related CODI of $3.6 billion for tax purposes (net of Original Issue Discount (OID) interest expense, some of which must also be deferred to 2014 through 2018 under the ARRA). We are required to include one-fifth of the deferred CODI, net of deferred and regularly scheduled OID, in taxable income each year from 2014 through 2018. 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. 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 Liquidity and Capital Resources Capital Resources.

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 acquisitions of Planet Hollywood in Las Vegas and Thistledown Racetrack in Cleveland, Ohio, include, among others:

- coordinating marketing functions;
- undisclosed liabilities;
- 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.

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 Pro Forma, which would have a negative effect on our results of operations and negatively impact our covenant calculation 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. In addition, we embarked on Project Renewal in the fourth quarter of 2010 to identify the optimum way of structuring our business given our breadth and scale of product offerings. While these efforts have allowed us to realize substantial 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, 2011, there were $202.5 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

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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 or marketing expenses may have an unintended negative affect on our revenues. In addition, our expected savings from procurement of goods 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 Pro Forma provided in the Summary Historical Consolidated Financial Data of Caesars Entertainment Corporation, our actual LTM Adjusted EBITDA Pro Forma would be reduced to the extent of the cost savings we do not achieve.

Use of the Caesars brand name, or any of our other brands, by entities other than us could damage the brands and our operations and adversely affect our business and results of operations.

Our Caesars brand remains the most recognized casino brand in the world and our operations benefit from the global recognition and reputation generated by our brands. Generally and through Caesars Global Life, we are actively pursuing gaming and non-gaming management, branding, and development opportunities in Asia and other parts of the world where our brands and reputation are already well-recognized assets. In September 2011, we announced a management and branding agreement for a non-gaming development, whose equity will be provided by a third party, that will be called Caesars Palace Longmu Bay. In addition, we will continue to expand our World Series of Poker tournaments to international jurisdictions where we believe there is a likelihood of legalization of online gaming, in order to grow the brand s awareness. In connection with such opportunities, we intend to grant third parties licenses to use our brands. Our business and results of operations may be adversely affected by the management or the enforcement of the Caesars and the World Series of Poker brand names, or any of our other brands, by third parties outside of our exclusive control.

Any failure to protect our trademarks could have a negative impact on the value of our brand names and adversely affect our business.

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. For example, we own and operate the World Series of Poker tournaments, and we license trademarks for a variety of products and businesses related to this brand. While our business as a whole is not substantially dependent on any one trademark or combination of several of our trademarks 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. Despite our efforts to protect our proprietary rights, parties may infringe our trademarks 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. Monitoring the unauthorized use of our intellectual property is difficult. Litigation may be necessary to enforce our intellectual property rights or to determine the validity and scope of the proprietary rights of others. Litigation of this type could result in substantial costs and diversion of resource. We cannot assure you that all of the steps we have taken to protect our trademarks in the United States and foreign countries will be adequate to prevent imitation of our trademarks by others. The unauthorized use or reproduction of our trademarks could diminish the value of our brand and its market acceptance, competitive advantages or goodwill, which could adversely affect our business.

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. In addition, as we are pursuing opportunities to further expand into international markets through gaming opportunities and Caesars

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Global Life, we also expect that the percentage of our revenues derived from operations outside the United States will increase in the future. International operations are subject to inherent risks including:

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

For example, the political instability in Egypt due to the uprisings in January 2011 has negatively affected our properties there.

Any violation of the Foreign Corrupt Practices Act or other similar laws and regulations could have a negative impact on us.

We are subject to risks associated with doing business outside of the United States, which exposes us to complex foreign and U.S. regulations inherent in doing business cross-border and in each of the countries in which it transacts business. We are subject to regulations imposed by the Foreign Corrupt Practices Act, or the FCPA, and other anti-corruption laws that generally prohibit U.S. companies and their intermediaries from offering, promising, authorizing or making improper payments to foreign government officials for the purpose of obtaining or retaining business. Violations of the FCPA and other anti-corruption laws may result in severe criminal and civil sanctions as well as other penalties and the SEC and U.S. Department of Justice have increased their enforcement activities with respect to the FCPA. Internal control policies and procedures and employee training and compliance programs that we have implemented to deter prohibited practices may not be effective in prohibiting our employees, contractors or agents from violating or circumventing our policies and the law. If our employees or agents fail to comply with applicable laws or Company policies governing our international operations, we may face investigations, prosecutions and other legal proceedings and actions which could result in civil penalties, administrative remedies and criminal sanctions. Any determination that we have violated the FCPA could have a material adverse effect on our financial condition. Compliance with international and U.S. laws and regulations that apply to our international operations increases our cost of doing business in foreign jurisdictions. We also deal with significant amounts of cash in our operations and are subject to various reporting and anti-money laundering regulations. Any violation of anti-money laundering laws or regulations by any of our resorts could have a negative effect on our results of operations.

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, our substantial indebtedness and the downturn in the gaming sector the past few years 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 or other legal proceedings 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 legal proceedings, no assurance can be provided as to the outcome of these matters and in general, legal proceedings 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. In addition, we are offering 1,811,313 shares in this offering (representing 1.4% of our outstanding shares), which is a smaller percentage of shares than is typical for an initial public offering. After this offering our shares may be less liquid than the shares of other newly public companies and there may be imbalances between supply and demand for our shares. As a result our share price may experience significant volatility and may not necessarily reflect the value of our expected performance. If an active trading market does not develop, you may have difficulty selling any of our common stock that you buy. 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 this offering as if all were to occur on the date hereof, there would be 125,025,500 shares of our common stock outstanding (or 125,297,197 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, applicable holding period requirements and the lockup agreements described below or other contractual restrictions. 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.

In connection with this offering, we have agreed not to offer or sell, dispose of or hedge, directly or indirectly any common stock without the permission of Credit Suisse Securities (USA) LLC and Citigroup Global Markets Inc. for a period of 180 days from the date of this prospectus, subject to certain exceptions and automatic extension in certain circumstances; provided that, after 30 days from the date of this prospectus, we will be permitted to issue and sell common stock to retire existing indebtedness and/or for debt for equity exchange transactions. In addition, our named 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 Credit Suisse Securities (USA) LLC and Citigroup Global Markets Inc. for a period of 180 days and 270 days, respectively, from the date of this prospectus, subject to certain exceptions and automatic extension in certain circumstances. As part of the Co-Investors Transaction, the Participating Co-Investors have agreed not to offer or sell, dispose of or hedge, directly or indirectly 50% of their shares that are being registered pursuant to the resale prospectus included in the registration statement of which this prospectus forms a part, without the permission of Credit Suisse Securities (USA) LLC and Citigroup Global Markets Inc. for a period of 180 days from the date of this prospectus, subject to certain exceptions and automatic extension 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.

In connection with the Co-Investors Transaction we have filed a shelf prospectus as part of the registration statement of which this prospectus forms a part to register 22,339,143 shares of our common stock for resale on a continuous basis by the Participating Co-Investors, subject to the lockup agreements described above. 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 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 this offering, options to purchase 8,046,424 shares of common stock will be outstanding under our Management Equity Incentive Plan, assuming no changes to the plan, and warrants to purchase 120,829 shares of our common stock will be outstanding. Following the completion of this offering, 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 2012 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 and the transfer restrictions pursuant to the Management Investors Rights Agreement 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 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;

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- 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 small percentage 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;
- the expiration of contractual lockup agreements; 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 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 this offering and the Co-Investors Transaction, Hamlet Holdings, the members of which are comprised of an equal number of individuals affiliated with each of the Sponsors, will beneficially own 70.1% of our common stock pursuant to an irrevocable proxy providing Hamlet Holdings with sole voting and sole dispositive power over those shares. The members of Hamlet Holdings have the power to elect all of our directors. Hamlet Holdings has 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 members of Hamlet Holdings could conflict with or differ from the interests of holders of our common stock. 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.

The concentration of ownership held by the Sponsors and their co-investors 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. In addition, 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 affiliates of 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 designated by Apollo Members (as defined under Certain Relationship and Related Party Transactions Hamlet Holdings Operating Agreement) and one member designated by TPG Members (as defined under Certain Relationship and Related Party Transactions Hamlet Holdings Operating Agreement) 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 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 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. Additionally, under Ohio law, an institutional investor, which is broadly defined and includes any corporation, that holds any amount of our stock will be required to apply for and obtain a waiver of suitability determination.

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 an ownership or a controlling interest. In Indiana, for example, a person may not have an ownership interest in more than two Indiana riverboat owner s licenses.

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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 the offering price of $9.00 per share, purchasers of common stock in this offering will experience immediate and substantial dilution of approximately $(64.36) 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.

The initial public offering price for the shares sold in this offering was determined by negotiations between us and the representatives of the underwriters and may not be indicative of prices that will prevail in the trading market. See Underwriting for a discussion of the determination of the initial public offering price.

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 New York Stock Exchange or 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;
- 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

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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, particularly to serve on our audit committee, and qualified executive officers.

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;

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- prohibiting stockholders from acting 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 controlled by Hamlet Holdings, 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.

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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 effects of local and national economic, credit and capital market conditions on the economy in general, and on the gaming industry in particular;
- construction factors, including delays, increased costs of 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 or terrorist incidents, severe weather conditions, uprisings or natural disasters;

access to insurance on reasonable terms for our assets;

abnormal gaming holds (gaming hold is the amount of money that is retained by the casino from wagers by customers);

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- the potential difficulties in employee retention and recruitment as a result of our substantial indebtedness, the ongoing downturn in the gaming industry, 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, which speak only as of the date of 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.

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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 the accuracy or completeness of the market industry data provided by third parties or by industry or general publications. Similarly, while we believe our internal estimates with respect to our industry are reliable, our estimates have not been verified by any independent sources. 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.

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USE OF PROCEEDS

We estimate that the net proceeds from this offering without exercise of the option to purchase additional shares will be approximately $13.0 million after deducting the underwriting discounts and commissions and expenses at an offering price of $9.00 per share. If the underwriters exercise their option to purchase additional shares in full, the net proceeds to us will be approximately $15.2 million.

We intend to use the net proceeds from this offering for general corporate purposes, including development projects and maintenance capital expenditures.

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CAPITALIZATION

The following table sets forth our capitalization as of September 30, 2011:

on an actual basis;

on an as adjusted basis after giving effect to this offering at an offering price of $9.00 per share and after deducting the 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, 2011	
(In millions)	**Actual**	**As adjusted for this offering**
Cash and cash equivalents[(1)]	$ 1,150.7	$ 1,163.7
Debt[(2)]:		
Revolving credit facility[(3)]	$	$
Term loan[(4)]	7,184.8	7,184.8
First lien notes	2,053.4	2,053.4
CMBS Financing	5,025.7	5,025.7
Second lien notes[(5)]	3,008.0	3,008.0
PHW Las Vegas senior secured loan	427.5	427.5
Linq/Octavius senior secured loan	445.7	445.7
Chester senior secured loan[(6)]	224.2	224.2
Subsidiary guaranteed unsecured senior debt[(7)]	487.2	487.2
Unsecured senior notes[(8)]	685.0	685.0
Other[(9)]	79.1	79.1
Total long-term debt, including current portion	$ 19,620.6	$ 19,620.6
Equity	1,205.9	1,218.9
Total capitalization	$ 20,826.5	$ 20,839.5

(1) Excludes restricted cash of $544.0 million.

(2) Does not reflect the planned amendment to CEOC s senior secured credit facilities and related financing described under Summary Recent Events Amendment of Senior Secured Credit Facilities and Related Financing.

(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 $1,206.8 million due to debt retirements and the conversion of a portion of the revolving credit facility to an extended term loan subsequent to the closing of the Acquisition. At September 30, 2011, $1,080.2 million of borrowing capacity was available under our revolving credit facility, with an additional $126.6 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, Caesars Octavius and Caesars Linq, have pledged their assets to secure this facility.

(4) 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 $423.3 million of revolver commitments converted to extended term loans. The outstanding borrowings 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, other than Planet Hollywood, Caesars Octavius and Caesars Linq, have pledged their assets to secure this facility.

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(5) 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.

(6) Does not reflect Chester s $330 million offering of 9.25% senior secured notes due 2020, the proceeds of which are expected to repay the Chester senior secured term loan, make a distribution to Chester Downs managing member, Harrah s Chester Downs Investment Company, LLC, and for other general corporate purposes.

(7) Consists of $478.6 million of 10.75% Senior Notes due 2016 and $8.6 million of 10.75%/11.5% Senior PIK 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, other than Planet Hollywood, Caesars Octavius and Caesars Linq, that have pledged their assets to secure the senior secured credit facilities.

(8) 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, $364.5 million face value of 5.625% Senior Notes due 2015, $153.7 million face value of 5.75% Senior Notes due 2017, $248.7 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 $892.9 million. As a result of a private placement and open market purchases, HBC holds $427.3 million face value of the outstanding 5.625% Senior Notes due 2015, $385.1 million face value of the outstanding 5.75% Senior Notes due 2017, $324.5 million face value of the outstanding 6.5% Senior Notes due 2016 and $3.1 million face value of the Senior PIK Toggle Notes due 2018. The amounts of the notes held by HBC are eliminated upon consolidation of Caesars.

(9) Consists of the book values of $65.7 million of principal obligations to fund Clark County, Nevada, Special Improvement District bonds and $13.4 million of miscellaneous other indebtedness.

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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, 2011 was $(6,934.4) million, or $(55.46) per share. After giving effect to the receipt and our intended use of approximately $13.0 million of estimated net proceeds from our sale of 1,811,313 shares of common stock in this offering at an initial public offering price of $9.00 per share, our pro forma net tangible book value (deficit) as of September 30, 2011 is approximately $(6,921.4) million, or $(55.36) per share. This represents an immediate increase in pro forma net tangible book value of $0.10 per share to existing stockholders and an immediate dilution of $(64.36) 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
Initial public offering price per share		$ 9.00
Net tangible book value (deficit) before this offering	$ (55.46)	
Increase per share attributable to investors in this offering	0.10	
Pro forma net tangible book value (deficit) after this offering		$ (55.36)
Dilution per share to new investors		$ (64.36)

The following table summarizes on an as adjusted basis as of September 30, 2011, giving effect to:

- the total number of shares of common stock purchased from us;
- the total consideration paid to us at an initial public offering price of $9.00 per share (before deducting the 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 Per Share
	Number	Percent	Amount	Percent	
Existing stockholders		%	$	%	$
Investors in the offering	1,811,313	100	16.3	100	9.00
Total	1,811,313	100%	$ 16.3	100%	$ 9.00

The above tables and calculations do not give effect to:

- 6,937,285 shares of our common stock issuable upon the exercise of outstanding options as of September 30, 2011, at a weighted-average exercise price of $41.37 per share, or 1,341,057 shares of common stock issuable upon the exercise of options we anticipate issuing prior to the consummation of this offering;

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- 56,778 shares of our common stock issuable upon the exercise of outstanding warrants as of September 30, 2011, at a weighted-average exercise price of $57.41 per share or 64,051 shares of common stock issuable upon the exercise of warrants issued subsequent to September 30, 2011 at a weighted-average exercise price of $23.87 per share;

- 271,697 shares of our common stock issuable in this offering to the underwriters pursuant to an option to purchase additional shares;

- 536,452 shares of our common stock reserved for future issuance under the Management Equity Incentive Plan; and

- 6,867,018 shares of our common stock reserved for future issuance under the Caesars Entertainment Corporation 2012 Performance Incentive Plan.

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.

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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, 2006 and 2007 and for the periods from January 1, 2008 through January 27, 2008 (Predecessor) and from January 28, 2008 through December 31, 2008 and the years ended December 31, 2009 and 2010 (Successor) 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 periods for the years ended December 31, 2006 and 2007, and as of December 31, 2006, 2007 and 2008 have been derived from our audited consolidated financial statements not included in this prospectus. The selected historical financial information as of September 30, 2011 and for the nine month periods ended September 30, 2010 and 2011, are derived from, and should be read in conjunction with, our unaudited consolidated condensed financial statements included elsewhere in this prospectus. The summary historical consolidated financial information as of September 30, 2010 has been derived from our unaudited consolidated condensed financial statements not included in this prospectus. Except as otherwise described herein, our interim unaudited financial statements 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. Except as otherwise specified in the table below, the per share data included in this selected historical financial data does not reflect the 1.742-for-one split of our common stock that we expect to effect prior to consummation of this offering.

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.

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Caesars Entertainment Corporation

Selected Historical Consolidated Financial Data

	Predecessor			Successor				
	Year Ended December 31,		Jan. 1, 2008 through Jan. 27, 2008	Jan. 28, 2008 through Dec. 31, 2008	Year Ended December 31,		Nine Months Ended September 30,	
(In millions, except per share data)	**2006**	**2007**			**2009**	**2010**	**2010**	**2011**
Revenues								
Casino	$ 7,868.6	$ 8,831.0	$ 614.6	$ 7,476.9	$ 7,124.3	$ 6,917.9	$ 5,251.3	$ 5,029.5
Food and beverage	1,577.7	1,698.8	118.4	1,530.2	1,479.3	1,510.6	1,157.8	1,165.0
Rooms	1,240.7	1,353.6	96.4	1,174.5	1,068.9	1,132.3	858.5	917.2
Management fees	89.1	81.5	5.0	59.1	56.6	39.1	31.2	27.7
Other	611.0	695.9	42.7	624.8	592.4	576.3	439.9	473.4
Less: casino promotional allowances	(1,713.2)	(1,835.6)	(117.0)	(1,498.6)	(1,414.1)	(1,357.6)	(1,041.1)	(950.7)
Net revenues	9,673.9	10,825.2	760.1	9,366.9	8,907.4	8,818.6	6,697.6	6,662.1
Operating Expenses								
Direct								
Casino	3,902.6	4,595.2	340.6	4,102.8	3,925.5	3,948.9	2,982.9	2,827.9
Food and beverage	697.6	716.5	50.5	639.5	596.0	621.3	469.7	500.3
Rooms	256.6	266.3	19.6	236.7	213.5	259.4	195.5	217.1
Property general and administrative and other	2,206.8	2,421.7	178.2	2,143.0	2,018.8	2,061.7	1,580.0	1,593.0
Depreciation and amortization	667.9	817.2	63.5	626.9	683.9	735.5	548.1	532.2
Project opening costs	20.9	25.5	0.7	28.9	3.6	2.1	4.0	4.2
Write-downs, reserves and recoveries	62.6	(59.9)	4.7	16.2	107.9	147.6	136.3	82.9
Impairment of intangible assets	20.7	169.6		5,489.6	1,638.0	193.0	144.0	
(Income)/loss in non-consolidated affiliates	(3.6)	(3.9)	(0.5)	2.1	2.2	1.5	2.1	4.2
Corporate expense	177.5	138.1	8.5	131.8	150.7	140.9	103.8	115.1
Acquisition and integration costs	37.0	13.4	125.6	24.0	0.3	13.6	8.3	3.6
Amortization of intangible assets	70.7	73.5	5.5	162.9	174.8	160.8	121.7	117.7
Total operating expenses	8,117.3	9,173.2	796.9	13,604.4	9,515.2	8,286.3	6,296.4	5,998.2
Income/(loss) from operations	1,556.6	1,652.0	(36.8)	(4,237.5)	(607.8)	532.3	401.2	663.9
Interest expense, net of interest capitalized	(670.5)	(800.8)	(89.7)	(2,074.9)	(1,892.5)	(1,981.6)	(1,471.9)	(1,448.3)
(Losses)/gains on early extinguishments of debt	(62.0)	(2.0)		742.1	4,965.5	115.6	48.7	47.9
Other income, including interest income	10.7	43.3	1.1	35.2	33.0	41.7	28.2	16.7
Income/(loss) from continuing operations before income taxes	834.8	892.5	(125.4)	(5,535.1)	2,498.2	(1,292.0)	(993.8)	(719.8)
(Provision) benefit for income taxes	(295.6)	(350.1)	26.0	360.4	(1,651.8)	468.7	364.5	248.5
Income/(loss) from continuing operations, net of tax	539.2	542.4	(99.4)	(5,174.7)	846.4	(823.3)	(629.3)	(471.3)
Income/(loss) from discontinued operations, net of tax	11.9	92.2	0.1	90.4				
Net income/(loss)	551.1	634.6	(99.3)	(5,084.3)	846.4	(823.3)	(629.3)	(471.3)
Less: net (income)/loss attributable to non-controlling interests	(15.3)	(15.2)	(1.6)	(12.0)	(18.8)	(7.8)	(5.1)	4.3
Net income/(loss) attributable to Caesars Entertainment Corporation	535.8	619.4	(100.9)	(5,096.3)	827.6	(831.1)	(634.4)	(467.0)
Preferred stock dividends				(297.8)	(354.8)			
	$ 535.8	$ 619.4	$ (100.9)	$ (5,394.1)	$ 472.8	$ (831.1)	$ (634.4)	$ (467.0)

Net income/(loss) attributable to common stockholders								
Earnings per share basic								
Income/(loss) from continuing operations	$ 2.85	$ 2.83	$ (0.54)	$ (134.59)	$ 11.62	$ (14.58)	$ (11.70)	$ (6.50)
Discontinued operations, net	0.06	0.50		2.22				
Net income/(loss)	$ 2.91	$ 3.33	$ (0.54)	$ (132.37)	$ 11.62	$ (14.58)	$ (11.70)	$ (6.50)
Earnings per share diluted								
Income/(loss) from continuing operations	$ 2.79	$ 2.77	$ (0.54)	$ (134.59)	$ 6.88	$ (14.58)	$ (11.70)	$ (6.50)
Discontinued operations, net	0.06	0.48		2.22				
Net income/(loss)	$ 2.85	$ 3.25	$ (0.54)	$ (132.37)	$ 6.88	$ (14.58)	$ (11.70)	$ (6.50)
Dividends declared per common share	$ 1.53	$ 1.60	$	$	$	$	$	$
Basic weighted-average common shares outstanding	184.0	186.3	188.1	40.8	40.7	57.0	54.2	71.8
Diluted weighted-average common shares outstanding	188.0	190.6	188.1	40.8	120.4	57.0	54.2	71.8

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Pro-Forma for stock split [1]	Predecessor			Successor				
	Year Ended December 31,		Jan. 1, 2008 through	Jan. 28, 2008 through	Year Ended December 31,		Nine Months Ended September 30,	
(In millions, except per share data)	2006	2007	Jan. 27, 2008	Dec. 31, 2008	2009	2010	2010	2011
Earnings per share basic								
Income/(loss) from continuing operations				$ (77.26)	$ 6.67	$ (8.37)	$ (6.72)	$ (3.73)
Discontinued operations, net				1.27				
Net income/(loss)				$ (75.99)	$ 6.67	$ (8.37)	$ (6.72)	$ (3.73)
Earnings per share diluted								
Income/(loss) from continuing operations				$ (77.26)	$ 3.95	$ (8.37)	$ (6.72)	$ (3.73)
Discontinued operations, net				1.27				
Net income/(loss)				$ (75.99)	$ 3.95	$ (8.37)	$ (6.72)	$ (3.73)
Dividends declared per common share				$	$	$	$	$
Basic weighted-average common shares outstanding				71.0	70.9	99.3	94.4	125.1
Diluted weighted-average common shares outstanding				71.0	209.4	99.3	94.4	125.1

(1) As adjusted on a pro-forma basis to reflect the 1.742-for-one split of our common stock. As the Predecessor operated under a different capital structure than the Successor, the earnings per share data, pro-forma for stock split, is not presented for the period from January 1, 2008 through January 27, 2008 and for the years ended December 31, 2006 and 2007 (Predecessor).

	Predecessor			Successor				
	Year Ended December 31,		Jan. 1, 2008 through	Jan. 28, 2008 through	Year Ended December 31,		Nine Months Ended September 30,	
(In millions, except per share data)	2006	2007	Jan. 27, 2008	Dec. 31, 2008	2009	2010	2010	2011
Balance Sheet Data (at period end)								
Cash and cash equivalents	$ 799.6	$ 710.0		$ 650.5	$ 918.1	$ 987.0	$ 1,323.7	$ 1,150.7
Working capital	(610.2)	(126.1)		(536.4)	(6.6)	207.7	121.7	235.8
Total assets	22,284.9	23,357.7		31,048.6	28,979.2	28,587.7	29,287.9	28,866.1
Total debt	12,089.9	12,440.4		23,208.9	18,943.1	18,841.1	19,717.1	19,620.6
Total stockholders equity/(deficit)	6,123.5	6,679.1		(1,360.8)	(867.0)	1,672.6	1,062.6	1,205.9
Other Financial Data								
Capital expenditures, net of change in construction payables	$ 2,500.1	$ 1,376.7	$ 125.6	$ 1,181.4	$ 464.5	$ 160.7	$ 124.6	$ 164.9

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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.

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MANAGEMENT S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

We are the world s most diversified casino-entertainment provider and the most geographically diverse U.S. casino-entertainment company. As of September 30, 2011, 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 entities affiliated with Apollo and TPG in an all-cash transaction, which we refer to as the Acquisition valued at $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 and the non-voting preferred stock of Caesars were owned by entities affiliated with Apollo and TPG and certain co-investors and members of management, and the then issued and outstanding shares of voting common stock of Caesars were owned by Hamlet Holdings, which is owned by certain individuals affiliated with Apollo and TPG. During 2010, our shares of non-voting common stock and non-voting preferred stock were converted to a recently issued class of voting common stock, and our existing voting stock was canceled, as more fully described in note 9 to our audited consolidated financial statements, included elsewhere in this prospectus.

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 either a consolidated basis or an individual property basis, our casino properties (as of September 30, 2011, or as otherwise noted below) have been grouped into regions as follows to facilitate discussion of our operating results:

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

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Illinois/Indiana	Other Nevada	Managed/International/Other
Horseshoe Southern Indiana	Harrah s Reno	Harrah s Ak-Chin[e]
Harrah s Joliet[d]	Harrah s Lake Tahoe	Harrah s Cherokee[e]
Harrah s Metropolis	Harveys Lake Tahoe	Harrah s Rincon[e]
Horseshoe Hammond	Harrah s Laughlin	Conrad Punta del Este[c]
		Caesars Windsor[f]
		London Clubs International[g]

(a) Includes O Shea s Casino, which is adjacent to this property.
(b) Acquired February, 2010.
(c) We have an approximately 95% ownership interest in and manage this property.
(d) We have an 80% ownership interest in and manage this property.
(e) Managed.
(f) We have a 50% interest in Windsor Casino Limited, which operates this property. The province of Ontario owns the complex.
(g) We own, operate or manage ten casino clubs in the United Kingdom and two in Egypt. We have a 70% ownership interest in and manage one casino club in South Africa.
(h) We have a 95% ownership interest in and manage this property. On January 20, 2012, we received notice that the minority owners have elected to exercise their put rights under an operating agreement with one of our wholly-owned subsidiaries. As a result, effective as of January 22, 2012, we are required to purchase from the minority owners ninety percent of their interest in Harrah s Chester. We expect to consummate this purchase in early February 2012. Upon consummation, we will have a 99.5% ownership interest in this property.

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 period. 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 period are presented on different bases and, therefore, are not comparable. We have reclassified certain amounts for prior periods to conform to our 2011 presentation.

Subsequent to the filing of our quarterly report on Form 10-Q for the quarter and nine-months ended September 30, 2011, we identified certain deferred tax liabilities related to transaction costs incurred in connection with the Acquisition, which had been incorrectly recorded in 2008, and not properly adjusted upon the 2009 receipt of the final transaction cost reports. The net impact of correcting for this error is to reduce our deferred tax liabilities by approximately $57 million, reduce goodwill by approximately $11 million, and recognize the difference of approximately $46 million as a reduction to income tax expense. Although we believe the approximately $46 million reduction to income tax expense is correct, this figure will not be finalized until the filing of our Annual Report on Form 10-K for the year ended December 31, 2011. There are no cash impacts or impacts to EBITDA as a result of this correction.

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We have evaluated the quantitative and qualitative materiality of this adjustment in the context of our projected financial results for the fourth quarter and full-year 2011, and for the full-years 2008, 2009 and 2010, and believe that the correction will not be material to any of those periods. As a result, we anticipate recording this adjustment during the fourth quarter 2011, which will be reported within our Annual Report on Form 10-K for the year ended December 31, 2011. While we believe it is unlikely, should our actual financial results differ significantly from our current estimates of the fourth quarter and full-year 2011, we may need to reconsider our plan to record the adjustment during the fourth quarter 2011, including evaluating whether to restate our financial statements for 2008 and 2009.

($ in millions)	Nine Months Ended September 30, 2011	2010	Percentage Increase/ (Decrease)
Casino revenues	$ 5,029.5	$ 5,251.3	(4.2)%
Net revenues	6,662.1	6,697.6	(0.5)%
Income from operations	663.9	401.2	65.5%
Net (loss)/income attributable to Caesars	(467.0)	(634.4)	(26.4)%
Operating margin	10.0%	6.0%	4.0 pts

($ in millions)	Successor 2010	2009	Jan. 28, 2008 through Dec. 31, 2008	Predecessor Jan. 1, 2008 through Jan. 27, 2008	Combined 2008	Percentage Increase/(Decrease) 10 vs. 09	09 vs. 08
Casino revenues	$ 6,917.9	$ 7,124.3	$ 7,476.9	$ 614.6	$ 8,091.5	(2.9)%	(12.0)%
Net revenues	8,818.6	8,907.4	9,366.9	760.1	10,127.0	(1.0)%	(12.0)%
Income/(loss) from operations	532.3	(607.8)	(4,237.5)	(36.8)	(4,274.3)	N/M	85.8%
Net (loss)/income attributable to Caesars	(831.1)	827.6	(5,096.3)	(100.9)	(5,197.2)	N/M	N/M
Operating margin	6.0%	(6.8)%	(45.2)%	(4.8)%	(42.2)%	12.8 pts	35.4 pts

We measure our performance in part through tracking of trips by rated customers, which means a customer whose gaming activity is tracked through our Total Rewards system, or trips, and spend per rated customer trip, or spend per trip. A trip is created by a Total Rewards card holder engaging in one or more of the following activities while at one of our properties: (1) hotel stay, (2) gaming activity or (3) a comp redemption, which means the receipt of a complimentary item given out by our casinos. In markets where we have multiple properties, customers often make trip generating activities at more than one property in a day. In these instances, we consider the market as a whole and do not create multiple trips. Customer spend means the cumulative rated theoretical spend (which is the amount of money expected to be retained by the casino based upon the mathematics underlying the particular game as a fraction of the amount of money wagered by the customer) across all game types for a specific customer. On a consolidated basis, trips for the nine months ended September 30, 2011 decreased 7.3%, while spend per trip increased 4.0% from the year-ago period. The trip decline was the result of temporary closures in the Atlantic City region due to Hurricane Irene, new competition and reduced access to one of our properties in the Illinois/Indiana region during the third-quarter 2011, temporary closures of seven of our properties in the Illinois/Indiana and Louisiana/Mississippi regions during the first half of 2011 due to flooding and severe weather conditions, and the impact of marketing programs on trip frequency of certain customer segments in all regions. Cash average daily room rates for the nine months ended September 30, 2011 increased to $92 from $87 for the nine months ended September 30, 2010, an increase of 5.7%, and total occupancy percentage increased to 91.9% from 90.3% for the nine months ended September 30, 2010, an increase of 1.6 percentage points.

On a consolidated basis, when compared with 2009, trips for the 2010 year decreased 1.2% and spend per trip decreased 2.3%. Average daily room rates and occupancy were generally flat for 2010 when compared with 2009.

Nine months ended September 30, 2011 compared to nine months ended September 30, 2010

Our revenues for the nine months ended September 30, 2011 were down compared with the nine months ended September 30, 2010. The decline was due to the factors causing the decline in trips discussed above. These declines were partially mitigated by steadily improving fundamentals in the Las Vegas region and the full nine-month impact of Planet Hollywood, which was acquired in February 2010.

Income from operations for the nine months ended September 30, 2011 increased to $663.9 million from $401.2 million in the nine months ended September 30, 2010. Included in income from operations for the nine months ended September 30, 2010 were impairment charges related to goodwill and other non-amortizing intangible assets of $144.0 million. Prior to consideration of the 2010 impairment charges, income from operations for 2011 increased to $663.9 million from $545.2 million in 2010. The increase was attributable to reduced property operating expenses resulting from our cost-reduction efforts, reduced and more focused marketing expenditures, reduced depreciation expense, and the effect of the second quarter 2010 charges of $52.2 million to fully reserve a note-receivable balance related to a venture for development of a casino project in Philadelphia, and $25.0 million relating to a previously disclosed contingency, with no comparable amounts in 2011.

Our net loss for the nine months ended September 30, 2011 was $467.0 million, compared with a net loss of $634.4 million for the nine months ended September 30, 2010. The net losses included gains related to the early extinguishment of debt of $47.9 million ($30.5 million, net of taxes) and $48.7 million ($31.0 million, net of taxes) for the nine months ended September 30, 2011 and 2010, respectively.

Year ended December 31, 2010 compared to December 31, 2009

Our 2010 net revenues decreased 1.0% to $8,818.6 million from $8,907.4 million in 2009, as incremental revenues associated with our February 2010 acquisition of Planet Hollywood were unable to offset the continuing impact of the weak economic environment on customers discretionary spending.

Income from operations for the year ended December 31, 2010 was $532.3 million, compared with a loss from operations of $607.8 million for the same period in 2009. Included in income/(loss) from operations for 2010 and 2009 were impairment charges for goodwill and other non-amortizing intangible assets totaling $193.0 million and $1,638.0 million, respectively. Prior to consideration of these impairment charges, income from operations for the year ended December 31, 2010 decreased to $725.3 million from $1,030.2 million in the prior year. The decline was driven by the income impact of reduced revenues and the contingent liability reserve and asset reserve charges recorded during 2010 described above, which were partially offset by a tangible asset impairment charge in 2009 that did not recur in 2010 and the benefit of a $23.5 million property tax accrual adjustment recorded in 2010.

Net loss attributable to Caesars for the year ended December 31, 2010 was $831.1 million compared with net income attributable to Caesars of $827.6 million for the year-ago period. The loss for the year ended December 31, 2010 included (i) the aforementioned impairment charges for intangible assets and (ii) pre-tax gains related to the early extinguishment of debt of $115.6 million. The income for the year ended December 31, 2009 included (i) the aforementioned impairment charges for intangible assets and (ii) pre-tax gains related to the early extinguishment of debt of $4,965.5 million. Gains on early extinguishments of debt in the year ended December 31, 2009 represented 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. These events are discussed more fully in the Liquidity and Capital Resources section that follows herein.

Year ended December 31, 2009 compared to December 31, 2008

Revenues for the year ended December 31, 2009 declined as compared to 2008 as a result of reduced trips 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 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. The 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

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related to accelerated vesting of employee stock options, stock appreciation rights (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.

Regional Operating Results

Las Vegas property trips for 2011 rose 3.6% for the nine months from the year-ago period, and spend per trip in the nine months ended September 30, 2011 increased 4.0%. Hotel revenues increased in 2011 by 13.2% for the nine months ended September 30, 2011. Cash average daily room rates for the nine months ended September 30, 2011 increased to $92 from $86 for the nine months ended September 30, 2010, an increase of 7.2%, and total occupancy percentage increased to 96.4% from 92.5% for the nine months ended September 30, 2010, an increase of 3.9 percentage points.

For the Las Vegas region, when compared with 2009, trips in 2010 increased 1.6% and spend per trip decreased 2.3%. Hotel revenues in 2010 increased 9.2% when compared to 2009, as our occupancy increased 1.8 percentage points and our average daily room rates decreased 3.2%. While gaming spend per trip for the nine months ending September 30, 2011 remains approximately 19% below 2007 peak levels, we experienced growth as of the beginning of 2011. We believe that there is a strong correlation between gaming revenue and changes in consumer net worth, which should result in increased gaming spend as the broader economy recovers.

We anticipate that a $5 increase in Las Vegas ADR on an annual basis would equate to an improvement to annual Income from Operations of approximately $28 million. Likewise, we anticipate that a $5 improvement in Las Vegas spend per rated customer gaming trip would equate to an improvement to annual Income from Operations of approximately $11 million.

Atlantic City property trips decreased for the nine-months 2011 by 1.3% for patrons that stay at a hotel in one of our properties, which we refer to as lodgers, and 7.4% for patrons that may play at a casino located in one of our properties but do not stay at a hotel at such property, which we refer to as non-lodgers. Spend per trip for the nine-months ended September 30, 2011 decreased 1.7% for lodgers and 1.3% for non-lodgers. Trip declines were directly impacted by the temporary property closures as a result of Hurricane Irene.

We anticipate that a $5 increase in Atlantic City non-lodger spend per rated customer gaming trip would equate to an improvement to annual Income from Operations of approximately $15 million. Likewise, we anticipate that a $5 improvement in Atlantic City lodger spend per rated customer gaming trip would equate to an improvement to annual Income from Operations of approximately $3 million.

For the Atlantic City region, when compared with 2009, trips in 2010 decreased 4.3% for lodgers and 0.1% for non-lodgers, and spend per trip decreased 3.9% for lodgers and 7.8% for non-lodgers.

On a combined basis, for the remainder of our U.S. markets, trips decreased for the nine-months ended September 30, 2011 by 10.6%, however, spend per trip increased 3.7%. Trip declines can be attributed to the temporary property closures in the first half of 2011 due to flooding and severe weather conditions as well as more focused marketing targeted to certain customer segments.

With respect to the remainder of our U.S. markets, we anticipate that a $5 increase in spend per rated customer gaming trip would equate to an improvement to annual Income from Operations of approximately $46 million.

On a combined basis, for the remainder of our U.S. markets, trips in 2010 were down 3.5% while spend per trip increased 1.3%, when compared to 2009.

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Las Vegas Region

($ in millions)	Nine Months Ended September 30, 2011	2010	Percentage Increase/ (Decrease)
Casino revenues	$ 1,157.3	$ 1,127.5	2.6%
Net revenues	2,245.9	2,108.1	6.5%
Income from operations	348.4	249.0	39.9%
Operating margin	15.5%	11.8%	3.7 pts

	Successor			Predecessor		Percentage Increase/(Decrease)	
($ in millions)	2010	2009	Jan. 28, 2008 through Dec. 31, 2008	Jan. 1, 2008 through Jan. 27, 2008	Combined 2008	10 vs. 09	09 vs. 08
Casino revenues	$ 1,544.4	$ 1,476.0	$ 1,579.9	$ 138.7	$ 1,718.6	4.6%	(14.1)%
Net revenues	2,834.8	2,698.0	3,000.6	253.6	3,254.2	5.1%	(17.1)%
Income/(loss) from operations	349.9	(681.0)	(1,988.0)	51.9	(1,936.1)	N/M	64.8%
Operating margin	12.3%	(25.2)%	(66.3)%	20.5%	(59.5)%	37.5 pts	34.3 pts

In February 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 are included in our consolidated results from operations.

Net revenues increased 6.5% for the nine months ended September 30, 2011, as a result of increases in both trips and the amount spent per trip. Net revenues were also increased by higher total occupancy percentages and cash average daily room rates for the 2011 nine-month period. These trends demonstrate continued strengthening in the fundamentals for this region. Net revenues for the nine months ended September 30, 2011 also include the full nine-month impact of Planet Hollywood. Income from operations for the nine months ended September 30, 2011 increased significantly from the 2010 period due to the income impact of increased net revenues. Included in income from operations are decreases in property remediation costs of $29.2 million for the nine months ended September 30, 2011.

For the year ended December 31, 2010, hotel occupancy remained above 90%, and net revenues increased 5.1% in the Las Vegas region from 2009 due to the Planet Hollywood acquisition. On a same-store basis, revenues declined 3.5% for the year ended December 31, 2010, resulting primarily from decreased spend per trip. Loss from operations for the year ended December 31, 2009 includes charges of $1,130.9 million related to impairment of intangible assets in the region, with no comparable charge in 2010. Increased labor and depreciation expenses in the region combined with the income impact of reduced same-store revenues resulted in reduced income from operations for 2010, before consideration of the 2009 impairment charges. Income from operations for the year ended December 31, 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 certain capital projects.

An expansion and renovation of Caesars Palace Las Vegas was completed in stages during 2009. Three 10,000-square-foot luxury villa suites were completed within a new hotel tower called the Octavius Tower. In addition, an expanded pool and garden area were completed and an additional 110,000 square feet of meeting and convention space was constructed. We deferred completion of the 662 rooms, including 75 luxury suites, in the hotel tower expansion as a result of the economic conditions impacting the Las Vegas tourism sector at that time. On April 25, 2011, financing to complete the Octavius Tower was obtained, along with financing for Project Linq. Subsequently, we resumed work towards the completion of the Octavius Tower and construction on Project Linq has commenced. We opened the remaining rooms and suites in the Octavius Tower in January 2012.

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For year ended December 31, 2009, revenues and income from operations before impairment charges were lower than in 2008, driven by lower spend per trip and declines in the group-travel business due to the recession. While hotel occupancy was strong at approximately 90%, average room rates declined due to the impact of reduced aggregate demand. Loss from operations for 2008 included charges of $2,579.4 million recorded for the impairment of goodwill and other non-amortizing intangible assets.

Atlantic City Region

($ in millions)	Nine Months Ended September 30, 2011	Nine Months Ended September 30, 2010	Percentage Increase/ (Decrease)
Casino revenues	$ 1,227.6	$ 1,326.2	(7.4)%
Net revenues	1,424.2	1,482.2	(3.9)%
Income from operations	93.6	100.2	(6.6)%
Operating margin	6.6%	6.8%	(0.2) pts

	Successor			Predecessor		Percentage Increase/(Decrease)	
($ in millions)	2010	2009	Jan. 28, 2008 through Dec. 31, 2008	Jan. 1, 2008 through Jan. 27, 2008	Combined 2008	10 vs. 09	09 vs. 08
Casino revenues	$ 1,696.8	$ 1,894.5	$ 2,111.8	$ 163.4	$ 2,275.2	(10.4)%	(16.7)%
Net revenues	1,899.9	2,025.9	2,156.0	160.8	2,316.8	(6.2)%	(12.6)%
Income/(loss) from operations	83.7	28.3	(415.4)	18.7	(396.7)	N/M	N/M
Operating margin	4.4%	1.4%	(19.3)%	11.6%	(17.1)%	3.0 pts	18.5 pts

Hurricane Irene, which made landfall in New Jersey in August 2011, caused temporary closures of four of our properties in the Atlantic City region during one of the final weekends of the peak summer season. We estimate that the closures reduced net revenues by approximately $22 million to $27 million and reduced income from operations by approximately $15 million to $20 million. In addition, revenues in the region continued to be affected by competition from new casinos and the mid-2010 introduction of table games in the Pennsylvania market. Income from operations for the nine months ended September 30, 2011 was lower as a result of the income impact of reduced net revenues, partially offset by reduced property operating expenses due to reduced and more focused marketing expenses, lower depreciation expense and reduced payroll-related and property tax expenses.

Reduced spend per trip, declines in overall trip frequency and increased competition from other markets, including the mid-2010 introduction of table games in the Pennsylvania market, led to lower Atlantic City region revenues during the year ended December 31, 2010. Income from operations for the year ended December 31, 2009 included a charge of $178.7 million related to impairment of goodwill and other non-amortizing intangible assets at certain of the region s properties. Income from operations for the year ended December 31, 2010 was lower than the prior year, prior to consideration of the impairment charge, as cost-saving initiatives were unable to offset the income impact of reduced revenues and increased marketing and labor-related expenses. Income from operations for the year ended December 31, 2010 also included the write-off of assets associated with certain capital projects.

Revenues for 2009 were lower than in 2008 due to reduced trips and spend per trip, as well as competition from slot parlors in Pennsylvania. 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. These adverse factors were partially offset by the full-year impact of the 2008 expansion of the Harrah s Atlantic City property.

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Louisiana/Mississippi Region

($ in millions)	Nine Months Ended September 30, 2011	2010	Percentage (Decrease)
Casino revenues	$ 775.4	$ 833.0	(6.9)%
Net revenues	845.5	908.8	(7.0)%
Income from operations	106.0	38.2	N/M
Operating margin	12.5%	4.2%	8.3 pts

	Successor			Predecessor		Percentage Increase/ (Decrease)	
($ in millions)	2010	2009	Jan. 28, 2008 through Dec. 31, 2008	Jan. 1, 2008 through Jan. 27, 2008	Combined 2008	10 vs. 09	09 vs. 08
Casino revenues	$ 1,096.4	$ 1,140.8	$ 1,252.7	$ 99.0	$ 1,351.7	(3.9)%	(15.6)%
Net revenues	1,193.4	1,245.2	1,340.8	106.1	1,446.9	(4.2)%	(13.9)%
Income from operations	69.9	181.4	28.3	10.1	38.4	(61.5)%	N/M
Operating margin	5.9%	14.6%	2.1%	9.5%	2.7%	(8.7) pts	11.9 pts

Net revenues in the region decreased for the nine months ended September 30, 2011 due to decreased trips. However, spend per trip increased. Net revenues for the nine months ended September 30, 2011 were further reduced by the temporary closures of three properties in the region in the first half 2011 due to flooding and severe weather conditions. Included in the nine months ended September 30, 2010 income from operations was an impairment charge of $51.0 million related to goodwill and other non-amortizing intangible assets at one of the region s properties. Prior to the consideration of the 2010 impairment charge, income from operations improved for the nine months ended September 30, 2011 as costs incurred during the flood-related closures, as well as those connected with restoring the affected properties to operating condition, of approximately $21 million have not been expensed, but instead have been recorded as a receivable from third-party insurance providers. The nine months ended September 30, 2010 included a one-time rent adjustment paid to the City of New Orleans in the amount of $6.4 million.

Reduced trips and spend per trip unfavorably impacted the Louisiana/ Mississippi region revenues for the year ended December 31, 2010. Income from operations for the year ended December 31, 2010 included a charge of $51.0 million related to impairment of goodwill and other non-amortizing intangible assets at one of the region s properties. Income from operations for the year ended December 31, 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 year ended December 31, 2010 was lower than in 2009, 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 in the region were lower compared to 2008 driven by trip declines due to the economic environment. Included in income from operations for 2008 were $328.9 million of impairment charges for goodwill and other non-amortizing assets of certain properties within the region. Prior to the consideration of impairment charges and the insurance proceeds received in 2008 of $185.4 million from the final settlement of claims related to 2005 hurricane damage at certain properties, 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. For the rebranding, the property was closed for a minimal amount of time, during a traditionally quiet period, resulting in limited disruptions to operations.

Construction began in third quarter 2007 on a casino and resort in Biloxi. We have halted construction on this project, and continue to evaluate our development options. As of December 31, 2010, approximately $180 million had been spent on this project.

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Iowa/Missouri Region

($ in millions)	Nine Months Ended September 30, 2011	2010	Percentage (Decrease)
Casino revenues	$ 511.6	$ 524.3	(2.4)%
Net revenues	546.7	560.3	(2.4)%
Income from operations	137.6	128.6	7.0%
Operating margin	25.2%	23.0%	2.2 pts

	Successor			Predecessor		Percentage Increase/(Decrease)	
($ in millions)	2010	2009	Jan. 28, 2008 through Dec. 31, 2008	Jan. 1, 2008 through Jan. 27, 2008	Combined 2008	10 vs. 09	09 vs. 08
Casino revenues	$ 688.4	$ 707.3	$ 678.7	$ 52.5	$ 731.2	(2.7)%	(3.3)%
Net revenues	735.4	756.6	727.0	55.8	782.8	(2.8)%	(3.3)%
Income from operations	171.0	187.5	108.2	7.7	115.9	(8.8)%	61.8%
Operating margin	23.3%	24.8%	14.9%	13.8%	14.8%	(1.5) pts	10.0 pts

Net revenues in the region decreased for the nine months ended September 30, 2011 due to increased competitive pressures in the region and reduced trips. However, spend per trip increased. Included in the nine months ended September 30, 2010 income from operations was an impairment charge of $9.0 million related to goodwill and other non-amortizing intangible assets at one of the region s properties. Prior to the consideration of the 2010 impairment charge, income from operations for the nine months ended September 30, 2011 was relatively flat due to reduced property operating expenses as a result of continued focus on effective cost management through the implementation of our efficiency projects, which offset the income impact of net revenue declines.

For the year ended December 31, 2010, revenues in the region declined from 2009 due to new competition in the region and lower spend per trip. Income from operations for the year ended December 31, 2010 included a charge of $9.0 million related to impairment of goodwill and other non-amortizing intangible assets at one of the region s properties. Income from operations for the year ended December 31, 2010 declined from 2009 primarily due to the income impact of revenue declines.

Revenues for 2009 were slightly lower compared to the same period in 2008 driven by the weak economy that impacted 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 the operating margin in 2009 were higher than in the prior year due primarily to cost-savings initiatives.

Illinois/Indiana Region

($ in millions)	Nine Months Ended September 30, 2011	2010	Percentage Increase/ (Decrease)
Casino revenues	$ 775.5	$ 880.7	(11.9)%
Net revenues	806.1	881.9	(8.6)%
Income/(loss) from operations	110.2	93.9	17.4%
Operating margin	13.7%	10.6%	3.1 pts

	Successor			Predecessor		Percentage Increase/(Decrease)	
($ in millions)	2010	2009	Jan. 28, 2008 through Dec. 31, 2008	Jan. 1, 2008 through Jan. 27, 2008	Combined 2008	10 vs. 09	09 vs. 08

Casino revenues	$ 1,152.9	$ 1,180.7	$ 1,102.5	$ 86.9	$ 1,189.4	(2.4)%	(0.7)%
Net revenues	1,160.1	1,172.3	1,098.7	85.5	1,184.2	(1.0)%	(1.0)%
Income/(loss) from operations	119.0	(35.4)	(505.9)	8.7	(497.2)	N/M	92.9%
Operating margin	10.3%	(3.0)%	(46.0)%	10.2%	(42.0)%	13.3 pts	39.0 pts

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Net revenues for the nine months ended September 30, 2011 decreased due to new competition and limited direct access by customers caused by a bridge closure, both of which resulted in decreased trips. Revenues were further reduced by the temporary closures of four properties in the region in the first half of 2011 due to flooding and severe weather conditions. Included in the nine months ended September 30, 2010 income from operations was an impairment charge of $20.0 million related to goodwill and other non-amortizing intangible assets at one of the region s properties. Prior to consideration of the 2010 impairment charges, the decrease in income from operations for the nine months ended September 30, 2011 was due to the factors impacting net revenues discussed above, but was partially offset as costs incurred during the flood-related closures, as well as those connected with restoring the affected properties to operating condition, of approximately $12 million have not been expensed, but instead have been recorded as a receivable from third-party insurance providers.

Revenues in the region decreased for the year ended December 31, 2010 from 2009 due to decreased spend per trip. Income from operations for the year ended December 31, 2010 included a charge of $58.0 million related to impairment of goodwill and other non-amortizing intangible assets at certain of the region s properties, partially offset by the benefit of a $23.5 million property tax accrual adjustment recorded in 2010. Loss from operations for the year ended December 31, 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, increased for the year ended December 31, 2010 relative to 2009 as a result of reduced marketing expenses and the aforementioned property tax accrual adjustment.

For the year ended December 31, 2009, revenues were relatively unchanged compared to 2008 due to the full year impact of 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.

Other Nevada Region

($ in millions)	Nine Months Ended September 30, 2011	2010	Percentage (Decrease)
Casino revenues	$ 274.8	$ 275.8	(0.4)%
Net revenues	355.1	353.5	0.5%
Income/(loss) from operations	48.4	(12.7)	N/M
Operating margin	13.6%	(3.6)%	17.2 pts

	Successor			Predecessor		Percentage Increase/(Decrease)	
($ in millions)	2010	2009	Jan. 28, 2008 through Dec. 31, 2008	Jan. 1, 2008 through Jan. 27, 2008	Combined 2008	10 vs. 09	09 vs. 08
Casino revenues	$ 351.0	$ 372.0	$ 425.4	$ 30.2	$ 455.6	(5.6)%	(18.3)%
Net revenues	447.5	472.6	534.0	38.9	572.9	(5.3)%	(17.5)%
(Loss)/income from operations	(13.9)	47.3	(255.9)	0.5	(255.4)	N/M	N/M
Operating margin	(3.1)%	10.0%	(47.9)%	1.3%	(44.6)%	(13.1) pts	54.6 pts

Net revenues for the nine months ended September 30, 2011 for the region rose from 2010 due to increased trips. Included in the nine months ended September 30, 2010 loss from operations was an impairment charge of $49.0 million related to goodwill and other non-amortizing intangible assets at one of the region s properties. Prior to the consideration of the nine months ended September 30, 2010 impairment charge, the nine months ended September 30, 2011 income from operations increased due to the income impact of increased revenues and improved operating margins due to effective cost management.

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Results for the year ended December 31, 2010 for the region declined from 2009 due to reduced trips and decreased spend per trip. Also contributing to the decline in income from operations for the year ended December 31, 2010 was a charge of $49.0 million related to the impairment of goodwill and other non-amortizing intangible assets at one of the region s properties.

For 2009, revenues were lower than in 2008 due to reduced trips and lower 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 were the result of several years of declining business levels at that property.

Managed and International

Managed and international results include income from our managed properties and Thistledown Racetrack, and the results of our international properties.

Managed. We manage three tribal casinos. The table below gives the location and expiration date of the current management contracts for our three tribal casino properties as of September 30, 2011.

Casino	**Location**	**Expiration of Management Agreement**
Harrah s Rincon	near San Diego, California	November 2013
Harrah s Cherokee	Cherokee, North Carolina	November 2018
Harrah s Ak-Chin	near Phoenix, Arizona	December 2014

In December 2010, we formed Rock Ohio Caesars LLC, a venture with Rock Gaming LLC, created to pursue casino developments in Cincinnati and Cleveland. We have a minority investment in the venture and will manage the two casinos, Horseshoe Cincinnati and Horseshoe Cleveland, being developed by the venture. As part of our investment, we agreed to contribute Thistledown Racetrack, or Thistledown, a non-casino racetrack located outside Cleveland, Ohio, to the venture, subject to certain conditions. The development of Horseshoe Cincinnati and Horseshoe Cleveland is estimated to cost approximately $470 million and $545 million, respectively.

International. Our international results include the operations of our property in Punta del Este, Uruguay, and our London Clubs International Limited, or London Clubs, entities. As of September 30, 2011, London Clubs owns or manages ten casinos in the United Kingdom, two in Egypt and one in South Africa. During 2009, one of the London Clubs owned properties, Fifty, was closed and liquidated.

	Nine Months Ended September 30,		**Percent**
($ in millions)	**2011**	**2010**	**Increase/ (Decrease)**
Net revenues	$ 373.1	$ 349.9	6.6%
Income/(loss) from operations	24.0	14.7	63.3%
Operating margin	6.4%	4.2%	2.2 pts

	Successor			**Predecessor**		**Percentage Increase/(Decrease)**	
($ in millions)	**2010**	**2009**	**Jan. 28, 2008 through Dec. 31, 2008**	**Jan. 1, 2008 through Jan. 27, 2008**	**Combined 2008**	**10 vs. 09**	**09 vs. 08**
Net revenues	$ 475.0	$ 460.1	$ 434.8	$ 56.2	$ 491.0	3.2%	(6.3)%
Income/(loss) from operations	22.4	(3.6)	(253.9)	6.2	(247.7)	N/M	98.5%
Operating margin	4.7%	(0.8)%	(58.4)%	11.0%	(50.4)%	5.5 pts	49.6 pts

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The increase in net revenue for the nine months ended September 30, 2011 was primarily due to improved performance at our Uruguay and London Club properties and were further increased by the full nine-month impact of our acquisition of Thistledown Racetrack in July 2010. These increases were partially offset by declines experienced by our two properties in Egypt due to uprisings earlier in the year. Included in the nine months ended September 30, 2010 results of operations was an impairment charge of $6.0 million related to the impairment of intangible assets at our international properties. Prior to the consideration of the 2010 impairment charge, income from operations increased due primarily to the income impact of increased net revenues.

Revenues for the year ended December 31, 2010 increased over 2009 primarily due to increased visitation and increased spend per trip at our Uruguay and London Clubs properties. Income from operations for the year ended December 31, 2010 included a charge of $6.0 million related to impairment of goodwill and other non-amortizing intangible assets at our international properties. Income from operations for the year ended December 31, 2009 included a charge of $31.0 million related to impairment of goodwill and other non-amortizing intangible assets. Prior to consideration of impairment charges, income from operations increased slightly for the year ended December 31, 2010 when compared with 2009 due to strong revenue performance and cost-saving initiatives at our international properties, offset in part by lower income from our managed properties.

Revenues decreased in 2009 when compared to 2008 primarily due to an increase in local currency revenues attributable to the full-year impact in 2009 of two new international properties which opened in 2008, which 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 $210.8 million impairment charge recorded in 2008 compared to the $31.0 million charged in 2009. Income from operations before impairment in 2009 improved when compared to a loss from operations before impairment in 2008 due to the income impact of increased international revenues and cost-savings initiatives throughout the international properties.

Other Factors Affecting Net Income

Expense/(Income)	**Nine Months Ended September 30,**		**Percent Increase/**
($ in millions)	**2011**	**2010**	**(Decrease)**
Write-downs, reserves and recoveries	$ 82.9	$ 136.3	(39.2)%
Impairment of intangible assets, including goodwill		144.0	N/M
Corporate expense	115.1	103.8	10.9%
Amortization of intangible assets	117.7	121.7	(3.3)%
Interest expense, net	1,448.3	1,471.9	(1.6)%
Gains on early extinguishments of debt	(47.9)	(48.7)	(1.6)%
Effective income tax rate benefit	34.5%	36.7%	(2.2) pts

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Expense/(income) ($ in millions)	Successor 2010	Successor 2009	Successor Jan. 28, 2008 through Dec. 31, 2008	Predecessor Jan. 1, 2008 through Jan. 27, 2008	Combined 2008	Percentage Increase/(Decrease) 10 vs. 09	Percentage Increase/(Decrease) 09 vs. 08
Corporate expense	$ 140.9	$ 150.7	$ 131.8	$ 8.5	$ 140.3	(6.5)%	7.4%
Write-downs, reserves and recoveries	147.6	107.9	16.2	4.7	20.9	N/M	N/M
Impairment of goodwill and other non-amortizing intangible assets	193.0	1,638.0	5,489.6		5,489.6	N/M	N/M
Acquisition and integration costs	13.6	0.3	24.0	125.6	149.6	N/M	(99.8)%
Amortization of intangible assets	160.8	174.8	162.9	5.5	168.4	(8.0)%	3.8%
Interest expense, net	1,981.6	1,892.5	2,074.9	89.7	2,164.6	4.7%	(12.6)%
(Gains)/losses on early extinguishments of debt	(115.6)	(4,965.5)	(742.1)		(742.1)	(97.7)%	N/M
Other income	(41.7)	(33.0)	(35.2)	(1.1)	(36.3)	26.4%	(9.1)%
(Benefit)/provision for income taxes	(468.7)	1,651.8	(360.4)	(26.0)	(386.4)	N/M	N/M
Income attributable to non-controlling interests	7.8	18.8	12.0	1.6	13.6	(58.5)%	38.2%
Income from discontinued operations, net of income taxes			(90.4)	(0.1)	(90.5)	N/M	N/M

Corporate Expense

Corporate expense decreased in 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 year ended December 31, 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.

Write-downs, reserves and recoveries

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.

Write-downs, reserves and recoveries for the nine months ended September 30, 2011 decreased $53.4 million due to decreases in remediation costs of $29.2 million, and the effect of the second quarter 2010 charges of $52.2 million to fully reserve a note-receivable balance related to a venture for development of a casino project in Philadelphia, and $25.0 million relating to a previously disclosed contingency, with no comparable amounts in 2011. These decreases were offset in part by an increase in costs associated with the implementation of our efficiency projects of $35.2 million.

Write-downs, reserves and recoveries for 2010 were $147.6 million, compared with $107.9 million in 2009. Included in write-downs, reserves and recoveries for the year ended December 31, 2010 with no comparable amounts in 2009 is the contingency accrual of $25.0 million (see note 14 to our audited consolidated financial statements, included elsewhere in this prospectus), and the charge of $52.2 million to fully reserve the note receivable balance described above. Also included in write-downs, reserves and recoveries for the year ended December 31, 2010 were charges of $29.0 million to write-off assets associated with certain capital projects in the Las Vegas and Atlantic City regions.

Amounts incurred during 2010 for remediation costs were $42.7 million, and increased by $3.4 million when compared to 2009.

Write-downs, reserves and recoveries in 2009 of $107.9 million increased when compared with $20.9 million in 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 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 Company s office building in Memphis, Tennessee due to the relocation to Las Vegas, Nevada of those corporate functions formerly performed at that location. We recorded $34.8 million in charges related to efficiency projects that were also a result of the relocation.

Also during 2009, associated with its closure and ultimate liquidation, we wrote off the assets and liabilities on one of our London Club properties. Because the assets and liabilities were in a net liability position, a pre-tax gain of $9.0 million was recognized in the fourth quarter of 2009. The recognized gain was partially offset by charges related to other projects. 2009 also included a reversal of an accrual for approximately $30 million due to a judgment against us that was vacated in 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.

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 non-amortizing intangible assets more frequently if impairment indicators exist.

The Acquisition on January 28, 2008 resulted in us allocating the purchase price to the underlying assets acquired and liabilities assumed of Caeasars, based on their estimated fair values as of the acquisition date. As part of this allocation, we recorded goodwill totaling $9.4 billion at that time.

Our preliminary annual impairment assessment of goodwill and other non-amortizing intangibles assets for the nine months ended September 30, 2011 did not result in any impairment charges. For the nine months ended September 30, 2010, we recorded charges totaling $144 million for impairments of goodwill and other non-amortizing intangible assets.

During 2010, due to the relative impact of weak economic conditions on certain properties in the Other Nevada and Louisiana/Mississippi regions, we performed an interim assessment of goodwill and certain non-amortizing intangible assets for impairment during the second quarter, which resulted in an impairment charge of $100.0 million. During the third quarter, we completed a preliminary annual assessment of goodwill and other non-amortizing intangible assets as of September 30, which resulted in an impairment charge of $44.0 million. We finalized our annual assessment during the fourth quarter, and as a result of the final assessment, we recorded an impairment charge of $49.0 million, which brought the aggregate charges recorded for the year ended December 31, 2010 to $193.0 million.

During 2009, we performed an interim assessment of goodwill and certain non-amortizing intangible assets for impairment during the second quarter, due to the relative impact of weak economic conditions on certain properties in the Las Vegas market, which resulted in an impairment charge of $297.1 million. During the third quarter, we completed a preliminary annual assessment of goodwill and other non-amortizing intangible assets as of September 30, which resulted in an impairment charge of $1,328.6 million. We finalized our annual assessment during the fourth quarter, and as a result of the final assessment, we recorded an impairment charge of $12.3 million, which brought the aggregate charges recorded for the year ended December 31, 2009 to $1,638.0 million.

Our 2008 analysis indicated that certain of our goodwill and other non-amortizing 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 in the fourth quarter of 2008.

For additional discussion of impairment of intangible assets, refer to note 5 to our audited consolidated financial statements, included elsewhere in this prospectus.

Acquisition and integration costs

Acquisition and integration costs in 2010 include costs incurred in connection with our acquisitions of Planet Hollywood and Thistledown Racetrack, and costs associated with potential development and investment activities.

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.

Amortization of intangible assets

Amortization of intangible assets was lower in 2010 when compared to 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.

Interest Expense

Interest expense decreased $23.6 million for the nine months ended September 30, 2011, compared to the same period in 2010. Interest expense is reported net of capitalized interest of $12.3 million and $1.1 million for the nine months ended September 30, 2011 and 2010, respectively. The majority of the capitalized interest in 2011 relates to the construction that resumed on the Octavius Tower at Caesars Palace Las Vegas. Prior to the consideration of capitalized interest, interest expense decreased by $12.4 million for the nine months ended September 30, 2011, compared to the same period in 2010 due to changes in fair values of derivative instruments, the impact of 2011 swap amendments and lower outstanding debt levels during the nine-month period when compared to the same period in 2010. The decrease was partially offset by additional amortization of deferred losses frozen in Accumulated Other Comprehensive Loss, or AOCL, and additional interest expense associated with new debt issuances. Interest expense for the nine months ended September 30, 2011, as a result of interest rate swap agreements and interest rate cap agreements, includes (i) $74.3 million of gains due to measured ineffectiveness and amounts excluded from effectiveness testing for derivatives designated as hedging instruments; (ii) $11.9 million of expense due to changes in fair value for derivatives not designated as hedging instruments; and (iii) $59.8 million of expense due to amortization of deferred losses frozen in AOCL.

Interest expense increased by $89.1 million for the year ended December 31, 2010, compared to the same period in 2009. Interest expense is reported net of capitalized interest of $1.4 million and $32.4 million for the years ended December 31, 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 $58.1 million for the year ended December 31, 2010, compared to the same period in 2009 due primarily to (i) debt issuances 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 hedging designations related to our $6,500.0 million interest rate cap agreement related to our CMBS Financing and one interest rate swap agreement. Interest expense for the year ended December 31, 2010, as a result of interest rate swap agreements and interest rate cap agreements, included (i) $76.6 million of gains due to measured ineffectiveness for derivatives designated as hedging instruments; (ii) $1.9 million of expense due to changes in fair value for derivatives not designated as hedging instruments; and (iii) $36.3 million of expense due to amortization of deferred losses frozen in AOCL. At December 31, 2010, our variable-rate debt, excluding $5,810.1 million of variable-rate debt for which we entered into interest rate swap agreements, represented approximately 36% of our total debt, while our fixed-rate debt was approximately 64% of our total debt.

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 AOCL; and (iii) increased $12.1 million due to losses originally deferred in AOCL and subsequently reclassified to interest expense associated with hedges for which the forecasted future transactions were 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 entered into interest rate swap agreements, represented approximately 37% of our total debt, while our fixed-rate debt was approximately 63% of our total debt.

For additional discussion of interest expense, refer to note 7 to our audited consolidated financial statements, included elsewhere in this prospectus.

(Gains)/losses on early extinguishments of debt

During the nine months ended September 30, 2011, we recognized a pre-tax gain of $47.9 million on early extinguishments of debt as the result of March and April 2011 CMBS Loan repurchases. During the nine months ended September 30, 2010, we recognized a pre-tax net gain of $48.7 million on early extinguishments of debt as a result of repurchases of CMBS Loans and completion of an offering that retired outstanding senior and senior subordinated notes.

Pre-tax gains on early extinguishments of debt were $115.6 million in the year ended December 31, 2010. 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 agreed to pay lenders selling CMBS Loans during the fourth quarter of 2009 an additional $47.4 million for their loans previously sold. This additional liability was recorded as a pre-tax loss on early extinguishment of debt during the first quarter of 2010 and was paid during the fourth quarter of 2010.

In May 2010, we extinguished $216.8 million face value of bonds and paid down amounts outstanding under our revolving credit facility, recognizing a pre-tax loss on the transaction of $4.7 million.

In June 2010, we purchased $46.6 million face value of CMBS Loans for $22.6 million, recognizing a pre-tax net gain on the transaction of $23.3 million during the second quarter of 2010. In September 2010, in connection with the execution of an amendment to our CMBS Financing (as more fully discussed in Liquidity and Capital Resources below), 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.

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In December 2010, we purchased $191.3 million face value of CMBS Loans for $95.6 millions, recognizing a pre-tax net gain on the transaction of $66.9 million, net of deferred finance charges and discounts on the CMBS Loans.

Pre-tax gains on early extinguishments of debt of $4,965.5 million in the year ended December 31, 2009 related 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 CMBS Loans represented 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.

Pre-tax gains on early extinguishments of debt of $742.1 million in 2008 represented 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.

For additional discussion of extinguishments of debt, refer to note 7 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.

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 consolidated statement of operations for the year ended December 31, 2010. In addition, other income for all periods presented included insurance policy proceeds related to our deferred compensation plan.

Income tax (benefit)/provision

For the year ended December 31, 2010, we recorded a tax benefit of $468.7 million on pre-tax loss from operations of $1,292.0 million, compared with an income tax provision of $1,651.8 million on pre-tax income from operations of $2,498.2 million for the year ended December 31, 2009. Income tax benefit for the year ended December 31, 2010 was favorably impacted by the effects of state income tax benefits and other discrete items.

Income tax benefit for the year ended December 31, 2010 was primarily attributable to tax benefits associated with operating losses, partially offset by the non-deductibility of the impairment charges on goodwill and international income taxes. In 2009, income tax expense was primarily attributable to the tax impact of gains on early extinguishments of debt and the non-deductibility of the impairment charges on goodwill and other non-amortizing intangible assets. Refer to note 12 to our audited consolidated financial statements, 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 a 2005 hurricane that caused damage to our Grand Casino Gulfport property.

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Liquidity and Capital Resources

Cost Savings Initiatives

We have undertaken comprehensive cost-reduction efforts to right-size expenses with business levels. During the fourth quarter of 2010, we launched a new initiative to reinvent certain aspects of our functional and operating units in an effort to gain significant further cost reductions and streamline our operations.

For the nine months ended September 30, 2011, we realized cost savings of $237.4 million, and we have estimated cost savings yet-to-be realized of $202.5 million as of that date.

Capital Spending and Development

In addition to the current development and expansion projects discussed in Regional Operating Results , we incur capital expenditures in the normal course of business and we perform ongoing refurbishment and maintenance at our existing casino entertainment facilities to maintain our quality standards. We also continue to pursue development and acquisition opportunities for additional casino entertainment and other hospitality facilities that meet our strategic and return on investment criteria.

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 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. Our capital spending for the nine months ended September 30, 2011 totaled $196.8 million, which includes an increase of $31.9 million of construction payables. Estimated total capital expenditures for 2011, including 2011 expenditures associated with Project Linq and Project Octavius, are expected to be between $280.0 million and $350.0 million.

Our capital spending in 2010 and 2009 totaled $153.9 million and $409.3 million, which includes a decrease in construction payables of $6.8 million and $55.2 million, respectively. For the combined Predecessor and Successor periods of 2008, capital spending totaled $1,286.7 million, which includes a decrease in construction payables of $20.3 million.

Liquidity

Our cash and cash equivalents totaled $1,150.7 million, excluding restricted cash, at September 30, 2011 compared to $987.0 million at December 31, 2010. Restricted cash totaled $544.0 million at September 30, 2011 compared to $64.9 million at December 31, 2010. Nearly all of the restricted cash consists of cash reserved under loan agreements for development projects and certain expenditures incurred in the normal course of business, such as interest service, real estate taxes, property insurance, and capital improvements.

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The following provides a summary of our cash flows for the Successor periods ended December 31, 2010 and 2009, the Successor period from January 28, 2008 through December 31, 2008, and the Predecessor period from January 1, 2008 through January 27, 2008:

($ in millions)	Successor 2010	2009	Jan. 28, 2008 through Dec. 31, 2008	Predecessor Jan. 1, 2008 through Jan. 27, 2008	Combined 2008
Cash provided by operating activities	$ 170.8	$ 220.2	$ 522.1	$ 7.2	$ 529.3
Capital investments	(160.7)	(464.5)	(1,181.4)	(125.6)	(1,307.0)
Investments in and advances to non-consolidated affiliates	(64.0)	(66.9)	(5.9)		(5.9)
Investments in subsidiaries	(44.6)				
Cash acquired in business acquisitions, net of transaction costs	14.0				
Insurance proceeds for hurricane losses for continuing operations			98.1		98.1
Insurance proceeds for hurricane losses for discontinued operations			83.3		83.3
Payment for the Acquisition			(17,490.2)		(17,490.2)
Other investing activities	(32.6)	8.1	(18.1)	1.5	(16.6)
Cash flows provided by operating activities less cash flows used in investing activities	(117.1)	(303.1)	(17,992.1)	(116.9)	(18,109.0)
Cash provided by financing activities	187.4	570.7	18,027.0	17.3	18,044.3
Cash provided by discontinued operations			4.7	0.5	5.2
Effect of deconsolidation of variable interest entities	(1.4)				
Net increase/(decrease) in cash and cash equivalents	$ 68.9	$ 267.6	$ 39.6	$ (99.1)	$ (59.5)

We are a highly leveraged company and a significant amount of our liquidity needs are for debt service. As of September 30, 2011, we had $19,620.6 million book value of indebtedness outstanding and cash paid for interest for the nine months ended September 30, 2011 was $1,071.0 million. 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. Long-term obligations are expected to be paid through operating cash flows, refinancing of debt, joint venture partners or, if necessary, additional debt or equity offerings. We do not expect that any new financing is required to meet our obligations during the next twelve months.

Our operating cash inflows are used for operating expenses, debt service costs, working capital needs, and capital expenditures in the normal course of business. From time to time, we retire portions of our outstanding debt through open market purchases, privately negotiated transactions or otherwise, using available cash on hand or established debt programs.

In addition to cash flows from operations, available sources of cash include amounts available under our current revolving credit facility. At September 30, 2011, our additional borrowing capacity under the credit facility was $1,080.2 million.

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

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the financing sources discussed herein will be sufficient to meet our normal operating requirements during the next twelve months and to fund capital expenditures. We may consider issuing additional debt, or equity, in the future to refinance existing debt or to finance specific capital projects.

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. Any such actions could negatively impact our competitive position and revenue generation. 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. Of this loss, $170.9 million 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, $630.3 million of the 2009 taxable loss was carried back to 2006. We received an income tax refund of $220.8 million, net of interest due on the 2008 tax payable, in the fourth quarter 2010.

Capital Resources

A substantial portion of our financing is comprised of credit facility and notes financing obtained by CEOC. The CEOC financings are neither secured nor guaranteed by Caesars other wholly-owned subsidiaries, including certain subsidiaries that own properties that secure $5,031.5 million face value, as of September 30, 2011, of the CMBS Loans.

Please refer to note 5 to our unaudited consolidated condensed financial statements included elsewhere in this prospectus for details on our debt outstanding. This detail includes, among other things, a table presenting details on our individual borrowings outstanding as of September 30, 2011 and December 31, 2010, changes in our debt outstanding and certain changes in the terms of existing debt for the nine months ended September 30, 2011. Note 5 also includes details on interest and fees, restrictive covenants related to certain of our borrowings and the use of interest rate swap and interest rate cap derivatives to manage the mix of our debt between fixed and variable rate instruments.

Assuming extensions permitted under the CMBS Financing and the PHW Las Vegas senior secured loan discussed in note 5 to our unaudited consolidated condensed financial statements included elsewhere in this prospectus, the majority of our debt is due in 2015 and beyond. To extend the maturity of the CMBS Financing and PHW Las Vegas senior secured loan, we must meet certain terms and conditions under those loan agreements. With respect to the CMBS Financing, the initial maturity date of this loan is February 13, 2013, with two successive 1-year extension options. The conditions to the first extension of the initial maturity date to February 13, 2014 (the first extended maturity date) are (i) no default or event of default on the initial maturity date, (ii) notice of the election of the extension, (iii) delivery of an officer s certificate reaffirming and restating the representations and warranties in the loan agreements as of the initial maturity date, (iv) if the interest rate cap agreement then in effect is scheduled to mature prior to the first extended maturity date, the borrowers shall have obtained new or extended interest rate cap agreements extending the agreement through the first extended maturity date and (v) the borrowers shall have paid a 50 bps extension fee in respect of such extension. The conditions to the extension of the first extended maturity date to February 13, 2015 (the second extended maturity date) are (i) no default or event of default on the first extended maturity date, (ii) notice of the election of the extension, (iii) delivery of an officer s certificate reaffirming and restating the representations and warranties in the loan agreements as of the first extended maturity date, (iv) if the interest rate cap agreement then in effect is scheduled to mature prior to the second extended maturity date, the borrowers shall have obtained new or extended interest rate cap agreements extending the agreement through the second extended maturity date and (v) the borrowers shall have paid a 50 bps extension fee in respect of such extension.

With respect to the PHW Las Vegas senior secured loan, the initial maturity date of this loan was December 9, 2011, with two successive 2-year extension options. The first election to extend the initial maturity date was made prior to the initial maturity date and the maturity date has been extended to December 9, 2013 (the first extended maturity date). The conditions to the extension of the first extended maturity date to April 9, 2015 (the second extended maturity date) are (i) no default or event of default on the date that notice of the extension is given and on the first extended maturity date, (ii) notice of the election of the extension, (iii) the purchase of an interest rate cap (or provision of an acceptable alternative letter of credit or other support) with a strike price such that our Debt Service Coverage Ratio is at least 1.10:1.00 as of the first extended maturity date and (iv) the ratio of (a) the Adjusted Net Cash Flow (defined as gross income from operations less operating expenses less 3% of gross income from operations) for the trailing twelve calendar month period to (b) the outstanding principal balance of the loan as of the first extended maturity date is not less than 9%.

Certain of our borrowings have covenants and requirements that include, among other things, the maintenance of specific levels of financial ratios. 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. Specifically, CEOC s senior secured credit facilities require CEOC to maintain a senior secured leverage ratio of 4.75 to 1.0, which is the ratio of senior first priority secured debt to LTM Adjusted EBITDA-Pro Forma. This ratio excludes $2,095 million of first priority senior secured notes and up to $350.0 million aggregate principal amount of consolidated debt of subsidiaries that are not wholly owned. This ratio also reduces the amount of senior first priority secured debt by the amount of cash on hand that is not restricted cash (other than cash that is restricted solely by agreements governing permitted indebtedness or cage cash). As of September 30, 2011, CEOC s senior secured leverage ratio was 4.09 to 1.0.

In addition, certain covenants contained in CEOC s senior secured credit facilities and indentures covering its second priority senior secured notes and first priority senior secured notes restrict our ability to take certain actions such as incurring additional debt or making acquisitions if we are unable to meet a fixed charge coverage ratio (LTM Adjusted EBITDA-Pro Forma to fixed charges) of at least 2.0 to 1.0, a total first priority secured leverage ratio (first priority senior secured debt to LTM Adjusted EBITDA-Pro Forma) of no more than 4.5 to 1.0 and/or a consolidated leverage ratio (consolidated total debt to LTM Adjusted EBITDA-Pro Forma) of no more than 7.25 to 1.0. As of September 30, 2011, CEOC s total first priority secured leverage ratio and consolidated leverage ratio were 5.55 to 1.0 and 10.84 to 1.0, respectively. As of December 31, 2010, CEOC s earnings were insufficient to cover fixed charges by $86.7 million. For purposes of calculating the fixed charge coverage ratio, fixed charges includes consolidated interest expense less interest income and any cash dividends paid on preferred stock (other than amounts eliminated in consolidation). For purposes of calculating the total first priority secured leverage ratio and the consolidated leverage ratio, the amounts of first priority senior secured debt and consolidated total debt, respectively, are reduced by the amount of cash on hand that is not restricted cash (other than cash that is restricted solely by agreements governing permitted indebtedness or cage cash). The covenants that provide for the fixed charge coverage ratio, total first priority secured leverage ratio and consolidated leverage ratio described in this paragraph are not maintenance covenants.

As outlined above, we believe we are in compliance with CEOC s senior secured credit facilities and indentures, including the senior secured leverage ratio, as of September 30, 2011. If our LTM Adjusted EBITDA Pro Forma were to decline significantly from the level achieved at September 30, 2011, it could cause us to exceed the senior secured leverage ratio and could be an event of default under CEOC s credit agreement. However, we could implement certain actions in an effort to minimize the possibility of a breach of the senior secured leverage ratio, including reducing payroll and other operating costs, deferring or eliminating certain maintenance, delaying or deferring capital expenditures, or selling assets. In addition, under certain circumstances, our senior secured credit facilities allow us to apply cash contributions received by CEOC as a capital contribution to cure covenant breaches. However, there is no guarantee that such contributions will be able to be secured.

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Guarantees of Third-Party Debt and Other Obligations and Commitments

The tables below summarize our contractual obligations and other commitments as of December 31, 2010, which were not affected by this offering.

		Payments due by Period			
Contractual Obligations[(a)]	**Total**	**Less than 1 year**	**1-3 years**	**4-5 years**	**After 5 years**
			(In millions)		
Debt, face value[(c)]	$ 21,838.3	$ 51.8	$ 216.0	$ 12,104.8	$ 9,465.7
Capital lease obligations	9.4	5.2	4.2		
Estimated interest payments[(b)(c)]	9,366.1	1,645.4	3,080.0	2,537.6	2,103.1
Operating lease obligations	2,210.6	84.4	142.6	124.1	1,859.5
Purchase orders obligations	49.9	49.9			
Guaranteed payments to State of Louisiana[(d)]	15.0	15.0			
Community reinvestment	83.4	6.4	11.7	11.8	53.5
Construction commitments	35.9	35.9			
Entertainment obligations[(e)]	84.8	39.8	41.9	3.1	
Letters of credit	119.8	119.8			
Minimum payments to tribes[(f)]	16.9	12.8	3.5	0.6	
Other contractual obligations	578.3	91.2	118.8	92.4	275.9
	$ 34,408.4	$ 2,157.6	$ 3,618.7	$ 14,874.4	$ 13,757.7

(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 financial statements and note 12 to our audited consolidated financial statements included elsewhere in this prospectus.

(b) Estimated interest for variable rate debt included in this table is based on rates at December 31, 2010. Estimated interest includes the estimated impact of our interest rate swap and interest rate cap agreements.

(c) Estimated interest assumes the extension of maturities of the CMBS Loans from 2013 to 2015 and the PHW Las Vegas senior secured loan from 2011 to 2015, resulting in a net increase of interest of $469.1 million.

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

(e) Entertainment obligations represent obligations to pay performers that have contracts for future performances at one or more of our properties.

(f) 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 facilities now open is $1.2 million per month. Each of these casinos currently generates sufficient cash flows to cover all of its obligations, including its debt service.

The Eastern Band of Cherokee Indians renewed our management agreement for Harrah s Cherokee in North Carolina via an amendment (the Cherokee amendment) that includes a seven year term. The Cherokee amendment was approved by the National Indian Gaming Commission in September 2011. Our aggregate

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monthly commitment for the minimum guaranteed payments pursuant to the contracts for the three managed Indian-owned facilities did not change and extends for periods of up to 85 months from September 30, 2011. The aggregate commitment for the minimum guaranteed payments pursuant to the Cherokee amendment is $84.0 million over the contract term.

Other than the item mentioned above, as of September 30, 2011, there had been no material changes outside the ordinary course of business to our aggregated indebtedness and other known contractual obligations from December 31, 2010.

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, 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 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.

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Significant Accounting Policies and Estimates

We prepare our 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 summary of our significant accounting policies, please refer to 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 1, and note 2, respectively, to our unaudited consolidated condensed financial statements as of September 30, 2011, 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.

Property and Equipment

We have significant capital invested in our property and equipment and 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.

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During the third quarter of each year, we perform a preliminary annual assessment for impairment of goodwill and other intangible assets that are not subject to amortization as of September 30. In the fourth quarter we finalize our preliminary assessment as of September 30, done in the third quarter, once we finalize our 2012 operating plan and certain other assumptions. We perform assessments for impairment of goodwill and other intangible assets more frequently if impairment indicators exist.

There were no impairments indicated or recorded as a result of our preliminary annual assessment for impairment of goodwill and other intangible assets as of September 30, 2011. Changes to the preliminary 2012 operating plan or certain other assumptions could require us to update our assessment, which could result in an impairment charge.

During 2010, due to the relative impact of weak economic conditions on certain properties in the Other Nevada and Louisiana/Mississippi regions, we performed an interim assessment of goodwill and certain intangible assets for impairment during the second quarter, which resulted in an impairment charge of $100.0 million. During the third quarter, we completed a preliminary annual assessment of goodwill and other non-amortizing intangible assets as of September 30, which resulted in an impairment charge of $44.0 million. We finalized our annual assessment during the fourth quarter, and as a result of the final assessment, we recorded a charge of $49.0 million, which brought the aggregate charges recorded for the year ended December 31, 2010 to $193.0 million.

During 2009, we performed an interim assessment of goodwill and certain intangible assets for impairment during the second quarter, due to the relative impact of weak economic conditions on certain properties in the Las Vegas market, which resulted in an impairment charge of $297.1 million. During the third quarter, we completed a preliminary annual assessment of goodwill and other non-amortizing intangible assets as of September 30, which resulted in an impairment charge of $1,328.6 million. We finalized our annual assessment during the fourth quarter, and as a result of the final assessment, we recorded a charge of $12.3 million, which brought the aggregate charges recorded for the year ended December 31, 2009 to $1,638.0 million.

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 and excess earnings methods under the income approach.

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 deteriorates further in the near future, discount rates increase significantly, or we do not meet our projected performance, we could have additional impairment to record in the next twelve months within our financial statements, and such impairments could be material. This is especially true for our Las Vegas region, which has a significant portion of our total goodwill balance. 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 (referred to as 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 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.

In addition to reward credits, customers at certain of our properties can earn points based on play that are redeemable in cash (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.

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. 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. In estimating these reserves, 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 certain 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 estimates for these liabilities. We regularly 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 (including 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. We will record 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 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 (NOLs), and other deferred foreign and state tax assets. 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.

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We adopted the new accounting requirements 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 Balance Sheets, separate from any related income tax payable or deferred income taxes. Reserve amounts for uncertain tax positions 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 (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.

Derivative Instruments

We record all derivative instruments at fair value in the financial statements. 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 our credit rating if the derivative is a liability.

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 $22,513.6 million total face value of debt at September 30, 2011, we have entered into interest rate swap agreements to fix the interest rate on $5,750.0 million of variable rate debt, and $7,705.1 million of debt remains subject to variable interest rates, of which $5,549.2 million is subject to interest rate cap agreements.

We use interest rate swaps to manage the mix of our debt between fixed and variable rate instruments. As of September 30, 2011, we have entered into eight interest rate swap agreements for notional amounts totaling $5,750.0 million. 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.

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 $60 million. At September 30, 2011, the weighted average USD LIBOR rate on our variable rate debt was approximately 0.241%. A hypothetical reduction of this rate to 0% would decrease interest expense for the next twelve months by approximately $15 million.

We do not purchase or hold any derivative financial instruments for trading purposes.

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The table below provides information as of September 30, 2011, about our financial instruments that are sensitive to changes in interest rates, including the cash flows associated with the principal amounts of debt obligations, the notional amounts of interest rate derivative instruments 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, 2011.

($ in millions)	2011	2012	2013	2014	2015	Thereafter	Total	FMV
Long-term debt								
Fixed rate	$ 9.1	$ 34.9	$ 158.6	$ 28.6	$ 5,566.6	$ 10,184.0	$ 15,981.8	$ 12,505.5
Average interest rate	7.3%	7.6%	5.8%	7.7%	3.7%	9.5%	7.5%	
Variable rate	$ 2.5	$ 10.0	$ 10.0	$ 10.0	$ 5,559.2	$ 940.1	$ 6,531.8	$ 4,844.6
Average interest rate	9.5%	9.5%	9.5%	9.5%	4.2%	9.5%	4.2%	
Interest Rate Derivatives								
Interest rate swaps								
Variable to fixed[(1)]							$ 5,750.0	$ (354.8)
Average pay rate	3.3%	3.3%	3.3%	3.3%	3.3%		3.3%	
Average receive rate	0.3%	0.5%	0.6%	0.7%	0.9%		0.6%	
Interest rate cap[(2)]							$ 7,054.3	$ 0.3

(1) Expires in 2015.
(2) $554.3 million expired in 2011 and $6,500.0 million expires in 2013.

As of December 31, 2010 and 2009, 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 $8,435.1 million and $8,465.1 million, respectively. The interest rates charged on borrowings under these facilities are a function of LIBOR. As such, the interest rates charged to us for borrowings under the facilities are subject to change as LIBOR changes.

Foreign currency translation gains and losses were not material to our results of operations for the nine months ended September 30, 2011 and 2010, the year ended December 31, 2010, and 2009, the Successor period from January 28, 2008 through December 31, 2008, nor the Predecessor period from January 1, 2008 through January 27, 2008. 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.

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INDUSTRY

Introduction

Based on 2010 reported gaming revenues, we estimate the size of the global casino gaming industry in major gaming markets worldwide to be approximately $120 billion. Revenues in the United States are split among commercial casinos (including racetrack casinos) and tribal casinos at approximately $31 billion and approximately $27 billion, respectively. Domestic casino gaming revenues had steadily grown on an annualized basis to approximately $34 billion in 2007 until the last three years when, during the global economic recession, they contracted to $30.7 billion in 2009 and increased slightly to $30.9 billion in 2010.

US Commercial Casino Gaming

($ in billions)

Source: 2011 AGA Survey of Casino Entertainment.

The following key trends are currently affecting the U.S. gaming industry:

Liberalization of existing and new jurisdictions. Domestically, several states are in the process of either liberalizing 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, in 2010, Pennsylvania began allowing table games in casinos and in Ohio a voter referendum in November 2009 amended the state constitution to allow casinos in four cities.

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 limited availability of construction financing and the limited number of available licenses in certain jurisdictions. The lack of additional supply being introduced should provide stability for established enterprises and lead to increased revenues and profit. For example, in the Las Vegas market there are no planned large-scale casino projects expected to open in the near term

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 since 2010, as evidenced by increasing hotel occupancy, visitor counts and convention space booking.

Potential legalization of online gaming. Globally, online gaming is currently only legal in a limited number of jurisdictions, but additional jurisdictions, including the United States, are considering legalizing and regulating online gaming, most notably poker. Prior to the Unlawful Internet Gambling Enforcement Act being passed in 2006, published reports estimated that the United States online poker industry generated $1.5 billion in revenues.

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United States Commercial Gaming Industry

Casino gambling was first legalized in the U.S. by the State of Nevada in 1931. Since then, the industry has grown to 438 commercial casinos in 15 states with $30.9 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 28 states. According to Casino City s North American Gaming Almanac, there are over 735,000 slots and 28,000 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 2010, the Las Vegas Strip and Atlantic City generated $9.4 billion of revenue and accounted for approximately 30% 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 2010:

Top 10 Casino Markets in U.S. Based on Revenue (2010)

($ in billions)

Source: 2011 AGA Survey of Casino Entertainment.

Las Vegas

Las Vegas is the largest and most prominent gaming market in the U.S. with 176 licensed casinos, 126,786 nonrestricted slot machines, 4,440 licensed tables and $8.9 billion of gaming revenue in 2010 for Clark County. Las Vegas 148,935 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 destinations and draws travelers attracted to the city s fine dining, shopping, and entertainment, as well as the gaming facilities. The city drew 36.4 million and 37.3 million visitors in 2009 and 2010, respectively.

For most of its history, Las Vegas has demonstrated 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, 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.

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Las Vegas Hotel Room Supply and Visitation

(1990 LTM (8/30/2011))

Source: LVCVA.

During 2010 and the first half of 2011, visitation trends have been improving and LTM visitation (as of 8/30/2011) of 38.5 million is approaching the 2007 peak. Hotel occupancy rates have also improved from 83.5% in 2010 to 88.5% in 2011 (YTD occupancy rates as of October). In addition, Las Vegas revenue per available room and visitation showed positive year-over-year growth for 2011. Similarly, visitation trends at our Las Vegas properties are gradually improving.

Las Vegas Visitation Growth

(Y-o-Y change in Las Vegas visitation)

Source: LVCVA.

Lower room rates and airfares have drawn leisure travelers and improved the attractiveness of Las Vegas for conventions. This has been the primary generator of 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

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(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 $5.8 billion in 2010 (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 18 years, from 58% of total revenues in 1990 to just 44.9% in 2010.

Las Vegas gaming revenues have been gaining momentum in 2010 and 2011. Excluding baccarat due to volatility, gaming revenues have grown 5.8%, 6.8% and 2.2% in the first, second and third quarter of 2011, respectively. In addition, Las Vegas Strip gaming revenues reached $6.0 billion for the twelve months ended November 30, 2011.

Las Vegas Strip Gaming Revenue Growth

(Y-o-Y growth)

Source: Nevada Gaming Control Board.

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 opened new resorts over the last several years. 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 opened the Cosmopolitan, a new hotel-casino situated between the Bellagio and CityCenter, in December 2010. However, there are no planned large-scale casino projects expected to open in the near term.

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Trends in Las Vegas Continue to Improve

Consistent with these trends, we are investing capital in the Las Vegas market to further bolster our leading market position. The opening of the 662-room Octavius Tower in January 2012 marked the completion of the $860 million Caesars Palace expansion announced in 2007. This project included the addition of 110,000-square-feet of convention and meeting space, the augmentation of the Garden of the Gods, and the renovation of the Forum Tower. In addition, Project Linq, which is scheduled to open in mid to late 2013, will dramatically improve our food and beverage and retail offerings and will further solidify our leading position on the premier corner of the Strip.

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 approximately 27,000 slots, the Atlantic City market benefits from attractive demographics with 45 million adults within a 300 mile radius. 2010 brought 29.3 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 approximately $3.3 billion as of November 30, 2011. 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, and in July 2010 table games were introduced. Currently, ten facilities are open in Pennsylvania. Three of these casinos are in the Philadelphia area, with one additional scheduled to open in 2012.

Additionally, in 2007 Atlantic City enacted a smoking ban on 75% of the gaming floor space. 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. While this downward trend in gaming revenues continued through September 2011, gaming revenue achieved year-over-year positive growth in December 2011. We expect gaming revenues in Atlantic City to further stabilize as gaming expansion in the Mid-Atlantic region slows, and the Atlantic City Partnership, with the support of the New Jersey state government, focuses on four key areas to encourage future growth in the city: safety, marketing, regulatory reform and the Community Redevelopment Investment Act.

Revel Atlantic City, a 6.2 million square foot entertainment resort with a 1,090 room hotel and a 150,000 square foot casino, is currently under construction and is scheduled to open in mid-2012.

Regional Markets

Regional gaming markets have grown from $21.9 billion in 2008 to $23.2 billion to date (LTM November 30, 2011) as states continue to liberalize gaming regulations in order to generate increased economic growth and capture tax revenues. Customers are visiting these locations more often due to both their close proximity and as an alternative form of entertainment. States with (or expected to have) regional commercial gaming properties include Colorado, Illinois, Indiana, Iowa, Louisiana, Maryland, Michigan, Mississippi, Missouri, Pennsylvania, South Dakota, West Virginia, Delaware, Florida, Ohio and New York.

Regional Gaming Revenue Growth

(Y-o-Y gaming revenue growth, excludes Nevada and Atlantic City)

Source: State Gaming Control Boards.

Gaming Revenue Growth in Regional Markets Where We Operate

Recently, several states have considered expanding gaming. In 2004, Pennsylvania passed legislation to legalize slot machines and in July 2010 table games were introduced. Ohio authorized full-scale casino gaming in November 2009 by passing an amendment to the Ohio Constitution that allows casino gaming in specific locations in Cleveland, Cincinnati, Columbus and Toledo. Four casinos are under construction, including two

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Caesars managed properties (Horseshoe Cincinnati and Horseshoe Cleveland), and all are expected to open by 2013. In June 2011, the Ohio General Assembly passed a bill that would allow the state s seven racetracks to apply for a $50 million video lottery terminal license. This bill also allows racetracks in the state to relocate with the approval of the State Racing Commission. We intend to apply for a video lottery terminal license in Ohio in connection with our contribution of Thistledown Racetrack to a joint venture with Rock Gaming LLC.

The Illinois casino market grew on July 18, 2011, when Midwest Gaming opened its $450 million casino in Des Plaines, Illinois (approximately 35 minutes north of Chicago and adjacent to O Hare Airport). Illinois is also considering further gaming expansion, however, details are uncertain. In May 2011, the Illinois Senate passed a significant gaming expansion bill which would allow a new casino in Chicago, four additional riverboat casinos, slot machines at racetracks and state fair grounds, and increase the number of gaming positions at each riverboat casino. Illinois Governor Pat Quinn issued a statement in October 2011 indicating his opposition to the gaming bill, but support for a smaller, more moderate expansion. In response, the bill was scaled back with a reduced number of gaming positions, but kept in slots at racetracks, something Quinn opposes. On November 9, 2011, the revised bill was voted down by the Illinois House of Representatives. Supporters of the bill plan to continue negotiating the expansion details, but the final outcome remains uncertain.

In October 2011, the Florida First District Court of Appeals ruled that lawmakers can authorize slots anywhere in the state. Following this decision, a bill was filed that would allow for three large destination casino resorts in Broward and Miami-Dade Counties. The bill is still being reviewed by the Florida Senate and there is no certainty it will become law.

The Massachusetts House voted in September 2011 to approve an expanded gaming bill that would allow three destination casinos and one slot parlor. A similar bill was approved by the Massachusetts Senate in October 2011. The measure has since gone to a joint Massachusetts House-Senate Conference Committee to reconcile minor differences between the two bills before it is sent to Governor Deval Patrick. Governor Patrick has indicated that the bill includes all of the principals he insisted upon as a condition of his support, though there is no certainty that the bill will become law.

In October 2011, the New Hampshire House Ways and Means Committee voted to recommend that the full New Hampshire House consider a gaming bill that would allow two casinos in the state. The full New Hampshire House is expected vote on the bill sometime early next year.

The Commonwealth of Kentucky is considering proposed legislation legalizing casinos offering both slots and table games at eight racetrack locations throughout the state, including Bluegrass Downs, a harness racetrack that we own and operate, and Turfway Park, a thoroughbred racetrack in which we own a 50% interest.

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-end accommodations and different forms of entertainment, such as concerts, as a way to entice younger people to their casinos.

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BUSINESS

Overview

We are the world s most diversified casino-entertainment provider and the most geographically diverse U.S. casino-entertainment company. 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, 2011, 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, 2011, 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 across our network of properties. In addition, we own an online gaming business, providing for real money casino, bingo and poker games in the United Kingdom, alliances with online gaming providers in Italy and France, play for fun offerings in other jurisdictions, social games on Facebook and other social media websites, and mobile application platforms. 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 sales of lodging, food, beverages, and entertainment.

On January 28, 2008, Caesars was acquired by affiliates of the Sponsors in an all-cash transaction valued at $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, 2011:

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The following chart demonstrates our year-over-year to date property EBITDA performance by region.

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 and Harveys Resort & 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. We previously owned Bill s Casino in Lake Tahoe but closed the facility on January 4, 2010 and 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. In general, our Atlantic City properties generate a considerable percentage of our net revenue. Specifically, three of our top six revenue generating properties are located in Atlantic City. However, margins at these properties generally are lower than those of our properties located in other markets. If we were able to improve our margins at our Atlantic City properties by 3% to match the margins of operations at our next lowest regional market, this would result in $45 million incremental growth in income from operations.

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 raising our ownership interest to 95%.

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On January 20, 2012, we received notice that the minority owners have elected to exercise their put rights under an operating agreement with one of our wholly-owned subsidiaries. As a result, effective as of January 22, 2012, we are required to purchase from the minority owners ninety percent of their interest in Harrah s Chester. We expect to consummate this purchase in early February 2012. Upon consummation, we will have a 99.5% 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 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 The London Clubs in December 2006, we own or manage four casinos in London: the Sportsman, the Golden Nugget, The Playboy Club London (formerly known as the Rendezvous), and The Casino at the Empire. 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 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 2018. 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 own and operate Thistledown Racetrack which we acquired on July 28, 2010 and agreed as part of our venture with Rock Gaming LLC in Ohio, to contribute Thistledown Racetrack to the venture subject to certain criteria.

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 own an online gaming business, providing for real money casino, bingo and poker in the United Kingdom, alliances with online gaming providers in Italy and France, play for fun poker offerings in other jurisdictions, social games on Facebook and other social media websites and mobile application platforms. We intend to offer real money gaming in legally compliant jurisdictions going forward.

We also own Macau Orient Golf, which operates a golf course on 175 acres of prime real estate through a land concession 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. Our common stock has been approved for listing on Nasdaq and will trade under the symbol CZR.

Our Competitive Strengths

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

One of the industry s largest operators with leading market positions in numerous jurisdictions. We are one of the world s largest gaming companies (as measured by net revenues and individual casinos) and the most geographically diverse U.S. casino operator. As of September 30, 2011, 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. For example, in most of our markets during the twelve months ended September 30, 2011, our properties exceed the average slot gaming revenue per unit.

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, which we define as play by a guest in one of our properties outside the home market of their primary gaming property, through superior marketing and technological capabilities in combination with our nationwide casino network. 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 and all time high customer satisfaction scores during the quarter ended September 30, 2011, 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 not aware of another 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, an amendment to our CMBS Financing, including a two-year maturity extension, subject to certain conditions, and an amendment to our senior secured credit facilities pursuant to which a portion of the loan was extended by three years. Through these transactions, we have reduced the amount of our debt maturing from 2012 through 2014 from $7,000.6 million to $125.8 million. These debt maturities assume that we will exercise extension options on the CMBS Financing, moving its maturity from 2013 to 2015. We have also reduced our annual interest expense through these transactions by approximately $94.0 million. Further, these transactions have enhanced our liquidity. As of September 30, 2011, we had approximately $1.2 billion of cash and cash equivalents, excluding $544.0 million in restricted cash, and $1.1 billion available under our revolving credit facility. Although we have $22,513.6 million face value of total debt outstanding at September 30, 2011, only $45.5 million of this debt is due within the next 12 months, with minimal near-term maturities thereafter, after taking into account our exercise of the extension options with respect to the CMBS Financing and the Planet Hollywood debt. Therefore, we believe that our significant liquidity combined with our debt maturity profile positions us well to capitalize on growth opportunities and an extended 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 W. 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

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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 27 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 184% 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 vast footprint in the U.S., enables us to profitably stimulate substantial cross-market play. 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 in 2010, in large part due to our ability to stimulate cross-market play. Cross-market play represents 70% and 60% 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 on average 25% higher than the industry average in those markets for the first nine months of 2011. 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 revenues.

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 Income from Operations. A key determinant of hotel revenues is the ADR that is charged. Increases in ADR would drive nearly a dollar for dollar improvement in Income from Operations 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 Income from Operations of approximately $65 million. Our average system-wide ADR was $111 in 2007, compared to $91 during the last twelve months ended September 30, 2011. Likewise, we anticipate that a $5 improvement per rated customer gaming trip would equate to an improvement to annual Income from Operations of approximately $95 million, and a $5 improvement in spend per unrated customer gaming trip would equate to an improvement to annual Income from Operations of approximately $79 million. Average spending per rated customer gaming trip declined from $178 in 2007 to $162 during the last twelve months ended September 30, 2011. 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. As of September 30, 2011, we have achieved a 17% reduction in our full time equivalent labor force, which refers to the aggregate hours worked by our employees assuming a standard eight-hour day, and a 22% increased efficiency in the ratio of occupied rooms in our properties per each full time equivalent employee. For example, the reduction of four hours per week for ten employees yields a reduction of one full time equivalent employee in our labor force per week. 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 achieve consistently high efficiency rates. For example, our Kaizen efforts help our operations teams to identify more efficient ways to operate their respective businesses and provide direct management with the tools to monitor progress and to assist in the early identification of variances to the planned processes.

Additionally, we consolidated activities, refined our target marketing efforts, and drove procurement efficiencies. Moreover, we have achieved these cost savings while achieving record customer satisfaction levels since the cost savings initiatives were implemented. To further ensure that our operating structure is designed in the most effective and efficient way, in the fourth quarter of 2010, we embarked on a reorganization we refer to as Project Renewal. Under Project Renewal, our management team was challenged to review all of our key decision making procedures and lines of business and to identify the optimum way of structuring them given our breadth and scale of product offerings. As a result of the process, in the third quarter of 2011, we designed a unique shared services organization that will enable more efficient decision making and sharing of best practices. This organization includes business analytics, meetings and conventions, retail, database marketing, VIP marketing, our flight program, and other key areas of our operations. We anticipate that our company will have a permanently lower cost structure and will benefit from greater concentration of specified talent and quicker decision making. We will continue to make progress on Project Renewal and anticipate reaching our $400 million target and full implementation run rate at the end of 2012. To ensure that the impact from Project Renewal is reflected in our financial performance and that each planned initiative is executed, we track our progress centrally and in a detailed fashion. The savings value for each initiative is calculated by predicting the change in the expense level compared to the current expense level under constant business volumes and conditions.

As of September 30, 2011, we have realized approximately $135 million in savings associated with Project Renewal. We classify initiatives that are identified and are in the process of being implemented as yet to be realized identified estimated cost savings. For the purposes of our senior secured leverage ratio under our credit agreement, this amount can be added back into the EBITDA calculation to calculate Adjusted EBITDA. As of September 30, 2011, the yet to be realized identified estimated cost savings was $202.5 million. This figure increases as new initiatives that are part of Project Renewal are identified and get implemented, and decrease as the actual results become reflected in our cost structure. 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 Pro Forma, which would have a negative effect on our results of operations and negatively impact our covenant calculation and could have a negative effect on our stock price on page 29 of this prospectus.

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 intend to pursue these acquisitions from time to time. 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, we executed a definitive agreement in December 2010 with Rock Gaming LLC to jointly develop, and for us to manage, two of four authorized casinos in the state of Ohio, Horseshoe Cleveland and Horseshoe Cincinnati. As part of our investment, we agreed to contribute Thistledown

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Racetrack, a non-casino racetrack located outside Cleveland, to the venture, subject to certain conditions. The venture obtained financing for the casinos in August 2011 and we expect Horseshoe Cleveland to open in the second quarter of 2012 and Horseshoe Cincinnati to open in the second quarter of 2013. Commencement of operations of Horseshoe Cleveland and Horseshoe Cincinnati is subject to the receipt of gaming licenses. Along with Rock Gaming LLC and local investors in Maryland, in September 2011, a Caesars led group submitted a bid for a license to develop a video lottery terminal facility in Baltimore. Completion of the Baltimore license bid 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. In addition, we intend to apply for a video lottery terminal license in Ohio in connection with our contribution of Thistledown Racetrack to Rock Gaming LLC. We believe there will be expansion opportunities in newly created U.S. regional markets due to continued legalization of gaming in new jurisdictions. Further, we believe that due to the continued global economic downturn, there will be opportunities to acquire assets at attractive valuations, such as our 2010 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 acquisition, development and construction of new hotels, casinos and gaming and non-gaming venues and the expansion of existing ones could have an adverse effect on our business, financial condition and results of operations due to various factors, including delays, cost overruns and other uncertainties and Risk Factors Risks Related to Our Business We may not realize all of the anticipated benefits of current or potential future acquisitions 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 operate a golf course on 175 acres of prime real estate through a land concession on the Cotai strip in Macau. We believe that we remain well-positioned for international gaming growth and legalization in Asia and Europe. We are investigating various opportunities to own, operate or manage international resorts and casinos. These opportunities are at varying stages of development, such as due diligence investigations, executed confidentiality agreements, and other discussions regarding potential projects, which may or may not come to fruition. We will continue to evaluate and pursue opportunities to own, operate or manage international casinos and resorts. Our Caesars brand remains the most recognized casino brand in the world, and we plan to leverage the power of this brand, and our other brands, as we expand into international markets. For example, the Macau and Singapore gaming markets generated approximately $33.0 billion and $4.2 billion in gross gaming revenues, respectively, for the twelve months ended November 2011. In addition to international gaming opportunities, we are also actively pursuing non-gaming management, branding, and development opportunities in Asia and other parts of the world where our brands and reputation are already well-recognized assets. Demand in China s luxury hotel segment grew 27% in 2010 compared to 2009. In order to accommodate such rapid growth, we estimate that the supply of hotel rooms in China would need to grow 800% to match comparable U.S. hotel supply. In 2011, we formed a group to focus on this opportunity called Caesars Global Life. In September 2011, we announced our first project, a management and branding agreement for a development, whose equity will be provided by a third party, that will be called Caesars Palace Longmu Bay. Located in Hainan, China, and at a projected cost to the owner of $470 million, it is expected to open in 2014 and will contain a 1,000-room, five-star hotel with a marina, spa, retail, gourmet dining and other amenities, including 36 holes of golf. This project will be the foundation for our expansion in China and throughout the entire Asia-Pacific region, where we expect to participate in the development of a total of 25 hotels and resorts over the next five years. See Risk Factors Risks Related to Our Business The acquisition, development and construction of new hotels, casinos and gaming and non-gaming venues and the expansion of existing ones could have an adverse effect on our business, financial condition and results of operations due to various factors, including delays, cost overruns and other uncertainties and Risk Factors Risks Related to Our Business The risks associated with international operations could reduce our profits for a discussion of the risks relating to this strategy.

Continue to grow our online business. Our globally recognized World Series of Poker and Caesars brands and our dedicated online gaming management team position us to take advantage of opportunities in the global

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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 World Series of Poker and Caesars-branded poker, bingo and casino online sites in the United Kingdom. We also have alliances with online gaming providers in Italy and France. 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 those and other jurisdictions. In May 2011, we purchased a majority stake in Playtika Ltd., or Playtika, a social games company located in Israel, and in December 2011, purchased the remaining outstanding shares of Playtika. Playtika develops social games for Facebook and other social networking websites and mobile games. Playtika s Slotomania is the second most popular casino game application on Facebook with approximately 1.8 million daily active users. In addition, we will continue to expand our World Series of Poker tournaments to international jurisdictions where we believe there is a likelihood of legalization of online gaming, in order to grow the brand s awareness. We believe that the expansion of online gaming offerings for real money, for-fun and social and mobile games 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 offerings.

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. An H2 Gaming Capital study conducted in 2010 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. Congressional leaders are becoming more aware of the acute need to regulate internet poker, to put in place consumer protections and law enforcement safeguards and to allow U.S. companies to provide these services to Americans. The Internet Gambling Regulation, Consumer Protection and Enforcement Act (HR 2267), currently being deliberated by Congress, contemplates the legalization of online gaming in the United States. If enacted, estimates suggest, as shown on the next chart, that the U.S. online poker market will grow substantially during the next seven years given historical growth rates in active users.

Forecast Regulated U.S. Internet Poker All States[1] ($bn)

Source: H2 Gambling Capital, Internet Poker A Financial Assessment of the Global Marketplace.

(1) Assumes online poker is legalized in the U.S.

We plan to proliferate the World Series of Poker brand, and to acquire customers across a number of interactive channels. We continue to be among the leaders in iTunes app downloads with over six million

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downloads to date. Also, in July 2010, we launched a play for fun site, accessible through WSOP.com, which allows players to learn and play poker for fun and to win seats at the World Series of Poker land-based events. Therefore, by combining the smartphone, internet download and social network platforms, we are positioned to leverage our brands 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 North American distribution system of casino entertainment facilities provides us the ability to capture a disproportionate share of our customers entertainment wallet when they travel among markets, which is core to our cross-market strategy. 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 our distribution system, allows us to capture a growing share of our customers entertainment budget and compete more effectively.

Our Total Rewards program is structured in tiers, providing customers an incentive to consolidate their entertainment spend at our casinos. Total Rewards customers are able to earn Reward Credits at essentially all of our casino entertainment facilities located in the U.S. and Canada for on-property entertainment experiences including gaming, hotel, dining and retail shopping. Total Rewards members can also redeem Reward Credits for on-property amenities, or other off-property items such as merchandise, gift cards and travel. Depending on their level of play with us in a calendar year, customers earn status within the Total Rewards Program Gold, Platinum, Diamond, or Seven Stars each with increasing sets of benefits. Separately, customers are provided promotional offers and rewards based on the ways that they choose to engage with us. These benefits encourage new customers to join Total Rewards, and provide existing customers an incentive to consolidate their play at our casinos.

We have developed a database containing information about our customers, aspects of their casino gaming play and their preferred spending choices outside of gaming. We use this information for marketing promotions, including through direct mail campaigns, the use of electronic mail, our website, mobile devices, social media and interactive slot machines, which are slot machines that have interactive marketing capabilities to talk to the customers.

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 2030.

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®,

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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 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 Planet Hollywood in 2010, our renovated and expanded facility in Hammond, Indiana and our expansion at Caesars Palace. 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 deferred completion of the planned 662-room hotel tower, the Octavius Tower, due to economic conditions impacting the Las Vegas tourism sector. 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. We opened the remaining rooms and suites in the Octavius Tower in January 2012. The total capital expenditures for the project, including the Octavius Tower, were approximately $650 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.

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In June 2010, we announced our plans for Project 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 mid to late 2013. The estimated $489.0 million project anticipates the construction of bars, restaurants, shops and entertainment along a 1,320-foot pedestrian walkway. 16 bars and restaurants opening to the street will be anchored by a giant observation wheel that will reach heights of over 550 feet. We intend to rely on foot traffic in this area to capture an increased share of existing visitors entertainment budget. We raised $450.0 million to develop Project Linq and finish the Octavius Tower, of which approximately $344 million will be used for Project Linq.

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, we 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 the acquisition are consolidated with our results. In connection with this acquisition, we paid $42.5 million during July 2010 to acquire the assets of Thistledown Racetrack.

In December 2010, we reached definitive agreement with Rock Gaming LLC to jointly develop, and for us to manage, Horseshoe Cleveland and Horseshoe Cincinnati, two casinos located in Cleveland, Ohio and Cincinnati, Ohio, respectively. As part of our investment, we agreed to contribute Thistledown Racetrack to the venture subject to certain conditions.

Maryland. In September 2011, we filed an application with the State of Maryland for the license to operate a video lottery terminal facility in the City of Baltimore. The application was filed on behalf of a venture that includes Caesars as the lead investor and facility manager, Rock Gaming LLC and other local investors.

Macau. In September 2007, we acquired a company with the right to operate a golf course on 175 acres of prime real estate through a land concession on the Cotai strip 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 have completed renovations of the existing clubhouse to add certain amenities, meeting facilities, and a restaurant.

Employee Relations

We have approximately 70,000 employees through our various subsidiaries. Approximately 28,000 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 2014 and 2016 and our collective bargaining agreements with our employees located at our Las Vegas properties expire at various times throughout 2012 and 2013.

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Properties

The following table sets forth information about our casino entertainment facilities as of September 30, 2011, 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	2,870	170	2,590
Showboat Atlantic City	Land-based	120,100	2,600	110	1,330
Bally s Atlantic City	Land-based	167,200	3,300	210	1,760
Caesars Atlantic City	Land-based	140,800	2,350	180	1,140
Las Vegas, Nevada					
Harrah s Las Vegas	Land-based	90,600	1,400	110	2,530
Rio	Land-based	117,300	1,110	90	2,520
Caesars Palace	Land-based	134,600	1,390	160	3,090
Paris Las Vegas	Land-based	95,300	1,080	90	2,920
Bally s Las Vegas	Land-based	66,200	1,020	60	2,810
Flamingo Las Vegas[(b)]	Land-based	91,000	1,340	150	3,350
Imperial Palace	Land-based	118,000	780	50	2,640
Bill s Gamblin Hall & Saloon	Land-based	42,525	370	50	200
Hot Spot Oasis	Land-based	1,000	15		
Planet Hollywood Resort and Casino	Land-based	108,900	1,160	90	2,500
Laughlin, Nevada					
Harrah s Laughlin	Land-based	56,000	880	30	1,510
Reno, Nevada					
Harrah s Reno	Land-based	41,600	810	40	930
Lake Tahoe, Nevada					
Harrah s Lake Tahoe	Land-based	57,500	820	70	510
Harveys Lake Tahoe	Land-based	71,500	780	70	740
Chicago, Illinois area					
Harrah s Joliet (Illinois)[(c)]	Dockside	38,900	1,140	30	200
Horseshoe Hammond (Indiana)	Dockside	108,200	3,100	150	
Metropolis, Illinois					
Harrah s Metropolis	Dockside	31,000	1,160	30	260
Southern Indiana					
Horseshoe Southern Indiana	Dockside	86,600	1,790	110	500
Council Bluffs, Iowa					
Harrah s Council Bluffs	Dockside	28,000	800	30	250
Horseshoe Council Bluffs[(d)]	Greyhound racing facility and land-based casino	78,800	1,790	70	
Tunica, Mississippi					
Horseshoe Tunica	Dockside	63,000	1,500	80	510
Harrah s Tunica	Dockside	136,000	1,380	60	1,360
Tunica Roadhouse Hotel & Casino[(e)]	Dockside	31,000	760	30	130

Property	Type of Casino	Casino Space Sq. Ft.[(a)]	Slot Machines[(a)]	Table Games[(a)]	Hotel Rooms and Suites[(a)]
Mississippi Gulf Coast					
Grand Casino Biloxi	Dockside	28,800	740	30	450
St. Louis, Missouri					
Harrah s St. Louis	Dockside	109,000	2,500	90	500
North Kansas City, Missouri					
Harrah s North Kansas City	Dockside	60,100	1,560	60	390
New Orleans, Louisiana					
Harrah s New Orleans	Land-based	125,100	2,000	120	450
Bossier City, Louisiana					
Louisiana Downs[(f)]	Thoroughbred racing facility and land-based casino	14,900	1,070		
Horseshoe Bossier City	Dockside	29,900	1,330	80	610
Chester, Pennsylvania					
Harrah s Chester[(k)]	Harness racing facility and land-based casino	110,500	2,960	120	
Phoenix, Arizona					
Harrah s Ak-Chin[(h)]	Indian Reservation	38,300	1,090	30	300
Cherokee, North Carolina					
Harrah s Cherokee[(h)]	Indian Reservation	132,700	3,450	50	1,110
San Diego, California					
Harrah s Rincon[(h)]	Indian Reservation	72,900	1,990	70	660
Punta del Este, Uruguay					
Conrad Punta del Este Resort and Casino[(g)]	Land-based	44,500	500	50	270
Ontario, Canada					
Caesars Windsor[(i)]	Land-based	100,000	2,320	80	760
United Kingdom					
Golden Nugget	Land-based	5,100	40	20	
Playboy London Club	Land-based	6,200	18	20	
The Sportsman	Land-based	5,200	50	20	
Rendezvous Brighton	Land-based	7,800	80	30	
Rendezvous Southend-on-Sea	Land-based	8,700	50	30	
Manchester235	Land-based	11,500	60	30	
The Casino at the Empire	Land-based	20,900	100	40	
Alea Nottingham	Land-based	10,000	50	20	
Alea Glasgow	Land-based	15,000	50	30	
Alea Leeds	Land-based	10,300	50	30	
Egypt					
The London Clubs Cairo-Ramses	Land-based	2,700	40	20	
Caesars Cairo	Land-based	5,500	30	30	
South Africa					
Emerald Safari[(j)]	Land-based	37,700	660	30	190

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(a) Approximate.
(b) Information includes O Shea s Casino which is adjacent to this property.
(c) We have an 80% ownership interest in and manage this property.
(d) The property is owned by us, leased to the operator, and managed by us for the operator for a fee pursuant to an agreement that expires in October 2024. This information includes the Bluffs Run greyhound racetrack that operates at the property.
(e) Prior to December 2009, this property operated under the Sheraton Tunica name.
(f) We own a 49% share of a joint venture that owns a 150-room hotel located near the property.
(g) We have approximately 95% ownership interest in and manage this property.
(h) Managed.
(i) We have a 50% interest in Windsor Casino Limited, which operates this property. The Province of Ontario owns the complex.
(j) We have a 70% interest in and manage this property.
(k) We have a 95% ownership interest in and manage this property. On January 20, 2012, we received notice that the minority owners have elected to exercise their put rights under an operating agreement with one of our wholly-owned subsidiaries. As a result, effective as of January 22, 2012, we are required to purchase from the minority owners ninety percent of their interest in Harrah s Chester. We expect to consummate this purchase in early February 2012. Upon consummation, we will have a 99.5% ownership interest in this property.

Legal Proceedings

We are a party to ordinary and routine litigation incidental to our business. We do not expect the outcome of any pending litigation to have a material adverse effect on our operating results, liquidity or financial position.

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GAMING REGULATORY OVERVIEW

General

The ownership and operation of casino entertainment facilities are subject to pervasive regulation under the laws, rules and regulations of each of the jurisdictions in which we operate. Gaming laws are based upon declarations of public policy designed to ensure that gaming is conducted honestly, competitively and free of criminal and corruptive elements. Since the continued growth and success of gaming is dependent upon public confidence, gaming laws protect gaming consumers and the viability and integrity of the gaming industry, including prevention of cheating and fraudulent practices. Gaming laws may also be designed to protect and maximize state and local revenues derived through taxation and licensing fees imposed on gaming industry participants and enhance economic development and tourism. To accomplish these public policy goals, gaming laws establish procedures to ensure that participants in the gaming industry meet certain standards of character and fitness, or suitability. In addition, gaming laws require gaming industry participants to:

- Establish and maintain responsible accounting practices and procedures;
- Maintain effective controls over their financial practices, including establishment of minimum procedures for internal fiscal affairs and the safeguarding of assets and revenues;
- Maintain systems for reliable record keeping;
- File periodic reports with gaming regulators; and
- Maintain strict compliance with various laws, regulations and required minimum internal controls pertaining to gaming.

Typically, regulatory environments in the jurisdictions in which we operate are established by statute and are administered by a regulatory agency or agencies with interpretive authority with respect to gaming laws and regulations and broad discretion to regulate the affairs of owners, managers, and persons/entities with financial interests in gaming operations. Among other things, gaming authorities in the various jurisdictions in which we operate:

- Adopt rules and regulations under the implementing statutes;
- Make appropriate investigations to determine if there has been any violation of laws or regulations;
- Enforce gaming laws and impose disciplinary sanctions for violations, including fines and penalties;
- Review the character and fitness of participants in gaming operations and make determinations regarding their suitability or qualification for licensure;
- Grant licenses for participation in gaming operations;

Collect and review reports and information submitted by participants in gaming operations;

Review and approve transactions, such as acquisitions or change-of-control transactions of gaming industry participants, securities offerings and debt transactions engaged in by such participants; and

Establish and collect fees and/or taxes.

Licensing and Suitability Determinations

Gaming laws require us, each of our subsidiaries engaged in gaming operations, certain of our directors, officers and employees, and in some cases, our stockholders and holders of our debt securities, to obtain licenses or findings of suitability from gaming authorities. Licenses or findings of suitability typically require a determination that the applicant qualifies or is suitable. Gaming authorities have very broad discretion in determining whether an applicant qualifies for licensing or should be deemed suitable. Subject to certain

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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. Criteria used in determining whether to grant a license or finding of suitability, while varying between jurisdictions, generally include consideration of factors such as:

- The financial stability, integrity and responsibility of the applicant, including whether the operation is adequately capitalized in the jurisdiction and exhibits the ability to maintain adequate insurance levels;
- The quality of the applicant s casino facilities;
- The amount of revenue to be derived by the applicable jurisdiction through operation of the applicant s gaming facility;
- The applicant s practices with respect to minority hiring and training; and
- The effect on competition and general impact on the community.

In evaluating individual applicants, gaming authorities consider the individual s reputation for good character and criminal and financial history and the character of those with whom the individual associates.

Many jurisdictions limit the number of licenses granted to operate gaming facilities within the jurisdiction, and some jurisdictions limit the number of licenses granted to any one gaming operator or the number of gaming licenses in which a person may hold an ownership or controlling interest. For example, in Indiana the state law provides that a person may not have an ownership interest in more than two riverboat licenses, which allows us to only hold two riverboat licenses. Furthermore, in Pennsylvania the state law provides that a person may, hold only an ownership interest in one gaming license and up to one third of another. Licenses under gaming laws are generally not transferable unless the transfer is approved by the requisite regulatory agency. Licenses in many of the jurisdictions in which we conduct gaming operations are granted for limited durations and require renewal from time to time. In Iowa, our ability to continue our casino 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; a referendum occurred in 2002 and on November 2, 2010. Our New Orleans casino operates under a contract with the Louisiana gaming authorities which extends until 2014, with a ten year renewal period. There can be no assurance that any of our licenses or any of the above mentioned contracts will be renewed, or with respect to our gaming operations in Iowa that continued gaming activity will be approved in any referendum.

Most jurisdictions have statutory or regulatory provisions that govern the required action that must be taken in the event that a license is revoked or not renewed. For example, under Indiana law, a trustee approved by gaming authorities will assume complete operational control of our riverboat and related property in the event our license is revoked or not renewed, and will be authorized to take any action necessary to sell the riverboats and related property if we are unable to find a suitable buyer within 180 days.

In addition to us and our direct and indirect subsidiaries engaged in gaming operations, gaming authorities may investigate any individual or entity having a material relationship to, or material involvement with, any of these entities to determine whether such individual is suitable or should be licensed as a business associate of a gaming licensee. Certain jurisdictions require that any change in our directors or officers, including the directors or officers of our subsidiaries, must be approved by the requisite regulatory agency. Our officers, directors and certain key employees must also file applications with the gaming authorities and may be required to be licensed, qualified or be found suitable in many jurisdictions. Gaming authorities may deny an application for licensing for any cause which they deem reasonable. Qualification and suitability determinations require submission of detailed personal and financial information followed by a thorough investigation. The burden of demonstrating suitability is on the applicant, who must pay all the costs of the investigation. Changes in licensed positions must be reported to gaming authorities and in addition to their authority to deny an application for licensure, qualification or a finding of suitability, gaming authorities have jurisdiction to disapprove of a change in a corporate position.

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If gaming authorities were to find that an officer, director or key employee fails to qualify or is unsuitable for licensing or unsuitable to continue having a relationship with us, we would have to sever all relationships with such person. In addition, gaming authorities may require us to terminate the employment of any person who refuses to file appropriate applications.

Moreover, in many jurisdictions, any of our stockholders or holders of our debt securities may be required to file an application, be investigated, and qualify or have his, her or its suitability determined. 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, such as Caesars 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 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 Gaming Board, a sum of money which, in the sole discretion of the Gaming 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 Gaming 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, shall not be able to 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, such as Caesars, 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 our 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. Most gaming authorities, however, allow an institutional investor to apply for a waiver that allows the institutional investor to acquire, in most cases, up to 15% of our voting securities without applying for qualification or a finding of suitability. An institutional investor is generally defined as an investor acquiring and holding voting securities in the ordinary course of business as an institutional investor, and not for the purpose of causing, directly or indirectly, the election of a majority of the members of our Board, any change in our corporate charter, bylaws, management, policies or operations, or those of any of our gaming affiliates, or the taking of any other action which gaming authorities find to be inconsistent with holding our voting securities for investment purposes only. An application for a waiver as an institutional investor requires the submission of detailed information about the company and its regulatory filings, the name of each person that beneficially owns more than 5% of the institutional investor s voting securities or other equivalent and a certification made under oath or penalty for perjury, that the voting securities were acquired and are held for investment purposes only. Even if a waiver is granted, an institutional investor generally may not take any action inconsistent with its status when the waiver was granted without once again becoming subject to the foregoing reporting and application obligations. A change in the investment intent of an institutional investor must be reported to certain regulatory authorities immediately after its decision.

Although the above describes the process in many jurisdictions, some differ. For example, under Ohio law, an institutional investor, which is broadly defined and includes any corporation, that holds any amount of our stock will be required to apply for and obtain a waiver of suitability determination.

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Notwithstanding, each person who acquires directly or indirectly, beneficial ownership of any voting security, or beneficial or record ownership of any debt security in our company may be required to be found suitable if a gaming authority has reason to believe that such person s acquisition of that ownership would otherwise be inconsistent with the declared policy of the jurisdiction.

Generally, any person who fails or refuses to apply for a finding of suitability or a license within the prescribed period after being advised it is required by gaming authorities may be denied a license or found unsuitable, as applicable. The same restrictions may also apply to a record owner if the record owner, after request, fails to identify the beneficial owner. Any person found unsuitable or denied a license and who holds, directly or indirectly, any beneficial ownership of our securities beyond such period of time as may be prescribed by the applicable gaming authorities may be guilty of a criminal offense. Furthermore, we may be subject to disciplinary action if, after we receive notice that a person is unsuitable to be a stockholder or to have any other relationship with us or any of our subsidiaries, we:

- pay that person any dividend or interest upon our voting securities;
- allow that person to exercise, directly or indirectly, any voting right conferred through securities held by that person;
- pay remuneration in any form to that person for services rendered or otherwise; or
- fail to pursue all lawful efforts to require such unsuitable person to relinquish his voting securities including, if necessary, the immediate purchase of said voting securities for cash at fair market value.

Although many jurisdictions generally do not require the individual holders of debt securities such as notes to be investigated and found suitable, gaming authorities may nevertheless retain the discretion to do so for any reason, including but not limited to, a default, or where the holder of the debt instruments exercises a material influence over the gaming operations of the entity in question. Any holder of debt securities required to apply for a finding of suitability or otherwise qualify must generally pay all investigative fees and costs of the gaming authority in connection with such an investigation. If the gaming authority determines that a person is unsuitable to own a debt security, we may be subject to disciplinary action, including the loss of our approvals, if without the prior approval of the gaming authority, we:

- pay to the unsuitable person any dividend, interest or any distribution whatsoever;
- recognize any voting right by the unsuitable person in connection with those securities;
- pay the unsuitable person remuneration in any form; or
- make any payment to the unsuitable person by way of principal, redemption, conversion exchange, liquidation or similar transaction.

Certain jurisdictions impose similar restrictions in connection with debt securities and retain the right to require holders of debt securities to apply for a license or otherwise be found suitable by the gaming authority.

Under New Jersey gaming laws, if a holder of our debt or equity securities is required to qualify, the holder may be required to file an application for qualification or divest itself of the securities. If the holder files an application for qualification, it must place the securities in trust with an approved trustee. If the gaming regulatory authorities approve interim authorization, and while the application for plenary qualification is pending, such holder may, through the approved trustee, continue to exercise all rights incident to the ownership of the securities. If the gaming regulatory authorities deny interim authorization, the trust shall become operative and the trustee shall have the authority to exercise all the rights incident to ownership, including the authority to dispose of the securities and the security holder shall have no right to participate in casino earnings and may only receive a return on its investment in an amount not to exceed the lower of actual cost of the investment (as defined by New Jersey gaming laws or the value of the securities on the date the trust becomes operative). If the security holder obtains interim authorization but the gaming authorities later find reasonable cause to believe that the security holder may be found unqualified, the trust shall become operative and the trustee shall have the authority to exercise all rights incident to ownership pending a determination on such holder s qualifications. However, during the period the securities remain in trust, the security holder may petition the New Jersey gaming authorities to direct the trustee to dispose of the trust property and distribute proceeds of the trust to the security holder in an amount not to exceed the lower of the actual cost of the investment or the value of the securities on the date the trust became operative. If the security holder is ultimately found unqualified, the trustee is required to sell the securities and to distribute the proceeds of the sale to the applicant in an amount not exceeding the lower of the actual cost of the investment or the value of the securities on the date the trust became operative and to distribute the remaining proceeds to the state. If the security holder is found qualified, the trust agreement will be terminated.

Additionally, the Certificates of Incorporation of Caesars and CEOC contains provisions establishing the right to redeem the securities of disqualified holders if necessary to avoid any regulatory sanctions, to prevent the loss or to secure the reinstatement of any license or franchise, or if such holder is determined by any gaming regulatory agency to be unsuitable, has an application for a license or permit denied or rejected, or has a previously issued license or permit rescinded, suspended, revoked or not renewed. The Certificates of Incorporation also contains provisions defining the redemption price and the rights of a disqualified security holder. In the event a security holder is disqualified, the New Jersey gaming authorities are empowered to propose any necessary action to protect the public interest, including the suspension or revocation of the licenses for the casinos we own in New Jersey.

Many jurisdictions also require that manufacturers and distributors of gaming equipment and suppliers of certain goods and services to gaming industry participants be licensed or registered and require us to purchase and lease gaming equipment, supplies and services only from licensed or registered suppliers.

Violations of Gaming Laws

If we or our subsidiaries violate applicable gaming laws, our gaming licenses could be limited, conditioned, suspended or revoked by gaming authorities, and we and any other persons involved could be subject to substantial fines. Further, a supervisor or conservator can be appointed by gaming authorities to operate our gaming properties, or in some jurisdictions, take title to our gaming assets in the jurisdiction, and under certain circumstances, earnings generated during such appointment could be forfeited to the applicable jurisdictions. Furthermore, violations of laws in one jurisdiction could result in disciplinary action in other jurisdictions. As a result, violations by us of applicable gaming laws could have a material adverse effect on our financial condition, prospects and results of operations.

Reporting and Recordkeeping Requirements

We are required periodically to submit detailed financial and operating reports and furnish any other information about us and our subsidiaries which gaming authorities may require. Under federal law, we are required to record and submit detailed reports of currency transactions of $10,000 or more at our casinos and Suspicious Activity Reports, or SARCs, if the facts presented so warrant. Some state jurisdictions require us to maintain a log that records aggregate cash transactions in the amount of $3,000 or more. We are required to maintain a current stock ledger which may be examined by gaming authorities at any time. We may also be required to disclose to gaming authorities upon request the identities of the holders of our debt or other securities. If any securities are held in trust by an agent or by a nominee, the record holder may be required to disclose the identity of the beneficial owner to gaming authorities. Failure to make such disclosure may be grounds for finding the record holder unsuitable. In Indiana, we, as a riverboat licensee, are required to submit a quarterly report to gaming authorities and to the state election commission disclosing the identity of all persons holding interests of 1% or greater in us as a riverboat licensee. Gaming authorities may also require certificates for our stock to bear a legend indicating that the securities are subject to specified gaming laws. In certain jurisdictions, gaming authorities have the power to impose additional restrictions on the holders of our securities at any time.

Review and Approval of Transactions

Substantially all material loans, leases, sales of securities and similar financing transactions by us and our subsidiaries must be reported to, or approved by, gaming authorities. Neither we nor any of our subsidiaries may make a public offering of securities without the prior approval of certain gaming authorities if the securities or the proceeds therefrom are intended to be used to construct, acquire or finance gaming facilities in such jurisdictions, or to retire or extend obligations incurred for such purposes. Such approval, if given, does not constitute a recommendation or approval of the investment merits of the securities subject to the offering. Changes in control through merger, consolidation, stock or asset acquisitions, management or consulting agreements, or otherwise, require prior approval of gaming authorities, and in some cases require payment of a change in control fee. For example in Pennsylvania, a change in control is an acquisition of more than 20% of the ownership interests of a gaming licensee or its parent company by one person/entity or a group or persons/entities acting in concert, and the acquirer of the ownership interests would be required to qualify for licensure and could be required to pay a new license fee of up to $50.0 million. Entities seeking to acquire control of us or one of our subsidiaries must satisfy gaming authorities with respect to a variety of stringent standards prior to assuming control. Gaming authorities may also require controlling stockholders, officers, directors and other persons having a material relationship or involvement with the entity proposing to acquire control, to be investigated and licensed as part of the approval process relating to the transaction.

Certain gaming laws and regulations in jurisdictions we operate in establish that certain corporate acquisitions opposed by management, repurchases of voting securities and corporate defense tactics affecting us or our subsidiaries may be injurious to stable and productive corporate gaming, and as a result, prior approval may be required before we may make exceptional repurchases of voting securities (such as repurchases which treat holders differently) above the current market price and before a corporate acquisition opposed by management can be consummated. In certain jurisdictions, the gaming authorities also require prior approval of a plan of recapitalization proposed by the board of directors of a publicly traded corporation which is registered with the gaming authority in response to a tender offer made directly to the registered corporation s stockholders for the purpose of acquiring control of the registered corporation.

Because licenses under gaming laws are generally not transferable, our ability to grant a security interest in any of our gaming assets is limited and may be subject to receipt of prior approval from gaming authorities. A pledge of the stock of a subsidiary holding a gaming license and the foreclosure of such a pledge may be ineffective without the prior approval of gaming authorities. Moreover, our subsidiaries holding gaming licenses may be unable to guarantee a security issued by an affiliated or parent company pursuant to a public offering, or pledge their assets to secure payment of the obligations evidenced by the security issued by an affiliated or parent company, without the prior approval of gaming authorities. We are subject to extensive prior approval requirements relating to certain borrowings and security interests with respect to our New Orleans casino. If the holder of a security interest wishes operation of the casino to continue during and after the filing of a suit to enforce the security interest, it may request the appointment of a receiver approved by Louisiana gaming authorities, and under Louisiana gaming laws, the receiver is considered to have all our rights and obligations under our contract with Louisiana gaming authorities.

Some jurisdictions also require us to file a report with the gaming authority within a prescribed period of time following certain financial transactions and the offering of debt securities. Were they to deem it appropriate, certain gaming authorities reserve the right to order such transactions rescinded.

Certain jurisdictions require the implementation of a compliance review and reporting system created for the purpose of monitoring activities related to our continuing qualification. These plans require periodic reports to senior management of our company and to the regulatory authorities.

Certain jurisdictions require that an independent audit committee oversee the functions of surveillance and internal audit departments at our casinos.

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License Fees and Gaming Taxes

We pay substantial license fees and taxes in many jurisdictions, including the counties, cities, and any related agencies, boards, commissions, or authorities, in which our operations are conducted, in connection with our casino gaming operations, computed in various ways depending on the type of gaming or activity involved. Depending upon the particular fee or tax involved, these fees and taxes are payable either daily, monthly, quarterly or annually. License fees and taxes are based upon such factors as:

- a percentage of the gross revenues received;
- the number of gaming devices and table games operated;
- franchise fees for riverboat casinos operating on certain waterways; and
- admission fees for customers boarding our riverboat casinos.

In many jurisdictions, gaming tax rates are graduated with the effect of increasing as gross revenues increase. Furthermore, tax rates are subject to change, sometimes with little notice, and we have recently experienced tax rate increases in a number of jurisdictions in which we operate. A live entertainment tax is also paid in certain jurisdictions by casino operations where entertainment is furnished in connection with the selling or serving of food or refreshments or the selling of merchandise.

Operational Requirements

In many jurisdictions, we are subject to certain requirements and restrictions on how we must conduct our gaming operations. In many jurisdictions, we are required to give preference to local suppliers and include minority owned and women owned businesses in construction projects to the maximum extent practicable.

Some jurisdictions also require us to give preferences to minority owned and women owned businesses in the procurement of goods and services. Some of our operations are subject to restrictions on the number of gaming positions we may have and the minimum or maximum wagers allowed by our customers.

Our land based casino in New Orleans operates under a contract with the Louisiana Gaming Control Board and the Louisiana Economic Development and Gaming Act and related regulations. Under this authority, our New Orleans casino is subject to not only many of the foregoing operational requirements, but also to restrictions on our food and beverage operations, including with respect to the size, location and marketing of eating establishments at our casino entertainment facility. Furthermore, with respect to the hotel tower, we are subject to restrictions on the number of rooms within the hotel, the amount of meeting space within the hotel and how we may market and advertise the rates we charge for rooms.

In Mississippi, we are required to include adequate parking facilities (generally 500 spaces or more) in close proximity to our existing casino complexes, as well as infrastructure facilities, such as hotels, that will amount to at least 25% of the casino cost. The infrastructure requirement was increased to 100% of the casino cost for any new casinos in Mississippi.

The Iowa Racing and Gaming Commission has issued a joint license to Iowa West Racing Association, as the nonprofit qualified sponsoring organization, and Harveys Iowa Management Company, Inc., a subsidiary of Caesars, as the licensed boat operator, for Harrah s Council Bluffs Casino. Harveys Iowa Management Company Inc. operates the facility pursuant to an operating agreement.

To comply with requirements of Iowa gaming laws, we have entered into a management agreement with Iowa West Racing Association, the licensee and nonprofit qualified sponsoring organization of Horseshoe Council Bluffs Casino at Bluffs Run Greyhound Park. This management agreement has been approved by the Iowa Racing and Gaming Commission.

The United Kingdom Gambling Act of 2005 which became effective in September 2007, replaced the Gaming Act 1968, and removed most of the restrictions on advertising. Though the 2005 Act controls marketing, advertising gambling is now controlled by the Advertising Standards Authority through a series of codes of practise. Known as the CAP codes, the codes offer guidance on the content of print, television and radio advertisements.

Indian Gaming

The terms and conditions of management contracts and the operation of casinos and all gaming on Indian land in the United States are subject to the Indian Gaming Regulatory Act of 1988, or IGRA, which is administered by the National Indian Gaming Commission, or NIGC, the gaming regulatory agencies of tribal governments, and Class III gaming compacts between the tribes for which we manage casinos and the states in which those casinos are located. IGRA established three separate classes of tribal gaming Class I, Class II and Class III. Class I includes all traditional or social games solely for prizes of minimal value played by a tribe in connection with celebrations or ceremonies. Class II gaming includes games such as bingo, pulltabs, punchboards, instant bingo and non-banked card games, which means games in which a customer s wins or losses are paid or received by another player, such as poker. Class III gaming includes casino-style gaming such as banked table games, which means games in which a customer s wins or losses are paid or received by the casino instead of another player, like blackjack, craps and roulette, and gaming machines such as slots and video poker, as well as lotteries and pari-mutuel wagering, which means a betting system in which all bets of a particular type are placed together in a pool, the house take is removed, and payoff odds are calculated by sharing the pool among all winning bets. Harrah s Ak-Chin Phoenix and Rincon provide Class III gaming and poker and bingo, which is Class II gaming. The Eastern Band Cherokee Casino currently provides only Class III gaming.

IGRA prohibits all forms of Class III gaming unless the tribe has entered into a written agreement or compact with the state that specifically authorizes the types of Class III gaming the tribe may offer. These compacts may address, among other things, the manner and extent to which each state will conduct background investigations and certify the suitability of the manager, its officers, directors, and key employees to conduct gaming on tribal lands. We have received our permanent certification from the Arizona Department of Gaming as management contractor for the Ak-Chin Indian Community s casino, a Tribal-State Compact Gaming Resource Supplier Finding of Suitability from the California Gambling Control Commission in connection with management of the Rincon San Luiseno Band of Mission Indians casino, and have been licensed by the relevant tribal gaming authorities to manage the Ak-Chin Indian Community s casino, the Eastern Band of Cherokee Indians casino and the Rincon San Luiseno Band of Mission Indians casino, respectively.

IGRA requires NIGC approval of management contracts for Class II and Class III gaming as well as the review of all agreements collateral to the management contracts. Management contracts which are not so approved are void. The NIGC will not approve a management contract if a director or a 10% stockholder of the management company:

- is an elected member of the Native American tribal government which owns the facility purchasing or leasing the games;
- has been or is convicted of a felony gaming offense;
- has knowingly and willfully provided materially false information to the NIGC or the tribe;
- has refused to respond to questions from the NIGC; or
- is a person whose prior history, reputation and associations pose a threat to the public interest or to effective gaming regulation and control, or create or enhance the chance of unsuitable activities in gaming or the business and financial arrangements incidental thereto.

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In addition, the NIGC will not approve a management contract if the management company or any of its agents have attempted to unduly influence any decision or process of tribal government relating to gaming, or if the management company has materially breached the terms of the management contract or the tribe s gaming ordinance, or a trustee, exercising due diligence, would not approve such management contract. A management contract can be approved only after the NIGC determines that the contract provides, among other things, for:

- adequate accounting procedures and verifiable financial reports, which must be furnished to the tribe;
- tribal access to the daily operations of the gaming enterprise, including the right to verify daily gross revenues and income;
- minimum guaranteed payments to the tribe, which must have priority over the retirement of development and construction costs;
- a ceiling on the repayment of such development and construction costs; and
- a contract term not exceeding five years and a management fee not exceeding 30% of net revenues (as determined by the NIGC); provided that the NIGC may approve up to a seven year term and a management fee not to exceed 40% of net revenues if NIGC is satisfied that the capital investment required, and the income projections for the particular gaming activity require the larger fee and longer term.

Management contracts can be modified or cancelled pursuant to an enforcement action taken by the NIGC based on a violation of the law or an issue affecting suitability.

Indian tribes are sovereign with their own governmental systems, which have primary regulatory authority over gaming on land within the tribes jurisdiction. Therefore, persons engaged in gaming activities, including us, are subject to the provisions of tribal ordinances and regulations on gaming. These ordinances are subject to review by the NIGC under certain standards established by IGRA. The NIGC may determine that some or all of the ordinances require amendment, and that additional requirements, including additional licensing requirements, may be imposed on us. The possession of valid licenses from the Ak-Chin Indian Community, the Eastern Band of Cherokee Indians and the Rincon San Luiseno Band of Mission Indians, are ongoing conditions of our agreements with these tribes.

Riverboat Casinos

In addition to all other regulations applicable to the gaming industry generally, some of our riverboat casinos are also subject to regulations applicable to vessels operating on navigable waterways, including regulations of the U.S. Coast Guard. These requirements set limits on the operation of the vessel, mandate that it must be operated by a minimum complement of licensed personnel, establish periodic inspections, including the physical inspection of the outside hull, and establish other mechanical and operational rules.

Racetracks

We manage a casino which operates in conjunction with a greyhound racetrack in Council Bluffs, Iowa. The casino operation and the greyhound racing operation are regulated by the same state agency and the casino operation is subject to the same regulatory structure established for all Iowa gaming facilities. We also own slot machines at a thoroughbred racetrack in Bossier City, Louisiana, and we own a combination harness racetrack and casino in southeastern Pennsylvania in which we, through various subsidiary entities, owns a 95% interest in the entity licensed by the Pennsylvania Gaming Control Board and the Pennsylvania Harness Racing Commission. Generally, our slot operations at the Iowa racetrack is regulated in the same manner as our other gaming operations in Iowa. In addition, regulations governing racetracks are typically administered separately from our other gaming operations (except in Iowa), with separate licenses and license fee structures. For example, racing regulations may limit the number of days on which races may be held. In Kentucky, we own and

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operate Bluegrass Downs, a harness racetrack located in Paducah, and hold a one-half interest in Turfway Park LLC, which is the owner of the Turfway Park thoroughbred racetrack in Boone County. Turfway Park LLC also owns a minority interest in Kentucky Downs LLC, which is the owner of the Kentucky Downs racetrack. These Kentucky racetracks are licensed and regulated by the Kentucky Horse Racing Commission and are subject to the same regulatory structure established for all Kentucky racing facilities. As of July 27, 2010, we also own and operate Thistledown Racetrack, a thoroughbred racetrack located in Cleveland, Ohio, which is regulated by the Ohio State Racing Commission and subject to the same regulatory structure established for all Ohio racing facilities.

Internet

One of our subsidiaries engages in lawful online internet gaming activity in the United Kingdom. This internet gaming is offered to residents of the United Kingdom by the third party operators pursuant to licenses issued to these operators by the Gibraltar Regulatory Authority. Gibraltar is a United Kingdom white listed jurisdiction which allows operators to legally advertise online gaming services in the United Kingdom. To date, the key gaming regulatory authorities governing online internet gaming are the Gibraltar Regulatory Authority, the Alderney Gambling Control Commission and the Isle of Man Gambling Supervision Commission. Italy and France recently legalized online internet gaming by private companies and, in June 2010, Denmark passed legislation legalizing online internet gaming.

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MANAGEMENT

Executive Officers and Directors

The following table provides information regarding our executive officers and members of our board of directors as of February 1, 2012.[1]

Name	Age	Position(s)
Gary W. Loveman	51	Chairman of the Board, President, Chief Executive Officer and Director
Jonathan S. Halkyard	47	Executive Vice President and Chief Financial Officer
Timothy R. Donovan	56	Executive Vice President, General Counsel and Chief Regulatory and Compliance Officer
Thomas M. Jenkin	57	President of Operations
Janis L. Jones	62	Executive Vice President of Communications and Government Relations
John W. R. Payne	43	President of Enterprise Shared Services
Mary H. Thomas	45	Executive Vice President, Human Resources
Steven M. Tight	56	President, International Development
Jeffrey Benjamin	50	Director
David Bonderman	69	Director
Kelvin L. Davis	48	Director
Jeffrey T. Housenbold	42	Director
Karl Peterson	41	Director
Eric Press	46	Director
Marc Rowan	49	Director
Lynn C. Swann	59	Director
Christopher J. Williams	54	Director
David B. Sambur	31	Director
Jinlong Wang	54	Director

(1) All appointments are subject to required regulatory approvals, where applicable.

Gary W. Loveman has been a Director since 2000; Chairman of the Board since January 1, 2005; Chief Executive Officer since January 2003; President since April 2001. He has over 13 years of experience in retail marketing and service management, and he previously served as an associate professor at the Harvard University Graduate School of Business. He holds a bachelors degree from Wesleyan University and a Ph.D. in Economics from the Massachusetts Institute of Technology. Mr. Loveman also serves as a director of Coach, Inc., a designer and marketer of high-quality handbags and women s and men s accessories, and FedEx Corporation, a world-wide provider of transportation, e-commerce and business services, each of which are traded on the New York Stock Exchange. Due to the foregoing experience and qualifications, Mr. Loveman was elected as a member of our Board and Chairman of the Board.

Jonathan S. Halkyard became our Chief Financial Officer in August 2006 and Executive Vice President in November 2011. He served as a Senior Vice President from July 2005 through November 2011. He served as Treasurer from November 2003 through July 2010. He served as a Vice President from November 2002 to July 2005, Assistant General Manager-Harrah s Las Vegas from May 2002 to November 2002 and Vice President and Assistant General Manager-Harrah s Lake Tahoe from September 2001 to May 2002. He also serves on the board of directors of Dave & Buster s, Inc.

Timothy R. Donovan became our Executive Vice President in November 2011, General Counsel in April 2009 and our Chief Regulatory and Compliance Officer in January 2011. He served as a Senior Vice President from April 2009 to November 2011. Prior to joining us, Mr. Donovan served as Executive Vice President, General Counsel and Corporate Secretary of Republic Services, Inc. from December 2008 to March 2009 after a merger with Allied Waste Industries, Inc., where he served in the same capacities from April 2007 to December

2008. Mr. Donovan earlier served as Executive Vice President-Strategy & Business Development and General Counsel of Tenneco, Inc. from July 1999 to March 2007. He serves on the board of directors of John B. Sanfilippo & Son, Inc.

Thomas M. Jenkin became our President of Operations in November 2011. He served as the Western Division President from January 2004 through November 2011. He served as Senior Vice President-Southern Nevada from November 2002 to December 2003 and Senior Vice President and General Manager-Rio from July 2001 to November 2002.

Janis L. Jones became our Executive Vice President of Communications and Government Relations in November 2011. She served as our Senior Vice President of Communications and Government Relations from November 1999 to November 2011. Prior to joining Caesars, Ms. Jones served as Mayor of Las Vegas from 1991 to 1999.

John W. R. Payne became our President of Enterprise Shared Services in July 2011. He served as Central Division President from January 2007 through November 2011. Before becoming President of Enterprise Shared Services and Central Division President, Mr. Payne served as Atlantic City Regional President from January 2006 to December 2006, Gulf Coast Regional President from June 2005 to January 2006, Senior Vice President and General Manager-Harrah s New Orleans from November 2002 to June 2005 and Senior Vice President and General Manager-Harrah s Lake Charles from March 2000 to November 2002.

Mary H. Thomas became our Executive Vice President, Human Resources in November 2011. She served as our Senior Vice President, Human Resources from January 2006 to November 2011. Prior to joining us, Ms. Thomas served as Senior Vice President-Human Resources North America for Allied Domecq Spirits & Wines from October 2000 to December 2005.

Steven M. Tight became our President, International Development in July 2011. Prior to joining us, Mr. Tight served as Chief Executive Officer of Aquiva Development from August 2008 to August 2009 and Chief Executive Officer of Al Sharq Investment from December 2004 to July 2008. Mr. Tight earlier served as Senior Vice President of Development for the Walt Disney Company from June 1987 to April 2004.

Jeffrey Benjamin became a member of our Board in January 2008 upon consummation of the Acquisition. He has nearly 25 years of experience in the investment industry and has extensive experience serving on the boards of directors of other public and private companies, including Mandalay Resort Group, another gaming company. He has been senior advisor to Cyrus Capital Partners since June 2008 and serves as a consultant to Apollo Global Management, LLC, with respect to investments in the gaming industry. He was senior advisor to Apollo Global Management, LLC from 2002 to 2008. He holds a bachelors degree from Tufts University and a masters degree from the Massachusetts Institute of Technology Sloan School of Management. He has previously served on the boards of directors of Goodman Global Holdings, Inc., Dade Behring Holdings, Inc., Chiquita Brands International, Inc., McLeod USA, Mandalay Resort Group and Virgin Media Inc. Mr. Benjamin also currently serves on the boards of directors of Spectrum Group International, Inc., Exco Resources, Inc., ImOn Communications, the American Numismatic Society and Chemtura Corporation. Due to the foregoing experience and qualifications, Mr. Benjamin was elected as a member of our Board.

David Bonderman became a member of our Board in January 2008 upon consummation of the Acquisition. Mr. Bonderman is a TPG Founding Partner. Prior to forming TPG in 1993, Mr. Bonderman was Chief Operating Officer of the Robert M. Bass Group, Inc. (now doing business as Keystone Group, L.P.) in Fort Worth, Texas. He holds a bachelors degree from the University of Washington and a law degree from Harvard University. He has previously served on the boards of directors of Gemalto N.V., Burger King Holdings, Inc., Washington Mutual, Inc., IASIS Healthcare LLC and Univision Communications, Inc. Mr. Bonderman currently serves on the boards of directors of JSC VTB Bank, Energy Future Holdings Corp., General Motors Company, Armstrong World Industries, Inc., CoStar Group, Inc. and Ryanair Holdings PLC, of which he is Chairman. Due to the foregoing experience and qualifications, Mr. Bonderman was elected as a member of our Board.

Kelvin L. Davis became a member of our Board in January 2008 upon consummation of the Acquisition. Mr. Davis is a TPG Senior Partner and Head of TPG s North American Buyouts Group, incorporating investments in all non-technology industry sectors. He also leads TPG s Real Estate investing activities. Prior to joining TPG in 2000, Mr. Davis was President and Chief Operating Officer of Colony Capital, Inc., a private international real estate-related investment firm which he co-founded in 1991. He holds a bachelors degree from Stanford University and an M.B.A. from Harvard University. Mr. Davis currently serves on the boards of directors of Northwest Investments, LLC, (which is an affiliate of ST Residential), Taylor Morrison, Inc., Univision Communications, Inc., and Catellus Development Corporation. Due to the foregoing experience and qualifications, Mr. Davis was elected as a member of our Board.

Jeffrey T. Housenbold became a member of our Board in November 2011. Mr. Housenbold has served as the President and Chief Executive Officer and a director of Shutterfly, Inc. since January 2005. Prior to joining Shutterfly, Mr. Housenbold served as Vice President of Business Development and Internet Marketing at eBay Inc., an online marketplace for the sale of goods and services, from January 2002 to January 2005. Previously, he was the Vice President & General Manager, Business-to-Consumer Group at eBay from June 2001 to January 2002, and served as Vice President, Mergers & Acquisitions at eBay from March 2001 to June 2001. Mr. Housenbold holds Bachelor of Science degrees in Economics and Business Administration from Carnegie Mellon University and a Master of Business Administration degree from the Harvard Graduate School of Business Administration. Mr. Housenbold currently serves on the Board of Directors of Clover, a mobile payments company, Digital Chocolate, a publisher of social and mobile games and the Children s Discovery Museum of San Jose. Due to the foregoing experience and qualifications, Mr. Housenbold was elected as a member of our Board.

Karl Peterson became a member of our Board in January 2008 upon consummation of the Acquisition. Mr. Peterson is a TPG Partner where he serves as the Head of Europe and leads TPG s investments in travel & leisure and media & entertainment sectors. He rejoined TPG in 2004 after serving as President and Chief Executive Officer of Hotwire, Inc. Mr. Peterson led Hotwire, Inc. from inception through its sale to IAC/InterActiveCorp. Before his work at Hotwire, Inc., Mr. Peterson was a principal of TPG in San Francisco. He holds a bachelors degree from the University of Notre Dame and has previously served on the board of directors of Univision Communications, Inc. Mr. Peterson currently serves on the boards of directors of Norwegian Cruise Lines, Sabre Holdings Corporation, and Saxo Bank. Due to the foregoing experience and qualifications, Mr. Peterson was elected as a member of our Board.

Eric Press became a member of our Board in January 2008 upon consummation of the Acquisition. Mr. Press has been a Partner at Apollo Global Management, LLC since 2007 and has been a Partner with other Apollo entities since 1998. Mr. Press has significant experience in making and managing investments for Apollo. He has nearly 20 years of experience in financing, analyzing, investing in and/or advising public and private companies and their board of directors. He holds a bachelors degree in economics from Harvard University and a law degree from Yale University. He has previously served on the board of directors of the Rodeph Sholom School, Innkeepers USA Trust, Wyndham International, Quality Distribution, Inc., AEP Industries, and WMC Finance Corp. Mr. Press also serves on the boards of directors of Prestige Cruise Holdings, Inc., Noranda Aluminum, Affinion Group Holdings, Inc., Metals USA Holdings Corp., Verso Paper Corp., WMC Residco, Inc. Apollo Commercial Real Estate Finance, Inc., and Athene. Due to the foregoing experience and qualifications, Mr. Press was elected as a member of our Board.

Marc Rowan became a member of our Board in January 2008 upon consummation of the Acquisition. Mr. Rowan is a founding partner of Apollo Global Management, LLC. He has more than 25 years experience in financing, analyzing, investing in and/or advising public and private companies and their boards of directors. He holds a bachelors degree from the University of Pennsylvania and an M.B.A, from the Wharton School. currently serves on the boards of directors of the general partner of AP Alternative Assets, L.P., Apollo Global Management, LLC, Athene Re and Norwegian Cruise Lines. He has previously served on the boards of directors of AMC Entertainment, Inc., Culligan Water Technologies, Furniture Brands International, Mobile Satellite

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Ventures, National Cinemedia, Inc., National Financial Partners, Inc., New World Communications., Quality Distribution, Inc., Samsonite Corporation, SkyTerra Communications, Inc., Unity Media SCA, The Vail Corporation, Cannondale Bicycle Corp., Riverdale Country School, Cablecom GmbH, Rare Medium, and Wyndham International, Inc. Mr. Rowan also serves on the boards of directors of the general partner of AAA Guernsey Limited, Athene Re, Countrywide plc, Youth Renewal Fund, National Jewish Outreach Program, Inc., Undergraduate Executive Board of the Wharton School, Rowan Family Foundation, Wharton Private Equity Partners and Norwegian Cruise Lines. Due to the foregoing experience and qualifications, Mr. Rowan was elected as a member of our Board.

Lynn C. Swann became a member of our Board in April 2008. Mr. Swann has served as president of Swann, Inc., a consulting firm specializing in marketing and communications since 1976. Mr. Swann was also a broadcaster for the American Broadcasting Company from 1976 to 2005. He holds a bachelors degree from the University of Southern California. Mr. Swann also serves on the boards of directors of Hershey Entertainment and Resorts Company, H. J. Heinz Company and Empower Software Solutions. Mr. Swann holds a Series 7 and Series 63 registration. Due to the foregoing experience and qualifications, Mr. Swann was elected as a member of our Board.

Christopher J. Williams became a member of our Board in April 2008. Mr. Williams has been Chairman of the Board and Chief Executive Officer of Williams Capital Group, L.P., an investment bank, since 1994, and Chairman of the Board and Chief Executive Officer of Williams Capital Management, LLC, an investment management firm, since 2002. He holds a bachelors degree from Howard University and an M.B.A. from the Dartmouth College Tuck School of Business. Mr. Williams was a director of Caesars from November 2003 to January 2008, and was a member of the Audit Committee. Mr. Williams also serves of the boards of directors for The Partnership for New York City, the National Association of Securities Professionals, and Wal-Mart Stores, Inc. Due to the foregoing experience and qualifications, Mr. Williams was elected as a member of our Board.

David B. Sambur became a member of our Board in November 2010. Mr. Sambur joined Apollo in 2004. Mr. Sambur has experience in financing, analyzing, investing in and/or advising public and private companies and their board of directors. Prior to joining Apollo, Mr. Sambur was a member of the Leveraged Finance Group of Salomon Smith Barney Inc. Mr. Sambur also serves on the board of directors of Verso Paper Corp., Momentive Performance Materials Inc. and Momentive Specialty Chemical, Inc. Mr. Sambur graduated summa cum laude and Phi Beta Kappa from Emory University with a BA in Economics. Due to the foregoing experience and qualifications, Mr. Sambur was elected as a member of our Board.

Jinlong Wang became a member of our Board in November 2010. Mr. Wang is currently Senior Vice President of Starbucks Coffee Company and President of Starbucks Asia Pacific region. Prior to his current role from July 2009 to June 2011, Mr. Wang served as Chairman and acting President of Starbucks Greater China; Senior Vice President Business Development of Starbucks Coffee International Company Limited. From October 2005 to June 2009, Mr. Wang served as Senior Vice President of Starbucks Corporation and President of Starbucks Greater China during which time he was responsible for overseeing all facets of Starbucks activities in the Greater China market including vision and strategy, business development and operations, etc. From January 2003 to August 2005, Mr. Wang served as Vice Chairman and President of Shanghai Buddies CVS Co. Ltd., or Buddies, during which time he and his team created the 2nd generation of the Chinese convenience store. Prior to his time at Buddies from May 1992 to December 2000, Mr. Wang held various positions for different divisions of Starbucks corporation, including Vice President International Business Development, and Vice President and Director of Starbucks Law and Corporate Affairs department. Before joining Starbucks, Mr. Wang was an attorney at Preston Gates & Ellis LLP and Milbank, Tweed, Hadley & McCloy LLP. Mr. Wang also serves as director, chairman and legal representative at various Starbucks entities including Starbucks holding and investment companies, joint venture companies, etc. in Starbucks Greater China region and Starbucks Asia Pacific region. Due to the foregoing experience and qualifications, Mr. Wang was elected as a member of our Board.

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Code of Ethics

Since 2003, we have had a Code of Business Conduct and Ethics, or the Code, that applies to our Chairman, Chief Executive Officer and President, Chief Operating Officer, Chief Financial Officer and Chief Accounting Officer and is intended to qualify as a code of ethics as defined by rules of the Securities and Exchange Commission. This Code is designed to deter wrongdoing and to promote:

- honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- full, fair, accurate, timely, and understandable disclosure in reports and documents that we file with, or submit to, the SEC and in other public communications made by us;
- compliance with applicable governmental laws, rules and regulations;
- prompt internal reporting to an appropriate person or persons identified in the Code of violations of the Code; and
- accountability for adherence to the Code.

Following the consummation of this offering, this Code will be available on our website at *www.caesars.com* under Investor Relations Corporate Governance.

Statement of Business Principles and Policies

Upon consummation of this offering, our Board will adopt a Statement of Business Principles and Policies that will apply to all of our directors, officers and employees and is intended to comply with the Nasdaq listing requirement for a code of conduct. The statement contains general guidelines for conducting the business of the company consistent with the highest standards of business ethics. Waivers of the policies set forth in the statement will be granted on a case-by-case basis and only in extraordinary circumstances. Any waivers of the policies for directors or executive officers may be made only by our Board and will be promptly disclosed to the public. Following the consummation of this offering, the Statement of Business Principles and Policies will be available on our website at *www.caesars.com* under Investor Relations Corporate Governance.

Staggered Board

Upon the effectiveness of the registration statement that this prospectus forms a part, pursuant to our certificate of incorporation, our Board will be divided into three classes. The members of each class will serve for a staggered, three-year term. Upon the expiration of the term of a class of directors, directors in that class will be elected for three-year terms at the annual meeting of stockholders in the year in which their term expires. The classes will be composed as follows:

- Jeffrey Benjamin, Jeffrey T. Housenbold, Lynn C. Swann and Jinlong Wang will be Class I directors, whose terms will expire at the fiscal 2013 annual meeting of stockholders;
- Kelvin L. Davis, Karl Peterson, Eric Press and David Sambur will be Class II directors, whose terms will expire at the fiscal 2014 annual meeting of stockholders; and

David Bonderman, Gary W. Loveman, Marc Rowan and Christopher J. Williams will be Class III directors, whose terms will expire at the fiscal 2015 annual meeting of stockholders.

Any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of our directors. This classification of our board of directors may have the effect of delaying or preventing changes in control of our company.

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Committees of Our Board of Directors

Board Committees

Upon consummation of this offering, our Board will have six standing committees: an audit committee, a human resources committee, a nominating and corporate governance committee, a finance committee, an executive committee and a 162(m) plan committee. The charters for each of these committees will be available on our website at *www.caesars.com* under Investor Relations Corporate Governance upon consummation of this offering. Following the commencement of trading of our common stock on Nasdaq, we intend to avail ourselves of the controlled company exception under the Nasdaq rules which exempts us from certain requirements, including the requirements that we have a majority of independent directors on our Board and that we have compensation and nominating and corporate governance committees composed entirely of independent directors. We will, however, remain subject to the requirement that we have an audit committee composed entirely of independent members.

If at any time we cease to be a controlled company under the Nasdaq Rules, the board of directors will take all action necessary to comply with the applicable Nasdaq Rules, including appointing a majority of independent directors to our Board and establishing certain committees composed entirely of independent directors, subject to a permitted phase-in period.

Audit Committee

Following the commencement of trading of our common stock on Nasdaq, our audit committee will consist of Messrs. Christopher J. Williams, as chairperson, Jinlong Wang and Jeffrey T. Housenbold. Our Board has determined that Mr. Williams qualifies as an audit committee financial expert as such term is defined in Item 407(d)(5) of Regulation S-K and that Messrs. Williams, Wang and Housenbold are independent as independence is defined in Rule 10A-3 of the Exchange Act and under the Nasdaq listing standards. The purpose of the audit committee is to oversee our accounting and financial reporting processes and the audits of our financial statements, provide an avenue of communication among our independent auditors, management, our internal auditors and our Board, and prepare the audit-related report required by the SEC to be included in our annual proxy statement or annual report on Form 10-K.

The principal duties and responsibilities of our audit committee are to oversee and monitor the following:

- preparation of annual audit committee report to be included in our annual proxy statement;
- our financial reporting process and internal control system;
- the integrity of our financial statements;
- the independence, qualifications and performance of our independent auditor;
- the performance of our internal audit function; and
- our compliance with legal, ethical and regulatory matters.

The audit committee will have the power to investigate any matter brought to its attention within the scope of its duties. It will also have the authority to retain counsel and advisors to fulfill its responsibilities and duties.

Human Resources Committee

Following the consummation of this offering, our human resources committee, which we also refer to as the HRC, which serves as our compensation committee, will consist of Messrs. Marc Rowan, Kelvin L. Davis and Lynn C. Swann. The principal duties and responsibilities of the HRC will be as follows:

- to review, evaluate and make recommendations to the full Board regarding our compensation policies and establish performance-based incentives that support our long-term goals, objectives and interests;

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- to review and approve the compensation of our chief executive officer and all other executive officers;
- to establish and administer our incentive compensation plans and equity-based compensation plans;
- to review and recommend to the Board the compensation and reimbursement policies for non-employee members of the Board;
- to review our compensation arrangements to determine whether they encourage excessive risk taking;
- to provide oversight concerning selection of officers, management succession planning, expense accounts, indemnification and insurance matters, and separation packages; and
- to prepare an annual report on compensation, provide regular reports to the board, and take such other actions as are necessary and consistent with the governing law and our organizational documents.

We intend to avail ourselves of the controlled company exception under the Nasdaq rules which exempts us from the requirement that we have a compensation committee composed entirely of independent directors.

For a description of the process and procedures to be used by the HRC in making its decisions, please see Compensation Discussion and Analysis.

162(m) Plan Committee

Upon consummation of this offering, our 162(m) plan committee will consist of Messrs. Lynn C. Swann and Christopher J. Williams. The 162(m) plan committee reviews and approves compensation that is intended to qualify as performance based compensation under Section 162(m) of the Internal Revenue Code. For more information about our 162(m) plan committee, please see Compensation Discussion and Analysis.

Nominating and Corporate Governance Committee

Prior to consummation of this offering, our Board will establish a nominating and corporate governance committee. We expect that the members of the nominating and corporate governance committee will be Messrs. Karl Peterson and David B. Sambur, who will be appointed to the committee promptly following this offering. The principal duties and responsibilities of the nominating and corporate governance committee will be as follows:

- to establish criteria for board and committee membership and recommend to our Board proposed nominees for election to the Board and for membership on committees of our Board;
- to make recommendations regarding proposals submitted by our stockholders; and
- to make recommendations to our Board regarding board governance matters and practices.

We intend to avail ourselves of the controlled company exception under the Nasdaq rules which exempts us from the requirement that we have a nominating and corporate governance committee composed entirely of independent directors.

Finance Committee

Upon consummation of this offering, our finance committee will consist of Messrs. Karl Peterson, and Marc Rowan. The finance committee has been delegated oversight of our financial matters, primarily relating to indebtedness and financing transactions.

Executive Committee

Upon consummation of this offering, our executive committee will consist of Messrs. Gary W. Loveman, as chairperson, Kelvin L. Davis and Marc Rowan. The executive committee has all the powers of our Board in the

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management of our business and affairs, including without limitation, the establishment of additional committees or subcommittees of our Board and the delegation of authority to such committees and subcommittees, and may act on behalf of our Board to the fullest extent permitted under Delaware law and our organizational documents. The executive committee serves at the pleasure of our Board and may act by a majority of its members, provided that at least one member designated by Apollo Members and one member designated by TPG Members must approve any action of the executive committee. This committee and any requirements or voting mechanics or participants may continue or be changed once Apollo and TPG no longer own a controlling interest in us.

Executive Compensation

Compensation Discussion and Analysis

Corporate Governance

Our Human Resources Committee. The HRC serves as our compensation committee with the specific purpose of designing, approving, and evaluating the administration of our compensation plans, policies, and programs. The HRC s role is to ensure that compensation programs are designed to encourage high performance, promote accountability and align employee interests with the interests of our stockholders. The HRC is also charged with reviewing and approving the compensation of the Chief Executive Officer and our other senior executives, including all of the named executive officers. The HRC operates under our Human Resources Committee Charter. The HRC Charter was last updated on April 15, 2008 and will be updated upon consummation of this offering, and it is reviewed no less than once per year with any recommended changes presented to our Board for approval.

The HRC currently consists of Messrs. Kelvin L. Davis, Marc Rowan and Lynn C. Swann. The qualifications of the HRC members stem from roles as corporate leaders, private investors, and board members of several large corporations. Their knowledge, intelligence, and experience in company operations, financial analytics, business operations, and understanding of human capital management enables the members to carry out the objectives of the HRC.

In fulfilling its responsibilities, the HRC is entitled to delegate any or all of its responsibilities to a subcommittee of the HRC or to specified executives of Caesars, except that it may not delegate its responsibilities for any matters where it has determined such compensation is intended to comply with the exemptions under Section 16(b) of the Securities Exchange Act of 1934.

In February 2009, our Board formed the 162(m) Plan Committee comprised of two members: Lynn C. Swann and Christopher J. Williams. The purpose of the 162(m) Plan Committee is to administer the Harrah s Entertainment, Inc. 2009 Senior Executive Incentive Plan.

HRC Consultant Relationships. The HRC has the authority to engage services of independent legal counsel, consultants and subject matter experts in order to analyze, review, recommend and approve actions with regard to Board compensation, executive officer compensation, or general compensation and plan provisions. We provide for appropriate funding for any such services commissioned by the HRC. These consultants are used by the HRC for purposes of executive compensation review, analysis, and recommendations. The HRC has engaged and expects to continue to engage external consultants for the purposes of determining Chief Executive Officer and other senior executive compensation. However, with respect to 2011 compensation, the HRC did not engage any consultants. Rather, consultants were engaged by our Human Resources executives, and these consultants helped formulate information that was then provided to the HRC. See Role of outside consultants in establishing compensation below.

2011 HRC Activity

During five meetings in 2011, as delineated in the Human Resources Committee Charter and as outlined below, the HRC performed various tasks in accordance with their assigned duties and responsibilities, including:

Chief Executive Officer Compensation: reviewed and approved corporate goals and objectives relating to the compensation of the Chief Executive Officer, evaluated the performance of the Chief Executive

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Officer in light of these approved corporate goals and objectives and relative to peer group, evaluated and awarded the equity compensation, annual bonus and bonus under the Project Renewal Incentive Plan of the Chief Executive Officer based on such evaluation.

Other Senior Executive Compensation: set base compensation, annual bonus (other than those executives that receive bonuses under the 2009 Senior Executive Incentive Plan), awarded bonuses under the Project Renewal Incentive Plan and equity compensation for all senior executives, which included an analysis relative to our competition peer group.

Executive Compensation Plans: reviewed status of various executive compensation plans, programs, and incentives, including the Annual Management Bonus Plan, our various deferred compensation plans, the Revenue Growth Incentive Plan and our various equity plans, and implemented a new bonus plan, the Project Renewal Incentive Plan.

Role of Human Resources Committee. The HRC has sole authority in setting the material compensation of our senior executives, including base pay, incentive pay (other than those executives that receive bonuses under the 2009 Senior Executive Incentive Plan) and equity awards. The HRC receives information and input from our senior executives and outside consultants (as described below) to help establish these material compensation determinations, but the HRC is the final arbiter on these decisions.

Role of Company executives in establishing compensation. When determining the pay levels for the Chief Executive Officer and our other senior executives, the HRC solicits advice and counsel from internal as well as external resources. Internal company resources include the Chief Executive Officer, Executive Vice President of Human Resources and Vice President of Compensation, Benefits and Human Resource Systems and Services. The Executive Vice President of Human Resources is responsible for developing and implementing our business plans and strategies for all company-wide human resource functions, as well as day-to-day human resources operations. The Vice President of Compensation, Benefits and Human Resource Systems and Services is responsible for the design, execution, and daily administration of our compensation, benefits, and human resources shared-services operations. Both of these Human Resources executives attend the HRC meetings, at the request of the HRC, and act as a source of informational resources and serve in an advisory capacity. The Corporate Secretary is also in attendance at each of the HRC meetings and oversees the legal aspects of our executive compensation and benefit plans, updates the HRC regarding changes in laws and regulations affecting our compensation policies, and records the minutes of each HRC meeting. The Chief Executive Officer also attends HRC meetings.

In 2011, the HRC communicated directly with the Chief Executive Officer and top Human Resources executives in order to obtain external market data, industry data, internal pay information, individual and our performance results, and updates on regulatory issues. The HRC also delegated specific tasks to the Human Resources executives in order to facilitate the decision making process and to assist in the finalization of meeting agendas, documentation, and compensation data for HRC review and approval.

The Chief Executive Officer annually reviews the performance of our senior executives and, based on these reviews, recommends to the HRC compensation for all senior executives, other than his own compensation. The HRC, however, has the discretion to modify the recommendations and makes the final decisions regarding material compensation to senior executives, including base pay, incentive pay (other than those executives that receive bonuses under the 2009 Senior Executive Incentive Plan), and equity awards.

Role of outside consultants in establishing compensation. Our internal Human Resources executives regularly engage outside consultants to provide advice related to our compensation policies. Standing consulting relationships are held with several global consulting firms specializing in executive compensation, human capital management, and board of director pay practices. During 2011, the services performed by consultants that resulted in information provided to the HRC are set forth below:

1. Towers Watson provided us with advice regarding our equity compensation plan and other long term incentives on managing our Long Term Incentive (LTI) program. Towers Watson also provided advice in

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methods of executing a re-pricing of our outstanding equity options. Towers Watson also provided external benchmarking data to compare against current compensation policies.

2. Aon Hewitt provided us with advice regarding our equity compensation plan and provided external benchmarking data to compare against our current equity compensation practices.

3. Mercer Human Resources Consulting was retained by the Savings & Retirement Plan (401k) and Executive Deferred Compensation Plan Investment Committees to advise these Committees on investment management performance, monitoring, investment policy development, and investment manager searches. Mercer also provides plan design, compliance, and operational consulting for our qualified defined contribution plan and non-qualified deferred compensation plans.

The consultants provided the information described above to our Human Resources executives to help formulate information that is then provided to the HRC. The consultants did not interact with each other in 2011, as they each work on discrete areas of compensation. We engaged Mercer Human Resources Consulting to perform consulting services for us regarding our 401(k) Plan and our Executive Deferred Compensation Plans. The fees for these services for 2011 were $506,873 for the 401(k) Plan and $111,210 for the Executive Deferred Compensation Plans.

Objectives of Compensation Programs

Our executive compensation program is designed to achieve the following objectives:

- Align our rewards strategy with our business objectives, including enhancing stockholder value and customer satisfaction;
- Support a culture of strong performance by rewarding employees for results;
- Attract, retain and motivate talented and experienced executives; and
- Foster a shared commitment among our senior executives by aligning our and their individual goals.

These objectives are ever present and are at the forefront of our compensation philosophy and all compensation design decisions.

Compensation Philosophy

Our compensation philosophy provides the foundation upon which all of our compensation programs are built. Our goal is to compensate our executives with a program that rewards loyalty, results-driven individual performance, and dedication to the organization s overall success. These principles define our compensation philosophy and are used to align our compensation programs with our business objectives. Further, the HRC specifically outlines in its charter the following duties and responsibilities in shaping and maintaining our compensation philosophy:

- Assess whether the components of executive compensation support our culture and business goals;
- Consider the impact of executive compensation programs on stockholders;
- Consider issues and approve policies regarding qualifying compensation for executives for tax deductibility purposes;

- Approve the appropriate balance of fixed and variable compensation; and

- Approve the appropriate role of performance based and retention based compensation.

Our executive compensation programs are structured to reward our executives for their contributions in achieving our mission of providing outstanding customer service and attaining strong financial results, as discussed in more detail below. Our executive compensation policy is designed to attract and retain high caliber executives and motivate them to superior performance for the benefit of our stockholders.

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Various company policies are in place to shape our executive pay plans, including:

- Salaries are linked to competitive factors, internal equity, and can be increased as a result of successful job performance;
- Our annual bonus programs are competitively based and provide incentive compensation based on our financial performance and customer service scores;
- Long-term incentives are tied to enhancing stockholder value and to our financial performance; and
- Qualifying compensation paid to senior executives is designed to maximize tax deductibility, where possible.

The executive compensation practices are intended to compensate executives primarily on performance, with a large portion of potential compensation at risk. In the past, the HRC has set senior executive compensation with two driving principles in mind: (1) delivering financial results to our stockholders and (2) ensuring that our customers receive a great experience when visiting our properties. To that end, historically the HRC has set our senior executive compensation so that at least 50% of our senior executives total compensation is at risk based on these objectives.

In 2008, as a result of the Acquisition and there being no public market for our common stock, the HRC deviated from our long-term compensation philosophy by awarding a megagrant equity award in lieu of annual equity grants that we had historically awarded like many other public companies. However, the HRC continues to review our equity awards, and has subsequently re-priced existing grants and awarded supplemental equity grants to select senior executives in 2010 and 2011, as more fully described below.

Compensation Program Design

The executive compensation program is designed with our executive compensation objectives in mind and is comprised of fixed and variable pay plans, cash and non-cash plans, and short and long-term payment structures in order to recognize and reward executives for their contributions to our Company today and in the future.

The table below reflects our short-term and long-term executive compensation programs during 2011:

Short-term	**Long-term**
Fixed and Variable Pay	***Variable Pay***
Base Salary	Equity Awards
Annual Management Bonus Plan	Executive Supplemental Savings Plan II
2009 Senior Executive Incentive Plan	Revenue Growth Incentive Plan
Cross Market Bonus Plan	Project Renewal Incentive Plan
Customer Service Jackpot Plan	
Corporate Expense Jackpot Plan	

The variable compensation to be paid to each of our NEOs for 2011 includes annual bonuses under the Annual Management Bonus Plan, for Messrs. Jenkin and Payne, and under the Senior Executive Incentive Plan for Messrs. Loveman and Halkyard and Ms. Thomas. Determination of performance against the goals of the Annual Management Bonus Plan for Messrs. Jenkin and Payne is at the discretion of the HRC, with input from the Chief Executive Officer. Determination of performance against the goals for the Senior Executive Incentive Plan for Messrs. Loveman and Halkyard and Ms. Thomas is at the discretion of the 162(m) Committee, with input from Mr. Loveman for Mr. Halkyard and Ms. Thomas. Determination of 2011 payouts under the Annual Management Bonus Plan and the Senior Executive Incentive Plan are expected to be made by the respective committees in February 2012.

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Our variable compensation program also consists of the Revenue Growth Incentive Plan (RGIP), the Project Renewal Incentive Plan (PRIP), the Cross Market Bonus Plan, the Customer Service Jackpot Plan and the Corporate Expense Jackpot Plan. The goals of these plans are discussed in more detail below. No compensation is due under the RGIP until 2013. Partial payout of the PRIP occurred in 2011 and was paid to our NEOs. See Summary Compensation Table. Payout information for the PRIP in 2011 is summarized below, and individual performance was taken into account in determining the size of the payout, though the payout amounts followed a formula in almost all instances.

In addition, variable compensation also consists of our equity award grants, which consist of stock option grants. During 2011, we granted stock options to our NEOs. The number of stock options granted to our NEOs in 2011 was intended to supplement the value of the 2008 mega-grants , and also to provide additional future value with a goal of strengthening employee retention. Individual performance was taken into account in determining participation and grant size.

We periodically assess and evaluate the internal and external competitiveness for all components of our executive compensation program. Internally, we look at critical and key positions that are directly linked to our profitability and viability. We review our compensation structure to determine whether the appropriate hierarchy of jobs is in place with appropriate ratios of Chief Executive Officer compensation to other senior executive compensation. We believe the appropriate ratio of Chief Executive Officer compensation compared to other senior executives ranges from 1.67:1 on the low end to 6:1 on the high end. These ratios are merely a reference point for the HRC in setting the compensation of our Chief Executive Officer, and were set after reviewing the job responsibilities of our Chief Executive Officer versus other senior executives and market practice. Internal equity is based on both quantitative and qualitative job evaluation methods, including span of control, required skills and abilities, long-term career growth opportunities as well as relevant comparative financial and non-financial job metrics. Externally, benchmarks are used to provide guidance and to improve our ability to attract, retain, and recruit talented senior executives. Due to the highly competitive nature of the gaming industry, as well as the competitiveness across industries for talented senior executives, it is important for our compensation programs to provide us the ability to internally develop executive talent, as well as recruit highly qualified senior executives.

The overall design of the executive compensation program and the elements thereof is a culmination of years of development and compensation plan design adjustments. Each year the plans are reviewed for effectiveness, competitiveness, and legislative compliance. The current plans have been put into place with the approval of the HRC and in support of the principles of the compensation philosophy and objectives of our pay practices and policies.

In 2009, our Human Resources department conducted a review of compensation practices of competitors in the gaming industry and our Human Resources department continued to review and update the analysis in 2010 and 2011. The review covered a range of senior roles and competitive practices. As a result of this review, the HRC believes that the current compensation program adequately compensates and provides incentive to our executives. The companies comprising our peer group for the 2009 review and 2010-2011 update were:

Ameristar Casinos, Inc.

Boyd Gaming Corporation

Isle of Capri Casinos

Las Vegas Sands Corp.

MGM Resorts International

Penn National Gaming, Inc.

Station Casinos, Inc.

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Trump Entertainment Resorts

Wynn Resorts, Limited

In 2011, we engaged Aon Hewitt to provide a review of equity compensation practices. The review covered practices at a broad range of 30 US companies of comparable size and geographic scope to the US and was not limited to peers in the gaming industry. The study included the following companies:

Marriott International, Inc.

Starwood Hotels and Resorts Worldwide, Inc.

Wyndham Hotels and Resorts

McDonald s Corporation

Darden Restaurants, Inc.

Yum! Brands, Inc.

CVS Caremark Corporation

The Kroger Co.

Home Depot

Target Corporation

Walgreen Co.

Lowe s Companies, Inc.

SuperValu Inc.

Staples Inc.

Macy s

The TJX Companies, Incorporated

J.C. Penney Company, Inc.

The Gap, Inc.

Genuine Parts Company

Starbucks Corporation

Nordstrom, Inc.

VF Corporation

OfficeMax

Ross Stores, Inc.

AutoZone

The Pantry, Inc.

PetSmart, Inc.

TravelCenters of America

RadioShack Corporation

Williams-Sonoma, Inc.

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Impact of Performance on Compensation

The impact of individual performance on compensation is reflected in base pay merit increases, setting the annual bonus plan payout percentages as compared to base pay, and the amount of equity awards granted. The impact of our financial performance and customer satisfaction is reflected in the calculation of the annual bonus payment and the intrinsic value of equity awards. Supporting a performance-based culture and providing compensation that is directly linked to outstanding individual and overall financial results is at the core of our compensation philosophy and human capital management strategy.

For senior executives, the most significant compensation plans that are directly affected by the attainment of performance goals are our Annual Management Bonus Plan and Senior Executive Incentive Plan. The bonus plan performance criteria, target percentages, and plan awards under our Annual Management Bonus Plan for the bonus payments for fiscal 2011 (to be paid in 2012) were set in February 2011; however, the HRC continued its past practice of periodically reviewing performance criteria against plan. The bonus plan performance criteria, target percentages, and plan awards under the Senior Executive Incentive Plan were set in February 2011. The financial measurements used to determine the bonus under our Annual Management Bonus Plan are Adjusted EBITDA and corporate expense (prior to allocation to our properties). The non-financial measurement used to determine plan payments is customer satisfaction. The financial measure for the Senior Executive Incentive Plan is EBITDA, as more fully described below.

Based on performance goals set by the HRC each year, there are minimum requirements that must be met in order for a bonus plan payment to be provided under the Annual Management Bonus Plan. Just as bonus payments are increased as performance goals are exceeded, results falling short of goals reduce or eliminate bonus payments. In order for participants in our Annual Management Bonus Plan to receive a bonus, a minimum attainment of 90% of financial and customer satisfaction scores approved by the HRC must be met.

Elements of Compensation

Elements of Active Employment Compensation and Benefits

The total direct compensation mix for each named executive officer, or NEO, varies. For our Chief Executive Officer and other NEOs, the percentage allocation for base salary and annual bonuses are not available until such annual bonuses are awarded for fiscal 2011. Each compensation element is considered individually and as a component within the total compensation package. In reviewing each element of our senior executives compensation, the HRC reviews peer data, internal and external benchmarks, our performance over the past 12 months (as compared to our internal plan as well as compared to other gaming companies) and the executive s individual performance. Prior compensation and wealth accumulation is considered when making decisions regarding current and future compensation; however, it has not been a decision point used to cap a particular compensation element.

Peer Group

We and the HRC review the compensation of our NEOs against its peer groups. The table below shows the amounts paid for our NEOs in 2011 (except for Non-Equity Incentive Plan Compensation column, which is 2010 data, as complete 2011 data is currently unavailable) and the Peer Group Median for each category of compensation, as measured in 2010, the latest data available for the peer group.

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	Base Salary		Option Awards		Non-Equity Incentive Plan Compensation		All Other Compensation	
	Paid($)	Peer Group Median($)	Paid($)	Peer Group Median($)	Paid($)	Peer Group Median($)	Paid($)	Peer Group Median($)
Gary W. Loveman, President and Chief Executive Officer	1,900,000	1,100,000	13,428,357	1,732,605	2,700,000	2,482,506	1,174,840	333,487
Jonathan S. Halkyard, Executive Vice President and Chief Financial Officer	700,000	629,808	663,900	247,515	336,000	356,250	24,403	32,427
Thomas M. Jenkin, President of Operations	1,200,000	1,026,892	1,487,311	654,173	500,000	523,725	32,046	95,949
John W. R. Payne, President of Enterprise Shared Services	1,063,077	1,026,892	1,267,120	654,173	825,000	523,725	36,086	95,949
Mary H. Thomas, Executive Vice President, Human Resources	509,615	392,097	756,992	253,025	235,000	497,963	15,826	[1]

[1] Data not available.

Mr. Loveman s base salary is above the median and is a reflection of our position as one of the world s largest gaming companies. Additionally, several of Mr. Loveman s peers are significant shareholders of their respective companies and, therefore, choose to receive a reduced base salary; this does not apply to Mr. Loveman. With respect to options awarded, we awarded one-time mega-grants in 2008 following the Acquisition. These grants were intended as a five year equivalent grant value, as opposed to our prior practice of annual option grants. In 2011, we supplemented these grants, as more fully described above. Also in 2011, options were amended as described in 2011 Amendments to Equity Plan and Supplemental Grants Stock Option Re-Pricing below, to reduce the exercise price of the outstanding 1.5X performance-based options to $20.09 per share and of outstanding time-based options to $20.09, with the reduced exercise price of the time-based options being phased in between a four to six year period, depending on the grant date and the price. The Option Awards figures in the above table reflect these two events. With respect to non-equity incentive plan compensation, our 2009 Senior Executive Incentive Plan is a discretionary program based on our financial performance. Bonus amounts are determined at the sole discretion of the HRC. With respect to all other compensation, costs above peer group median are related to the costs of Mr. Loveman s personal security, aircraft usage and hotel lodging expense while in Las Vegas. See Note 5 of Summary Compensation Table.

Messrs. Halkyard s, Jenkin s and Payne s and Ms. Thomas base salaries are in line with their peer group median, but where above is a reflection of our position as one of the world s largest gaming companies. With respect to options awarded, we awarded one-time mega-grants in 2008 following the Acquisition. These grants were intended as a five year equivalent grant value, as opposed to our prior practice of annual option grants. In 2011, we supplemented these grants. Also in 2011, options were amended as described in 2011 Amendments to Equity Plan and Supplemental Grants Stock Option Re-Pricing below, to reduce the exercise price of the outstanding 1.5X performance-based options to $20.09 per share and of outstanding time-based options to $20.09, with the reduced exercise price of the time-based options being phased in between a four to six year period, depending on the grant date and the price. The Option Awards figures in the above table reflect these two events. With respect to non-equity incentive plan compensation, our 2009 Senior Executive Incentive Plan (for Mr. Halkyard and Ms. Thomas) is a discretionary program based on our financial performance, and the Annual Management Bonus Plan (for Messrs. Jenkin and Payne) is a discretionary program based on our financial performance, corporate expenses and customer service improvement. Bonus amounts are determined at the sole discretion of the HRC, with input from the Chief Executive Officer.

Base Salary

Salaries are reviewed each year and increases, if any, are based primarily on an executive s accomplishment of various performance objectives and salaries of executives holding similar positions within the peer group, or within our company. Adjustments in base salary may be attributed to one of the following:

Merit: increases in base salary as a reward for meeting or exceeding objectives during a review period. The size of the increase is directly tied to pre-defined and weighted objectives (qualitative and quantitative) set forth at the onset of the review period. The greater the achievement in comparison to the goals, generally, the greater the increase.

Market: increases in base salary as a result of a competitive market analysis, or in coordination with a long term plan to pay a position at a more competitive level.

Promotional: increases in base salary as a result of increased responsibilities associated with a change in position.

Additional Responsibilities: increases in base salary as a result of additional duties, responsibilities, or organizational change. A promotion may be, but is not necessarily, involved.

Retention: increases in base salary as a result of a senior executive s being recruited by or offered a position by another employer.

All of the above reasons for base salary adjustments for senior executives must be approved by the HRC and are not guaranteed as a matter of practice or in policy.

Our Chief Executive Officer did not receive an increase in base salary in 2011 due to the general economic environment. In February 2009, we implemented a 5% reduction in base salary for management employees, including the NEOs. Effective January 1, 2010, the 5% base salary reduction was revoked for management employees, with the exception of members of senior management, including the NEOs. In July 2010, the HRC retracted the 5% salary reduction in place for members of our senior management, including the NEOs, with the exception of our Chief Executive Officer. In 2011, the HRC approved increases for Mr. Payne for taking on additional responsibilities and for Ms. Thomas as a merit increase.

2009 Senior Executive Incentive Plan

In December 2008, the Harrah s Entertainment, Inc. 2009 Senior Executive Incentive Plan was approved by the HRC and our sole voting stockholder, to be effective January 1, 2009. The awards granted pursuant to the Senior Executive Incentive Plan are intended to qualify as performance-based compensation under Section 162(m) of the Internal Revenue Code of 1986, as amended. Eligibility to participate in the Senior Executive Incentive Plan is limited to senior executives of Caesars and its subsidiaries who are or at some future date may be, subject to Section 16 of the Securities Exchange Act of 1934, as amended. The 162(m) Plan Committee selected the Senior Executive Incentive Plan participants for 2011 in February 2011. In February 2011, the Senior Executive Incentive Plan s performance goals are based upon our EBITDA. The 162(m) Plan Committee set the bonus target for each participant of the Senior Executive Incentive Plan at 0.5% of the Company s EBITDA for 2011. Subject to the foregoing and to the maximum award limitations, no awards will be paid for any period unless we achieve positive EBITDA.

Messrs. Loveman and Halkyard, Ms. Thomas and certain other executive officers participated in the Senior Executive Incentive Plan for the year 2011. As noted above, the 162(m) Plan Committee has authority to reduce bonuses earned under the Senior Executive Incentive Plan and also has authority to approve bonuses outside of the Senior Executive Incentive Plan to reward executives for special personal achievement.

It has been the 162(m) Plan Committee s practice to decrease the bonus target of 0.5% of EBITDA by reference to the achieved performance goals and bonus formulas used under the Annual Management Bonus Plan discussed below.

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Bonuses for Messrs. Loveman and Halkyard and Ms. Thomas are expected to be set by the 162(m) Plan Committee at their meeting in February 2012.

Annual Management Bonus Plan

The Annual Management Bonus Plan (the Bonus Plan) provides the opportunity for our senior executives and other participants to earn an annual bonus payment based on meeting corporate financial and non-financial goals. These goals are set at the beginning of each fiscal year by the HRC. Beginning in 2009, the HRC approved a change to the Bonus Plan that allowed the HRC to revise financial goals on a semi-annual basis if external economic conditions indicated that the original goals did not correctly anticipate movements of the broader economy. Under the Bonus Plan, the goals can pertain to operating income, pre-tax earnings, return on sales, earnings per share, a combination of objectives, or another objective approved by the HRC. For Messrs. Jenkin and Payne, who participated in the Bonus Plan for 2011, the objectives also include Adjusted EBITDA, customer satisfaction and growth of cross property play for their respective divisions. The goals may change annually to support our short or long-term business objectives. For the 2011 plan year, the Bonus Plan s goal consisted of a combination of Adjusted EBITDA, corporate expense, and customer satisfaction improvement. Although officers that participated in the Senior Executive Incentive Plan during 2011 do not participate in the Bonus Plan, goals are set for all officers under this plan. The measurement used to gauge the attainment of these goals is called the corporate score.

For 2011, financial goals are comprised of these separate measures, representing up to 90% of the corporate score.

EBITDA is a common measure of company performance in the gaming industry and as a basis for valuation of gaming companies and, in the case of Adjusted EBITDA, as a measure of compliance with certain debt covenants. Adjusted EBITDA comprised 70% of the corporate score for 2011, and the target was set at $1,987 million for 2011.

Corporate Expense: In the current economic environment, it is important for us to manage expenses. Corporate expense, prior to the allocation of expenses to our operations, comprised 20% of the corporate score for 2011, and the target was set at $459 million for 2011. The figure used for this corporate expense target is not a GAAP financial measure and does not correspond to the corporate expense line item in our financial statements.

Non-financial goals consist of one key measurement: customer satisfaction. We believe we distinguish ourselves from competitors by providing excellent customer service. Supporting our property team members who have daily interaction with our external customers is critical to maintaining and improving guest service. Customer satisfaction is measured by surveys of our loyalty program (Total Rewards) customers taken by a third party. These surveys are taken weekly across a broad spectrum of customers. Customers are asked to rate our casinos performance using a simple A-B-C-D-F rating scale. The survey questions focus on friendly/helpful and wait time in key operating areas, such as beverage service, slot services, Total Rewards, cashier services and hotel operation services. Each of our casino properties works against an annual baseline defined by a composite of their performance in these key operating areas from previous years. Customer satisfaction comprised 10% of the corporate score for 2011, and the target was set at a 3% change from non-A to A scores for 2011.

Bonus plan payments would not be paid if Adjusted EBITDA was less than 90% of target, if corporate expense exceeded 10% or more of target or if there was less than a one percent shift in non-A to A customer satisfaction scores.

After the corporate score has been determined, a bonus matrix approved by the HRC provides for bonus amounts of participating executive officers and other participants that will result in the payment of a specified percentage of the participant s salary if the target objective is achieved. This percentage of salary is adjusted upward or downward based upon the level of corporate score achievement.

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After the end of the fiscal year, the Chief Executive Officer assesses our performance against the financial and customer satisfaction targets set by the HRC. Taking into account our performance against the targets set by the HRC, the Chief Executive Officer will develop and recommend a performance score of 0 to 1.5 to the HRC.

The HRC has the authority under the Bonus Plan to adjust any goal or bonus points with respect to executive officers, including no payment under the Bonus Plan. These decisions are subjective and based generally on a review of the circumstances affecting results to determine if any events were unusual or unforeseen.

The 2011 corporate score and bonuses for Messrs. Jenkin and Payne are expected to be set by the HRC at their meeting in February 2012.

In February 2011, the HRC approved a change to the Bonus Plan to include a cross market play component for non-corporate employees, including Messrs. Jenkin and Payne.

In February 2011, the HRC approved raising the corporate score ceiling from a maximum of 150 points at 110% of EBITDA plan performance to 200 points at 120% of EBITDA plan performance. This change was made to reward management with increased bonus opportunity for an extraordinary performance against plan. As a result of the change, management could receive a maximum of up to three times their target bonus percentage of annual salary if maximum points are achieved under the Bonus Plan.

Messrs. Jenkin and Payne participated in the Bonus Plan for the year 2011. Bonuses under the Bonus Plan are expected to be awarded to Messrs. Jenkin and Payne by the HRC in February 2012. In addition, as noted above, under the Senior Executive Incentive Plan, performance goals for Messrs. Loveman and Halkyard and Ms. Thomas are expected to be assessed by the HRC for 2011 in February 2012. The 162(m) Plan Committee will then review the HRC s assessments for purposes of setting bonuses under the Senior Executive Incentive Plan.

Cross Market Bonus Plan

In February 2011, the HRC approved a new incentive plan for all management (including the NEOs) designed to promote cooperation between our properties to increase customer visitation across our properties. The Cross Market Bonus Plan is intended as a supplement to the Bonus Plan for 2011, and is applicable only to employees who do not earn a bonus under the Bonus Plan. Each of our properties has a cross market target equivalent to the cross market target component of the Bonus Plan applicable to non-corporate employees, including Messrs. Jenkin and Payne. However, while the cross market component of the Bonus Plan is subject to the achievement of minimum EBITDA plan results, the Cross Market Bonus Plan is independent of financial results at properties. The combined intent of the Bonus Plan and the Cross Market Bonus Plan was to provide management with incentive to promote cross market play across our entire company, irrespective of property financial performance. Bonuses for our NEOs, if any, under the Cross Market Bonus Plan are expected to be approved by the HRC at their meeting in February 2012.

Customer Service Jackpot Plan

In February 2011, the HRC approved a new incentive plan for all management (including the NEOs) designed to incent greatly enhanced performance against our customer service metric. The Customer Service Jackpot functions as a supplement to the Bonus Plan in 2011, and is measured against the same customer service metric as the Bonus Plan. In order to qualify for an award under the Customer Service Jackpot, a property must have a minimum positive shift of non-A to A customer scores of 6.0%, which is double the shift that earns the maximum customer service bonus points in the Bonus Plan, and we consider the Customer Service Jackpot to be an award for the achievement of two year s worth of maximum service performance in a single year. Payout of the Customer Service Jackpot is targeted at 5% of an employee s base salary for all management. Bonuses for our NEOs, if any, under the Customer Service Jackpot Plan are expected to be approved by the HRC at their meeting in February 2012.

Corporate Expense Jackpot Plan

In February 2011, the HRC approved a new incentive plan for all corporate management (including the NEOs) designed to incent our corporate employees to pursue aggressive cost savings. The Corporate Expense Jackpot functions as a supplement to the Bonus Plan, and is measured against the same corporate expense metric as in the Bonus Plan for corporate employees. In order to qualify for an award under the Corporate Expense Jackpot, the final corporate expense figure for 2011 must come in 13% below the target corporate expense figure for 2011. We consider cost savings to be an integral objective in 2011, and believes the Corporate Expense Jackpot incents our corporate employees to be aggressive in order to reach this greatly enhanced savings target. Payout of the Corporate Expense Jackpot is targeted at 5% of an employee s base salary for all management. Bonuses for our NEOs, if any, under the Corporate Expense Jackpot Plan are expected to be approved by the HRC at their meeting in February 2012.

Revenue Growth Incentive Plan

In February 2010, the HRC approved a new medium-term Revenue Growth Incentive Plan, or RGIP, for certain members of management (including the NEOs) designed to promote incremental revenue growth over a two year period (beginning on January 1, 2010) and bridge the gap between our current compensation (salary, bonus, benefits) and longer-term compensation offering (equity plan). The RGIP is intended as a special, one-time bonus program for the purpose of promoting top-line revenue growth in excess of our currently forecasted revenue growth over the two year bonus period. The HRC believes that after several years of promoting cost cutting it is now an appropriate time to focus on revenue growth. The RGIP will also provide a liquid medium-term incentive program, as it will allow management and NEOs the ability to earn cash in the medium-term, as opposed to our equity plan which is longer term and currently not liquid.

Senior executives and other management employees are eligible to participate in the RGIP; payments will be determined and paid in early 2013. Payout of the RGIP is contingent on achievement of revenue growth at distinct thresholds above current forecasts. To ensure the RGIP is a value added program, payout of the bonus is also subject to the meeting of a minimum EBITDA margin threshold equal to or greater than the final consolidated EBITDA margin for the 2009 calendar year.

For 2010 and 2011, the sole goal of the RGIP is growth in revenue above the rate forecasted by our company. Incremental Revenue Growth is defined as an increase in the percentage of revenue growth year over year above the growth rate forecasted by our company. For the RGIP, payout levels of the bonus have been set at three incremental growth thresholds: 0.75%, 1.0% and 1.5% incremental revenue growth. These thresholds were set by looking at past growth rates and also our current five year predictions.

Achievement of 0.75% incremental revenue growth over the bonus period results in a payout of the RGIP at the target payout rate. The 1.0% and 1.5% incremental growth levels are stretch goals for the program and result in payouts at a premium percentage above the target payout. For our senior executives and officers the payout premiums are 125% and 150% of annual salary, respectively.

Subject to the discretion of the HRC, the revenue goals of the RGIP program will be subject to adjustment based on changes in the general economy. The plan review will occur in a manner similar to that included as part of the Annual Management Bonus Plan in which both positive and negative changes in the economy are taken into account. The HRC will have the final determination on the financial goals, and any changes to such goals, under the RGIP.

In July 2010, the HRC determined to modify the time period for the RGIP. The RGIP has been shifted forward six months, and will now run during the two year period from July 1, 2010 through June 30, 2012. The HRC determined to shift the RGIP forward by six months because (a) the plan was not rolled out to employees until March 2010 and (b) the continuing economic downturn in the gaming industry in the first half of 2010.

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Project Renewal Incentive Plan

In 2011, the HRC adopted the Project Renewal Incentive Plan, or PRIP, a plan designed to incent our leadership to undertake the cost savings initiatives proposed as part of a comprehensive program to streamline our operations that was launched in the fourth quarter of 2010. PRIP expires on March 1, 2013.

PRIP provides payouts when pre-determined cumulative, run rate savings milestones are achieved and maintained for at least three consecutive months, as certified by the HRC. PRIP includes four savings milestones in the amounts of $100 million, $200 million, $300 million and $400 million. Payout under PRIP is further subject to the maintenance of a minimum EBITDA threshold per $100 million of cost savings to ensure that actual savings flow through to EBITDA.

The maximum payout any participant can receive based on achieving each of the four savings milestones is equal to two times the participant s annual bonus target. Upon achievement (and maintenance) of each of (i) the first and second savings milestones ($100 million and $200 million, respectively) 33% of the annual bonus target is payable, and (ii) the third and fourth milestones ($300 million and $400 million, respectively) 67% of the annual bonus target is paid. Participants must be employed as of the day bonuses are paid in order to be eligible to receive payment.

The HRC approved that the first $100 million run rate savings milestone has been achieved, sustained for at least three months, and that the EBITDA governor has been achieved as well. Accordingly, on July 27, 2011, the HRC approved the payout for the first milestone, aggregating $7.75 million for all eligible employees, including our NEOs, who received the following amounts pursuant to the Plan and as approved by the HRC: Gary W. Loveman $1,000,000; Thomas M. Jenkin $300,000; John W. R. Payne $256,250; Jonathan S. Halkyard $155,000; and Mary H. Thomas $125,962. See Summary Compensation Table for additional information.

The Senior Executive Incentive Plan, the Bonus Plan, the Cross Market Bonus Plan, the Customer Service Jackpot Plan, the Corporate Expense Jackpot Plan, the Revenue Growth Incentive Plan and the Project Renewal Incentive Plan are discretionary, including making no payments under the plans.

Conversion of Preferred Stock to Common Stock

In connection with the assessment of long-term incentives for the management team, the HRC determined that it would recommend to our Board and our stockholders that (a) the preferred stock dividend be eliminated, (b) the conversion price for non-voting preferred stock be at the original value of our non-voting common stock (in other words, as if the non-voting preferred stock never was entitled to a dividend) and (c) that the non-voting preferred stock be converted to non-voting common stock.

In February 2010, the Board approved (upon recommendation of the HRC) revisions to the Certificate of Designation for the non-voting preferred stock to eliminate dividends (including all existing accrued but unpaid dividends) and to specify that the conversion right of the non-voting preferred stock be at the original value of our non-voting common stock. In March 2010, Hamlet Holdings LLC (the holder of all of our voting common stock) and holders of a majority of our non-voting preferred stock approved the revisions to the Certificate of Designation. Also in March 2010, the holders of a majority of our non-voting preferred stock agreed to convert all of the non-voting preferred stock to non-voting common stock.

Conversion of Non-voting Common Stock to Voting Common Stock

In November 2010, in connection with the private placement with certain affiliates of Paulson & Co. Inc., we converted all non-voting common stock into voting shares of common stock and canceled the existing class of voting common stock.

Equity Awards

Equity Plan

In February 2008, the Board approved and adopted the Harrah s Entertainment Management Equity Incentive Plan, or the Equity Plan. The purpose of the Equity Plan is to promote our long term financial interests and growth by attracting and retaining management and other personnel and key service providers with the training, experience and ability to enable them to make a substantial contribution to the success of our business; to motivate management personnel by means of growth-related incentives to achieve long range goals; and to further the alignment of interests of participants with those of our stockholders. Except for options awarded under a predecessor plan that were rolled over into the Company by Mr. Loveman, all awards under prior plans were exchanged in the Acquisition.

The Equity Plan provides for the grant of awards that will vest based on continued service only (time-based options) and those that also require attainment of performance criteria (performance-based options). The performance-based options vest based on investment return to our stockholders following the Acquisition. Originally, one-half of the performance based options become eligible to vest upon the stockholders receiving cash proceeds equal to two times their amount invested in the Acquisition, (the 2X options), and one-half of the performance-based options become eligible to vest upon the stockholders receiving cash proceeds equal to three times their amount invested, (the 3X options).

The combination of time and performance based vesting of the options is designed to compensate executives for long term commitment to us, while motivating sustained increases in our financial performance and helping ensure the stockholders have received an appropriate return on their invested capital.

Amendments to Equity Plan and Supplemental Grants

On February 23, 2010, the HRC adopted an amendment to the Equity Plan. The amendment provided for an increase in the available number of shares of non-voting common stock for which options may be granted up to 7,955,573 shares.

The amendment also revised the vesting hurdles for performance-based options under the Equity Plan. Previously, performance-based options vested upon a 2X return and upon a 3X return. The triggers were revised to 1.5X and 2.5X, respectively. In addition, a pro-rata portion of the 2.5X options will vest if funds affiliated with the Sponsors 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 funds affiliated with the Sponsors realize between 2.0X and 2.5X.

In addition, in March 2010, the HRC approved supplemental equity grants for all of the NEOs and certain other management in an effort to enhance the value of grants under the Equity Plan. The supplemental grants contained solely time-vested options, vesting over 5 years; however, there is no vesting until after the 2nd anniversary from the grant date, and thereafter the options vest at 25% per year.

In March 2010, the HRC approved the following supplemental grants to the NEOs:

Executive	Number of Shares of Time Based Options	Number of Shares of Performance Based Options
Gary W. Loveman	797,833	
Thomas M. Jenkin	141,411	
John W. R. Payne	89,717	
Jonathan S. Halkyard	92,921	
Mary H. Thomas	30,803	

2011 Amendments to Equity Plan and Supplemental Grants

Stock Option Re-Pricing

In July 2011, the HRC approved amendments to the Equity Plan and to outstanding stock options which were granted pursuant to the Equity Plan.

As a result of the July 2011 amendments, 2.5X performance-based options were revised to 2.0X, and if the Sponsors and their co-investors realize a return of less than 2.0X but equal to or greater than 1.75X, a pro-rata portion of such performance-based options will vest based on straight line interpolation.

In addition, the exercise price for all outstanding time-based options was reduced to $20.09 per share, with the reduced exercise price being phased in between a four to six year period, depending on grant date, as set forth in each individual award agreement. Prior to the phase in, any vested options may still be exercised at the original exercise price, subject to the terms of the Equity Plan. The exercise price of outstanding 1.5X performance-based options was also reduced to $20.09 per share. The exercise price for the outstanding 2.5X, now 2.0X, performance options was not reduced to $20.09 per share.

The stock option re-pricing and the reduction of the vesting hurdles for performance-based options were intended to strengthen employee retention and provide our NEOs with equity based compensation in line with their peer group.

2011 Supplemental Grant

In 2011, we engaged Aon Hewitt to review equity compensation practices at a broad range of companies of similar size and geographic scope. This review indicated that realizable grant values to our senior executives over the period of 2008-2015 were expected to significantly lag behind our peers. In order to mitigate this difference and ensure employee retention, Management recommended to the HRC a supplemental option grant to a select group of employees, including the NEOs.

On November 29, 2011, the HRC approved an amendment to our Management Equity Incentive Plan providing for an increase in the number of shares of our common stock for which time-based options may be granted from 5,516,446 to 6,143,749, which in turn increased the number of shares under the Plan from 7,955,573 to 8,582,876.

In addition, in November 2011 the HRC approved supplemental equity grants for all of the NEOs and certain other key members of senior leadership. Except for the CEO, the supplemental grants contained solely time-vested options, vesting over 4 years; Mr. Loveman s supplemental grant included time-vested options, vesting over 4 years, and performance-based options with a 1X vesting hurdle.

The size of the supplemental grants was intended to provide our NEOs with equity based compensation in line with their peer group. Specifically, for each NEO the supplemental grant was determined by using a participant s then-current total option value and increasing the total to meet the 2008-2015 benchmark value developed by our human resources executives in conjunction with Aon Hewitt. In some cases, individual performance was also taken into account.

In November 2011, the HRC approved the following supplemental grants to the NEOs :

Executive	Number of Shares of Time Based Options	Number of Shares of Performance Based Options(1)
Gary W. Loveman	580,667	290,334
Thomas M. Jenkin	66,359	
John W. R. Payne	68,635	
Jonathan S. Halkyard	8,710	
Mary H. Thomas	55,711	

(1) These performance options vest if TPG and Apollo Global Management, LLC and its affiliates achieve the return of capital invested in the Company at a $57.41 stock price.

Employment Agreements

We have entered into employment agreements with each of our NEOs. The HRC and the Board put these agreements in place in order to attract and retain the highest quality executives. At least annually, our compensation department reviews our termination and change in control arrangements against peer companies as part of its review of our overall compensation package for executives to ensure that it is competitive. The compensation department s analysis is performed by reviewing each of our executives under several factors, including the individual s role in the organization, the importance of the individual to the organization, the ability to replace the executive if he/she were to leave the organization, and the level of competitiveness in the marketplace to replace an executive while minimizing the affect to our on-going business. The compensation department presents its assessment to the HRC for feedback. The HRC reviews the information and determines if changes are necessary to the termination and severance packages of our executives.

Policy Concerning Tax Deductibility

The HRC s policy with respect to qualifying compensation paid to its executive officers for tax deductibility purposes is that executive compensation plans will generally be designed and implemented to maximize tax deductibility. However, non-deductible compensation may be paid to executive officers when necessary for competitive reasons or to attract or retain a key executive, or where achieving maximum tax deductibility would be considered disadvantageous to our best interests. Our Senior Executive Incentive Plan is designed to comply with Section 162(m) of the Internal Revenue Code so that annual bonuses paid under these plans, if any, will be eligible for deduction by us. See Senior Executive Incentive Plan.

Stock Ownership Requirements

As a company that does not have a listed equity security, we do not have a policy regarding stock ownership.

Chief Executive Officer s Compensation

The objectives of our Chief Executive Officer are approved annually by the HRC. These objectives are revisited each year. The objectives for 2011 were to:

- achieve 2011 Plan revenue, cash flow margin and liquidity, and generally position the company to benefit from a rebound;
- optimize capital structure;

establish a casino, online and non-gaming presence in Asia;

develop the company as the leader online for rake and for fun gaming;

stimulate Las Vegas growth and Atlantic City revitalization; and

develop, motivate and incent our employees.

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The HRC s assessment of the Chief Executive Officer s performance is based on a subjective or objective review (as applicable) of performance against these objectives. Specific weights may be assigned to particular objectives at the discretion of the HRC, and those weightings, or more focused objectives, are communicated to the Chief Executive Officer at the time the goals are set forth. However, no specific weights were set against the Chief Executive Officer s objectives in 2011.

As Chief Executive Officer, Mr. Loveman s base salary was based on his performance, his responsibilities and the compensation levels for comparable positions in other companies in the hospitality, gaming, entertainment, restaurant and retail industries. Merit increases in his salary are a subjective determination by the HRC, which bases its decision upon his prior year s performance versus his objectives as well as upon an analysis of competitive salaries. Although base salary increases are subjective, the HRC reviews Mr. Loveman s base salary against peer groups, his roles and responsibilities within the company, his contribution to our success and his individual performance against his stated objective criteria.

The 162(m) Plan Committee will use the Senior Executive Incentive Plan to determine the Chief Executive Officer s bonus for 2011. Under this plan, bonus target is set as a percentage of EBITDA, as more fully described above. The 162(m) Plan Committee has discretion to reduce bonuses (as permitted by Section 162(m) of the Internal Revenue Code), and it is the normal practice of the 162(m) Plan Committee to reduce the Chief Executive Officer s bonus by reference to the achievement of performance goals and bonus formulas used under the Annual Management Bonus Plan. For 2011, the 162(m) Plan Committee has not made its determination of a bonus award for the Chief Executive Officer but it is expected to be made in February 2012. See Summary Compensation Table.

Mr. Loveman s salary, bonus and equity awards differ from those of our other named executive officers in order to (a) keep Mr. Loveman s compensation in line with Chief Executive Officer s of other gaming, hotel and lodging companies, as well as other consumer oriented companies, (b) compensate him for the role as the leader and public face of our company and (c) compensate him for attracting and retaining our senior executive team.

Personal Benefits and Perquisites

During 2011, all of our NEOs received a financial counseling reimbursement benefit, and were eligible to participate in our deferred compensation plan, the Executive Supplemental Savings Plan II, or ESSP II, and our health and welfare benefit plans, including the Harrah s Savings and Retirement Plan, or S&RP. In previous years, the NEOs also received matching amounts from us pursuant to the plan documents, which are the same percentages of salary for all employees eligible for these plans. However, in February 2009, Company matching was suspended for the S&RP and ESSP II. A modified matching program with a $600 annual cap was approved by the HRC in November 2011 and will be reinstated for the S&RP exclusively in April 2012.

Additionally, we provided for Mr. Loveman s personal use of company aircraft at certain times during 2011. Lodging and certain other expenses were incurred by Mr. Loveman for use during his Las Vegas-based residence. We also provided security for Mr. Loveman and his family. The decision to provide Mr. Loveman with the personal security benefit was prompted by the results of an analysis provided by an independent professional consulting firm specializing in executive safety and security. Based on these results, the HRC approved personal security services to Mr. Loveman and his family.

These perquisites are more fully described in Summary Compensation Table.

Our use of perquisites as an element of compensation is limited. We do not view perquisites as a significant element of our comprehensive compensation structure, but we do believe that they can be used in conjunction with base salary to attract, motivate and retain individuals in a competitive environment.

Under our group life insurance program, senior executives, including the NEOs, are eligible for an employer provided life insurance benefit equal to three times their base annual salary, with a maximum benefit of $5.0

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million. Mr. Loveman is provided with a life insurance benefit of $3.5 million under our group life insurance program and additional life insurance policies with a benefit of $2.5 million. In addition to group long term disability benefits, which are available to all benefits eligible employees, the Chief Executive Officer and all other NEOs are covered under a Company-paid individual long-term disability insurance policy paying an additional $5,000 monthly benefit and Mr. Loveman receives a supplemental short-term disability policy with a $10,000 monthly benefit.

Elements of Post-Employment Compensation and Benefits

Employment Arrangements

Chief Executive Officer. Mr. Loveman entered into an employment agreement on January 28, 2008 (as amended to date), which provides that Mr. Loveman will serve as Chief Executive Officer and President until January 28, 2013, and the agreement shall extend for additional one year terms thereafter unless terminated by us or Mr. Loveman at least 60 days prior to each anniversary thereafter. Additionally, pursuant to the agreement, Mr. Loveman received a grant of stock options pursuant to the Equity Plan (described above). Mr. Loveman s annual salary is $2,000,000, subject to annual merit reviews by the HRC. In February 2009, Mr. Loveman agreed to reduce his salary to $1,900,000 as part of a broader management reduction of salaries, and despite the retraction of the reduction of base salary for the other NEOs in July 2010, Mr. Loveman s annual salary remains at $1,900,000.

Pursuant to his employment agreement, Mr. Loveman is entitled to participate in the annual incentive bonus compensation programs with a minimum target bonus of 1.5 times his annual salary. In addition, the agreement entitles Mr. Loveman to an individual long-term disability policy with a $180,000 annual maximum benefit and an individual long term disability excess policy with an additional $540,000 annual maximum benefit, subject to insurability.

Mr. Loveman is also entitled to life insurance with a death benefit of at least three times the greater of his base annual salary and $2,000,000. In addition, Mr. Loveman is entitled to financial counseling reimbursed by us, up to $50,000 per year. The agreement also requires Mr. Loveman, for security purposes, to use our aircraft, or other private aircraft, for himself and his family for business and personal travel. The agreement also provides that Mr. Loveman will be provided with accommodations while performing his duties in Las Vegas, and we will also pay Mr. Loveman a gross-up payment for any taxes incurred for such accommodations. Our Board can terminate the employment agreement with or without cause, and Mr. Loveman can resign, at any time.

If we terminate the agreement without Cause, or if Mr. Loveman resigns for Good Reason:

- Mr. Loveman will be paid, in equal installments over a 24 month period, two times the greater of his base annual salary and $2,000,000 plus his target bonus;

- Mr. Loveman will continue to have the right to participate in our benefit plans (other than bonus and long-term incentive plans) for a period of two years beginning on the date of termination; and

- his pro-rated bonus (at target) for the year of termination.

Cause is defined under the agreement as:

(i) the willful failure of Mr. Loveman to substantially perform his duties with us or to follow a lawful reasonable directive from our Board (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to Mr. Loveman by our Board which specifically identifies the manner in which our Board believes that Mr. Loveman has willfully not substantially performed his duties or has willfully failed to follow a lawful reasonable directive and Mr. Loveman is given a reasonable opportunity (not to exceed thirty (30) days) to cure any such failure, if curable.

(ii) (a) any willful act of fraud, or embezzlement or theft by Mr. Loveman, in each case, in connection with his duties under the employment agreement or in the course of his employment or (b) Mr. Loveman s

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admission in any court, or conviction of, or plea of nolo contendere to, a felony that could reasonably be expected to result in damage to our business or reputation.

(iii) Mr. Loveman being found unsuitable for or having a gaming license denied or revoked by the gaming regulatory authorities in Arizona, California, Colorado, Illinois, Indiana, Iowa, Kansas, Louisiana, Mississippi, Missouri, Nevada, New Jersey, New York, or North Carolina.

(iv) Mr. Loveman s willful and material violation of, or noncompliance with, any securities laws or stock exchange listing rules, including, without limitation, the Sarbanes-Oxley Act of 2002, provided that such violation or noncompliance resulted in material economic harm to us, or (y) a final judicial order or determination prohibiting Mr. Loveman from service as an officer pursuant to the Securities and Exchange Act of 1934 or the rules of the New York Stock Exchange.

Good Reason is defined under the agreement as: without Mr. Loveman s express written consent, the occurrence of any of the following circumstances unless, in the case of paragraphs (a), (d), (e), (f), or (g), such circumstances are fully corrected prior to the date of termination specified in the written notice given by Mr. Loveman notifying us of his resignation for Good Reason:

(a) The assignment to Mr. Loveman of any duties materially inconsistent with his status as our Chief Executive Officer or a material adverse alteration in the nature or status of his responsibilities, duties or authority;

(b) The requirement that Mr. Loveman report to anyone other than our Board;

(c) The failure of Mr. Loveman to be elected/re-elected as a member of our Board;

(d) A reduction by us in Mr. Loveman s annual base salary of $2,000,000.00, as the same may be increased from time to time as approved by the HRC;

(e) The relocation of our principal executive offices from Las Vegas, Nevada, to a location more than fifty (50) miles from such offices, or our requiring Mr. Loveman either: (i) to be based anywhere other than the location of our principal offices in Las Vegas (except for required travel on our business to an extent substantially consistent with Mr. Loveman s present business travel obligations); or (ii) to relocate his primary residence from Boston to Las Vegas;

(f) Our failure to pay to Mr. Loveman any material portion of his current compensation, except pursuant to a compensation deferral elected by Mr. Loveman, or to pay to Mr. Loveman any material portion of an installment of deferred compensation under any of our deferred compensation programs within thirty (30) days of the date such compensation is due;

(g) Our failure to continue in effect compensation plans (and Mr. Loveman s participation in such compensation plans) which provide benefits on an aggregate basis that are not materially less favorable, both in terms of the amount of benefits provided and the level of Mr. Loveman s participation relative to other participants at Mr. Loveman s grade level, to those in which Mr. Loveman is participating as of January 28, 2008;

(h) Our failure to continue to provide Mr. Loveman with benefits substantially similar to those enjoyed by him under the Savings and Retirement Plan and the life insurance, medical, health and accident, and disability plans in which Mr. Loveman is participating as of January 28, 2008, the taking of any action by us which would directly or indirectly materially reduce any of such benefits or deprive Mr. Loveman of any material fringe benefit enjoyed by Mr. Loveman as of January 28, 2008, except as permitted by the employment agreement;

(i) Delivery of a written Notice of our non-renewal of the employment agreement by us to Mr. Loveman; or

(j) Our failure to obtain a satisfactory agreement from any successor to assume and agree to perform the employment agreement.

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Mr. Loveman waived his right to terminate his employment agreement for Good Reason in connection with the 5% reduction of his base annual salary implemented in February 2009.

If we terminate the agreement for Cause or Mr. Loveman terminates without Good Reason, Mr. Loveman s salary will end as of the termination date.

After his employment with us terminates for any reason, Mr. Loveman will be entitled to participate in our group health insurance plans applicable to corporate executives, including family coverage, for his lifetime. We will pay 80% of the premium on an after-tax basis for this coverage, and Mr. Loveman will incur imputed taxable income equal to the amount of our payment. When Mr. Loveman becomes eligible for Medicare coverage, our group health insurance plan will become secondary, and Mr. Loveman will be eligible for the same group health benefits as normally provided to our other retired management directors. He will incur imputed taxable income equal to the premium cost of this benefit.

If a change in control were to occur during the term of Mr. Loveman s employment agreement, and his employment was terminated involuntarily or he resigned for Good Reason within two years after the change in control, or if his employment was involuntarily terminated within six months before the change in control by reason of the request of the buyer, Mr. Loveman would be entitled to receive the benefits described above under termination without cause by us or by Mr. Loveman for good reason, except that (a) the multiplier would be three times (in lieu of two times) and (b) the payment would be in a lump sum (as opposed to over a 24 month period). In addition, if the payments are subject to a federal excise tax, or Excise Tax, imposed on Mr. Loveman, the employment agreement requires us to pay Mr. Loveman an additional amount, or the Gross-Up Payment, so that the net amount retained by Mr. Loveman after deduction of any Excise Tax on the change in control payments and all Excise Taxes and other taxes on the Gross-Up Payment, will equal the initial change in control payment, less normal taxes.

The agreement provides that Mr. Loveman will not compete with us or solicit employees to leave us above a certain grade level for a period of two years after termination of his active full time employment (which for this purpose does not include the salary continuation period).

Named Executive Officer Employment Arrangements

We also have employment agreements with our other NEOs and members of our senior management team, which provide for a base salary, subject to merit increases as the HRC may approve. We entered into employment agreements on February 28, 2008 with Jonathan S. Halkyard, Thomas M. Jenkin, John W. R. Payne and Mary H. Thomas. The agreements of Messrs. Jenkin, Halkyard, and Payne were renewed on January 4, 2012 and expire on January 4, 2016; the agreement with Ms. Thomas was renewed on January 31, 2011 and expires January 31, 2015. Below is a description of the material terms and conditions of these employment agreements.

The agreement with each of Messrs. Halkyard, Jenkin and Payne is for a term of four years beginning on January 4, 2012 and is automatically renewed for successive one year terms unless either we or the executive delivers a written notice of nonrenewal at least six (6) months prior to the end of the term. The agreement with Ms. Thomas is for a term of four years beginning January 31, 2011 and is automatically renewed for successive one year terms unless either we or the executive delivers a written notice of nonrenewal at least 60 days prior to the end of the term.

Pursuant to the employment agreements, the executives will receive base salaries as follows: Mr. Halkyard, $700,000; Mr. Jenkin, $1,200,000; Mr. Payne, $1,125,000 and Ms. Thomas $525,000. In addition to her salary, Ms. Thomas is eligible to receive a retention bonus if the terms of the bonus provision specified in her employment agreement are met and she is employed in her current position on the specified payment dates. Ms. Thomas received a retention payment of $100,000 on February 15, 2011, and she is eligible to receive a bonus of $100,000 on February 15, 2012 and a bonus of $75,000 on February 15, 2013.

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In February 2009, Messrs. Halkyard, Jenkin, and Payne agreed to reduce their respective base salaries by 5% as part of a broader management reduction of salaries. In August 2009, Mr. Halkyard was given a market based salary increase to $700,000 and took a 5% reduction of that salary to $665,000. In January 2010, Mr. Payne was given a market based salary increase to $1,025,000 and took a 5% reduction of that salary to $973,750. The 5% salary reductions were reinstated for each of the executives discussed above in July 2010. In July 2011, the HRC approved a salary increase for Mr. Payne from $1,025,000 to $1,125,000.

The HRC will review base salaries on an annual basis with a view towards merit increases (but not decreases) in such salary. In addition, each executive will participate in our annual incentive bonus program applicable to the executive s position and shall have the opportunity to earn an annual bonus based on the achievement of performance objectives.

Each NEO will be entitled to participate in benefits and perquisites at least as favorable to the executive as such benefits and perquisites currently available to the executives, group health insurance, long term disability benefits, life insurance, financial counseling, vacation, reimbursement of expenses, director and officer insurance and the ability to participate in our 401(k) plan. If (a) the executive attains age fifty (50) and, when added to his or her number of years of continuous service with us, including any period of salary continuation, the sum of his or her age and years of service equals or exceeds sixty-five (65), and at any time after the occurrence of both such events executive s employment is terminated and his or her employment then terminates either (1) without cause or (2) due to non-renewal of the agreement, or (b) the executive attains age fifty-five (55) and, when added to his or her number of years of continuous service with us, including any period of salary continuation, the sum of his or her age and years of service equals or exceeds sixty-five (65) and the executive s employment is terminated other than for cause, he or she will be entitled to lifetime coverage under our group health insurance plan. The executive will be required to pay 20% of the premium for this coverage and we will pay the remaining premium, which will be imputed taxable income to the executive. This insurance coverage terminates if the executive competes with us.

Upon a termination without cause (as defined in the employment agreement and set forth below), a resignation by the executive for good reason (as defined in the employment agreement and set forth below) or upon our delivery of a non-renewal notice, the executive shall be entitled to his or her accrued but unused vacation, unreimbursed business expenses and base salary earned but not paid through the date of termination. In addition, the executive will receive a cash severance payment equal to 1.5 times his or her base salary payable in equal installments during the 18 months following such termination and pro-rated bonus for the year in which the termination occurs based on certain conditions. In the event that the executive s employment is terminated by reason of his or her disability, he or she will be entitled to apply for our long term disability benefits, and, if he or she is accepted for such benefits, he or she will receive 18 months of base salary continuation offset by any long term disability benefits to which he or she is entitled during such period of salary continuation. Furthermore, during the time that the executive receives his or her base salary during the period of salary continuation, he or she will be entitled to all benefits. Payment of any severance benefits is contingent upon the execution of a general release in favor of us and our affiliates.

Cause under the employment agreements is defined as:

(i) the willful failure of executive to substantially perform executive s duties with us or to follow a lawful, reasonable directive from our Board or the Chief Executive Officer (the CEO) or such other executive officer to whom executive reports (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to executive by our Board (or the CEO, as applicable) which specifically identifies the manner in which our Board (or the CEO, as applicable) believes that executive has willfully not substantially performed executive s duties or has willfully failed to follow a lawful, reasonable directive;

(ii) any willful act of fraud, or embezzlement or theft, by executive, in each case, in connection with executive s duties hereunder or in the course of executive s employment hereunder or (B) executive s admission in any court, or conviction of, or plea of nolo contendere to, a felony;

(iii) executive being found unsuitable for or having a gaming license denied or revoked by the gaming regulatory authorities in any jurisdiction in which we conduct gaming operations;

(iv) executive s willful and material violation of, or noncompliance with, any securities laws or stock exchange listing rules, including, without limitation, the Sarbanes-Oxley Act of 2002, provided that such violation or noncompliance resulted in material economic harm to us, or (B) a final judicial order or determination prohibiting executive from service as an officer pursuant to the Securities and Exchange Act of 1934 or the rules of the NYSE; or

(v) a willful breach by the executive of non competition provisions or confidentiality provisions of the agreement.

For purposes of definition, no act or failure to act on the part of executive, shall be considered willful unless it is done, or omitted to be done, by executive in bad faith and without reasonable belief that executive s action or omission was in our best interests. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by our Board or based upon the advice of our counsel shall be conclusively presumed to be done, or omitted to be done, by executive in good faith and in our best interests of our Company. The cessation of employment of the executive shall not be deemed to be for Cause unless and until executive has been provided with written notice of the claim(s) against him or her under the above provision(s) and a reasonable opportunity (not to exceed thirty (30) days) to cure, if possible, and to contest said claim(s) before our Board.

Good Reason under the employment agreements is defined as:

The occurrence, without executive s express written consent, of any of the following circumstances unless such circumstances are fully corrected prior to the date of termination specified in the written notice given by executive notifying us of his or her intention to terminate his or her Employment for Good Reason:

(a) A reduction by us in executive s annual base salary, other than a reduction in base salary that applies to a similarly situated class of our employees or our affiliates;

(b) Any material diminution in the duties or responsibilities of executive as of the date of the employment agreement; provided that a change in control of the company that results in our becoming part of a larger organization will not, in and of itself and unaccompanied by any material diminution in the duties or responsibilities of the executive, constitute Good Reason;

(c) Our failure to pay or provide to the executive any material portion of his or her then current Base Salary or then current benefits under the employment agreement (except pursuant to a compensation deferral elected by the executive) or (ii) the failure to pay executive any material portion of deferred compensation under any of our deferred compensation programs within thirty (30) days of the date such compensation is due and permitted to be paid under Section 409A of the Code, in each case other than any such failure that results from a modification to any compensation arrangement or benefit plan that is generally applicable to similarly situated officers;

(d) Our requiring executive to be based anywhere other than Atlantic City, New Orleans or Las Vegas, depending on the NEO (except for required travel on company business to an extent substantially consistent with the executive s present business travel obligations); or

(e) Our failure to obtain a satisfactory agreement from any successor to assume and agree to perform the employment agreement.

The executives each have covenants to not compete, not to solicit and not to engage in communication in a manner that is detrimental to the business. The executive s non-compete period varies based on the type of termination that the executive has. If the executive has a voluntary termination of employment with us without Good Reason, the non-compete period is six months. If we have terminated the executive s employment without cause, or the executive has terminated for Good Reason, we have delivered a notice of non-renewal to the executive or if the executive s employment terminates by reason of disability, the non-compete period is for 18 months. If the executive s employment is terminated for cause, the non-compete period is for six months. The

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non-solicitation and non-communication periods last for 18 months following termination. A breach of the non-compete covenant will cause our obligations under the agreement to terminate. In addition, the executives each have confidentiality obligations.

Deferred Compensation Plans

We have one deferred compensation plan, the Executive Supplemental Savings Plan II, or ESSP II, currently active, although there are five other plans that contain deferred compensation assets: Harrah s Executive Deferred Compensation Plan, or EDCP, the Harrah s Executive Supplemental Savings Plan, or ESSP, Harrah s Deferred Compensation Plan, or DCP, the Restated Park Place Entertainment Corporation Executive Deferred Compensation Plan, and the Caesars World, Inc. Executive Security Plan.

Further deferrals into the EDCP were terminated in 2001 when the HRC approved the ESSP, which permitted certain key employees, including executive officers, to make deferrals of specified percentages of salary and bonus. No deferrals were allowed after December 2004 into ESSP, and we approved the ESSP II, which complies with the American Jobs Creation Act of 2004 and allowed deferrals starting in 2005. ESSP II, similar to ESSP, allows participants to choose from a selection of varied investment alternatives and the results of these investments will be reflected in their deferral accounts. To assure payment of these deferrals, a trust fund was established similar to the escrow fund for the EDCP. The trust fund is funded to match the various types of investments selected by participants for their deferrals.

ESSP and ESSP II do not provide a fixed interest rate, as the EDCP and DCP do, and therefore the market risk of plan investments is borne by participants rather than us. To encourage EDCP participants to transfer their account balances to the ESSP thereby reducing our market risk, we approved a program in 2001 that provided incentives to a limited number of participants to transfer their EDCP account balances to the ESSP. Under this program, a currently employed EDCP participant who was five or more years away from becoming vested in the EDCP retirement rate, including any executive officers who were in this group, received an enhancement in his or her account balance if the participant elected to transfer the account balance to the ESSP. The initial enhancement was the greater of (a) twice the difference between the participant s termination account balance and retirement account balance, (b) 40% of the termination account balance, not to exceed $100,000, or (c) four times the termination account balance not to exceed $10,000. Upon achieving eligibility for the EDCP retirement rate (age 55 and 10 years of service), the participant electing this program will receive an additional enhancement equal to 50% of the initial enhancement. Pursuant to the ESSP, the additional enhancement vested upon the closing of the Acquisition. Mr. Loveman elected to participate in this enhancement program, and therefore no longer has an account in the EDCP.

Mr. Jenkin maintained a balance in the EDCP during 2011. Under the EDCP, the executive earns the retirement rate under the EDCP if he attains (1) specified age and service requirements (55 years of age plus 10 years of service or 60 years of age) or (2) attains specified age and service requirements (is at least 50 years old, and when added to years of service, equals 65 or greater) and if his employment is terminated without cause pursuant to his employment agreement. The executive receives service credit under the EDCP for any salary continuation and non-compete period. Additionally, if an executive is separated from service within 24 months of the Acquisition, the executive earns the retirement rate under the EDCP. Mr. Jenkin has met the requirements to earn the retirement rate.

While further deferrals into the EDCP were terminated, and while most EDCP participants transferred their EDCP account balance to the ESSP, amounts deferred pursuant to the EDCP prior to its termination and not transferred to the ESSP remain subject to the terms and conditions of the EDCP and will continue to earn interest as described above.

Under the deferred compensation plans, the Acquisition required that the trust and escrow fund be fully funded.

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Summary Compensation Table

The Summary Compensation Table below sets forth certain compensation information concerning our Chief Executive Officer, Chief Financial Officer and our three additional most highly compensated executive officers during 2011.

(a) Name and Principal Position	(b) Year	(c) Salary ($)	(d) Bonus[2] ($)	(e) Stock Awards[1] ($)	(f) Option Awards[1] ($)	(g) Non-Equity Incentive Plan Compen-sation[3] ($)	(h) Change in Pension Value and Nonqualified-Deferred Compen-sation Earnings[4] ($)	(i) All Other Compensation[5] ($)	(j) Total ($)
Gary W. Loveman,	2011	1,900,000			13,428,357	1,000,000		1,174,840	17,503,197
President and Chief Executive Officer	2010	1,900,000			12,398,006	2,700,000		1,268,906	18,266,912
	2009	1,919,231				3,000,000		1,047,079	5,966,310
Jonathan S. Halkyard,	2011	700,000			663,900	155,000		24,403	1,543,303
Executive Vice President, Chief	2010	675,365			1,443,941	336,000		18,534	2,473,840
Financial Officer	2009	605,731				349,867		25,610	981,208
Thomas M. Jenkin,	2011	1,200,000			1,487,311	300,000	54,118	32,046	3,073,475
President of Operations	2010	1,157,769			2,197,461	500,000	17,147	35,898	3,908,275
	2009	1,151,538				767,289	116,834	33,188	2,068,849
John W. R. Payne,	2011	1,063,077			1,267,120	256,250		36,086	2,622,533
President of Enterprise Shared Services	2010	985,274			1,394,159	825,000		34,356	3,238,789
	2009	887,645				904,574		22,781	1,815,000
Mary H. Thomas,	2011	509,615	100,000		756,992	125,962		15,826	1,508,395
Executive Vice President, Human	2010	385,923			478,652	235,000		16,972	1,116,547
Resources	2009	377,692			88,504	265,718		21,990	753,904

(1) Amounts in this column reflect the grant date fair value of stock awards and option awards granted during the applicable year and was determined as required by Accounting Standards Codification, or ASC, Topic 718, (formerly, Financial Accounting Standards Board Statement of Financial Accounting Standards No. 123 (revised 2004), Share-Based Payment (SFAS No. 123(R))). See Note 18 Employee Benefit Plans to our audited consolidated financial statements included elsewhere in this prospectus for details on assumptions used in the valuations for 2010 and 2009. The assumptions used in the valuation of stock options granted in 2011 were as follows: the expected volatility is 65.3%, the dividend yield is zero, the expected term is 4.4 years, the risk-free interest rate is 0.8%, and the weighted-average fair-value per share of options granted is $10.40.

Performance-based awards are valued using a Monte Carlo simulation option pricing model. This model approach provides a probable outcome fair value for these types of awards. The estimated maximum potential values for the performance awards, and the related total Option Award fair values for the 2011 awards, respectively, were $3,018,339 and $9,055,000 for Mr. Loveman. The estimated maximum potential values for the performance awards, and the related total Option Award fair values for the 2009 awards, respectively, were $33,906 and $90,386 for Ms. Thomas.

In July 2011, the HRC approved amendments to outstanding stock options reducing the price of outstanding time-based options to $20.09, with the reduced exercise price being phased in between a four to six year period, depending on the grant date. The exercise price of outstanding 1.5X performance-based options was also reduced to $20.09 per share. Included in the figures in this column is the incremental fair value, computed as of the date of the above amendments in accordance with FASB ASC Topic 718 with respect to such amended stock options. See Executive Compensation Compensation Discussion & Analysis Elements of Compensation Stock Option Re-Pricing for additional information.

(2) Reflects a special, retention-oriented bonus awarded in February 2011.

(3)

Reflects payment of bonuses related to the Project Renewal Incentive Plan in 2011. Messrs. Jenkin and Payne receive a 2011 bonus pursuant to the Annual Management Bonus Plan. Messrs. Loveman and Halkyard and Ms. Thomas are expected to receive 2011 bonuses pursuant to the Senior Executive Incentive Plan. The bonus amounts related to the Annual Management Bonus Plan, the Cross Market Bonus, the Customer Service Jackpot Plan and the Corporate Expense Jackpot Plan, and the Senior Executive Incentive Plan are expected to be determined and approved by the HRC and the 162(m) Committee, respectively, in February 2012. Amounts paid in both 2010 and 2009 were paid pursuant to the Annual Management Bonus Plan for Messrs. Jenkin and Payne, and the Senior Executive Incentive Plan for Messrs. Loveman and Halkyard, and Ms. Thomas.

(4) Includes above-market earnings on the balance Mr. Jenkin maintain in the EDCP. Mr. Jenkin has met the requirements to earn the retirement rate of interest. In October 1995, the HRC approved a fixed retirement rate of 15.5% for all account balances under the EDCP as of December 31, 1995 (subject to plan minimum rates contained in the EDCP). The interest rates on post-1995 deferrals continue to be approved each year by the HRC. The retirement rate on post 1995 deferrals during 2011 was the EDCP s minimum retirement rate of 7.64%.

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(5) All Other Compensation includes the amounts in the following table:

Name	Year	Executive Security ($)	Allocated amount for aircraft usage ($)	Allocated amount for company lodging ($)	Tax Reimbursements ($)
Gary W. Loveman	2011	236,443	539,005	126,710	137,616
	2010	412,890	464,630	133,607	120,681
	2009	394,529	330,618	126,393	58,799
Jonathan S. Halkyard	2011				
	2010				
	2009				
Thomas M. Jenkin	2011				
	2010				
	2009				
John W. R. Payne	2011				
	2010				
	2009				
Mary H. Thomas	2011				
	2010				
	2009				

Perquisites consist of executive security, personal aircraft usage, company lodging, pension matching contributions, life and disability insurance, financial planning, and tax reimbursements. Perquisites are detailed in the above table only to the extent that the amount of any individual item exceeds the greater of $25,000 or 10% of the executive s total perquisites.

Mr. Loveman is required to have executive security protection. See Compensation Discussion & Analysis Personal Benefits and Perquisites for additional information.

The amount allocated to Mr. Loveman for personal and/or commuting aircraft usage is calculated based on the incremental cost to us of fuel, trip-related maintenance, crew travel expenses, on-board catering, landing fees, trip-related hangar/parking costs, and other miscellaneous variable costs. Since our aircrafts are used primarily for business travel, we do not include the fixed costs that do not change based on usage, such as pilots salaries, depreciation of the purchase costs of our aircraft, fractional ownership commitment fees, and the cost of maintenance not specifically related to trips. For security reasons, Mr. Loveman is required to use our aircraft for personal and business travel.

The amount allocated to Mr. Loveman for company lodging while in Las Vegas and the associated taxes are based on respective taxable earnings for such lodging. In addition to tax reimbursements for lodging, Mr. Loveman also receives tax reimbursements for the premiums paid for his life and disability insurance. In 2011, 2010 and 2009, Mr. Loveman received tax reimbursements related to lodging of $90,817, $95,762, and $58,799, respectively. Tax reimbursements for Mr. Loveman s life and disability insurance premiums were $46,799, $24,919, and zero, for 2011, 2010 and 2009, respectively.

We do not provide a fixed benefit pension plan for our executives but maintain a deferred compensation plan, the Executive Supplemental Savings Plan II, or the ESSP II, under which the executives may defer a portion of their compensation. The ESSP II is a variable investment plan that allows the executives to direct their investments by choosing among several investment alternatives.

Discussion of Summary Compensation Table

Each of our named executive officers has entered into employment agreements with us that relate to the benefits that the named executive officers receive upon termination. See Executive Compensation Compensation Discussion and Analysis Elements of Post Employment Compensation and Benefits Employment Arrangements for additional information.

Grants of Plan-Based Awards

The following table gives information regarding potential incentive compensation for 2011 to our executive officers named in the Summary Compensation Table. Non-Equity Incentive Plan Awards approved for 2011 and 2010 are included in the Non Equity Incentive Plan Compensation column in the Summary Compensation Table.

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)			Estimated Future Payouts Under Equity Incentive Plan Awards			Option Awards: Number of Securities Underlying Options	Exercise or Base Price of Option Awards	Share Value on Grant Date	Grant Date Fair Value of Option Awards
Name	Grant Date	Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)	(#)	($/Sh)	($/Sh)	($)
Gary W. Loveman	n/a		2,850,000	7,125,000							
	11/29/2011						290,334	580,667	20.09	20.09	7,878,331
	7/8/2011(2)						478,375	1,610,875	20.09	20.09	5,550,026(3)
Jonathan S. Halkyard	n/a		420,000	1,260,000							
	11/29/2011							8,710	20.09	20.09	90,550
	7/8/2011(2)						26,730	182,020	20.09	20.09	573,350(3)
Thomas M. Jenkin	n/a		900,000	2,700,000							
	11/29/2011							66,359	20.09	20.09	689,864
	7/8/2011(2)						35,947	261,235	20.09	20.09	797,447(3)
John W. R. Payne	n/a		843,750	2,531,250							
	11/29/2011							68,635	20.09	20.09	713,534
	7/8/2011(2)						25,808	175,744	20.09	20.09	553,586(3)
Mary H. Thomas	n/a		393,750	1,181,250							
	11/29/2011							55,711	20.09	20.09	579,176
	7/8/2011(2)						8,998	60,792	20.09	20.09	177,816(3)

(1) Represents potential threshold, target, and maximum incentive compensation for 2011.

(2) In July 2011, the HRC approved amendments to outstanding stock options reducing the price of outstanding time-based options to $20.09, with the reduced exercise price being phased in between a four to six year period, depending on the grant date. The exercise price of outstanding 1.5X performance-based options was also reduced to $20.09 per share. See Executive Compensation Compensation Discussion & Analysis Elements of Compensation Stock Option Re-Pricing for additional information.

(3) The figure in this column represents, with respect to the amended stock options, the incremental fair value, computed as of the date of the option amendments in accordance with FASB ASC Topic 718.

Discussion of Grants of Plan Based Awards Table

In February 2008, the Board approved and adopted the Harrah s Entertainment Corporation Management Equity Incentive Plan (the Equity Plan). The purpose of the Equity Plan is to promote our long-term financial interests and growth by attracting and retaining management and other personnel and key service providers with the training, experience, and ability to enable them to make a substantial contribution to the success of our business; to motivate management personnel by means of growth-related incentives to achieve long-range goals; and to further the alignment of interests of participants with those of our stockholders. Grants to each of our named executive officers under this plan are listed above. For a more detailed discussion of how equity grants are determined, see Executive Compensation Compensation Discussion & Analysis Elements of Compensation Equity Awards.

On January 27, 2008, we entered into a stock option rollover agreement with Mr. Loveman that provides for the conversion of options to purchase our shares prior to the Acquisition into options to purchase our shares following the Acquisition with such conversion preserving the intrinsic spread value of the converted option. The rollover option is immediately exercisable with respect to 231,918 shares of our non-voting common stock at an exercise price of $14.35 per share. The rollover options expire on June 17, 2012.

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Outstanding Equity Awards at Fiscal Year-End

In February 2008, the Board approved and adopted the Harrah s Entertainment, Inc. Management Equity Incentive Plan. Grants to each of our named executive officers under this plan are listed below. See Executive Compensation Compensation Discussion and Analysis Elements of Compensation-Equity Awards for more information.

Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Options Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Options Exercise Price ($)	Options Expiration Date
Gary W. Loveman	231,918			14.35	6/17/2012
	325,218	325,216(1)	478,375(2)	57.41	2/27/2018
	162,609(5)		478,375(2)	20.09	2/27/2018
		683,857(3)		32.19	3/1/2020
		113,976(3)		20.09	3/1/2020
		580,667(4)	290,334(6)	20.09	11/29/2021
Jonathan S. Halkyard	35,640	35,640(1)	26,730(2)	57.41	2/27/2018
	17,819(5)		26,730(2)	20.09	2/27/2018
		79,646(3)		32.19	3/1/2020
		13,275(3)		20.09	3/1/2020
		8,710(4)		20.09	11/29/2021
Thomas M. Jenkin	47,930	47,930(1)	35,947(2)	57.41	2/27/2018
	23,965(5)		35,947(2)	20.09	2/27/2018
		121,209(3)		32.19	3/1/2020
		20,202(3)		20.09	3/1/2020
		66,359(4)		20.09	11/29/2021
John W. R. Payne	34,412	34,410(1)	25,808(2)	57.41	2/27/2018
	17,206(5)		25,808(2)	20.09	2/27/2018
		76,901(3)		32.19	3/1/2020
		12,816(3)		20.09	3/1/2020
		68,635(4)		20.09	11/29/2021
Mary H. Thomas	9,832	9,832(1)	7,374(2)	57.41	2/27/2018
	4,916(5)		7,374(2)	20.09	2/27/2018
	1,262	3,246	1,624(2)	29.73	2/24/2019
	903(5)		1,624(2)	20.09	2/24/2019
		26,402(3)		32.19	3/1/2020
		4,401(3)		20.09	3/1/2020
		55,711(4)		20.09	11/29/2021

(1) One-half of unvested options vest on January 28, 2012 and 2013, respectively.

(2) Performance options vest if the return on investment in Caesars of the Sponsors and co-investors achieves a specified return. Specifically, 50% of the performance-based options vest upon a 1.5X return and 2X return, respectively. In addition, a pro rata portion of the 2X options vest if the Sponsors and co-investors achieve a return on their investment that is greater than 1.75X, but less than 2X. The pro rata portion increases on a straight-line basis from zero to a participant s total number of 2X options depending upon the level of return the Sponsors and co-investors realize between 1.75X and 2X. In July 2011, the HRC approved an amendment to all outstanding option grants reducing the strike price of all outstanding 1.5X performance-based options to $20.09. The strike prices of

2X options were not changed from their original issue price.

(3) One-fourth of unvested options vest on March 1, 2012, 2013, 2014, and 2015, respectively.

(4) One-fourth of unvested options vest on September 30, 2012, 2013, 2014, and 2015, respectively.

(5) In July 2011, the HRC approved amendments to the outstanding stock options, which reduced the exercise price for all outstanding, time-based options to $20.09 per share. The reduced exercise price is phased in over a four to six-year period, depending on grant date, as set forth in each individual award agreement. Prior to the phase-in, any vested options may still be exercised at the original exercise price, subject to the terms of the Equity Plan.

(6) These performance options vest if the Sponsors and their respective affiliates achieve the return of capital invested in Caesars at a $57.41 stock price.

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Option Exercises and Stock Vested

The following table gives certain information concerning stock option and stock award exercises and vesting during 2011.

Name	Option Awards Number of Shares Vesting (#)	Stock Awards Number of Shares Vesting (#)	Value Realized on Exercise ($)
Gary W. Loveman	162,609		
Jonathan S. Halkyard	17,819		
Thomas M. Jenkin	23,965		
John W. R. Payne	17,206		
Mary H. Thomas	5,998		

For discussion of how equity grants are determined, see Executive Compensation Compensation Discussion and Analysis Elements of Compensation Equity Awards.

Nonqualified Deferred Compensation

Name	Executive Contributions in 2011 ($)(1)	Registrant Contributions in 2011 ($)(1)	Aggregate Earnings in 2011 ($)(1)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance in 2011 ($)(2)
Gary W. Loveman			(712)		50,445
Jonathan S. Halkyard	303,000		(45,091)		1,228,244
Thomas M. Jenkin			599,885		5,546,935
John W. R. Payne			(389)		12,570
Mary H. Thomas	107,731		(18,213)		567,208

(1) The following deferred compensation contribution and earnings amounts were reported in the 2011 Summary Compensation Table.

Name	Contributions in 2011 ($)	Above Market Earnings in 2011 ($)
Gary W. Loveman		
Jonathan S. Halkyard	303,000	
Thomas M. Jenkin		54,118
John W. R. Payne		
Mary H. Thomas	107,731	

All other earnings were at market rates from deferred compensation investments directed by the executives.

(2) The following deferred compensation contribution and earnings amounts were reported in the Summary Compensation Table in previous years.

Name	Prior Year Contributions and Above Market

	Earnings Amounts ($)
Gary W. Loveman	12,484,249
Jonathan S. Halkyard	932,551
Thomas M. Jenkin	1,008,092
John W. R. Payne	801,986
Mary H. Thomas	107,731

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Discussion of Nonqualified Deferred Compensation Table

We do not provide a fixed benefit pension plan for our executives but maintain deferred compensation plans (collectively, DCP) and an ESSP II. During 2011, certain key employees, including executive officers, could defer a portion of their salary and bonus into the ESSP II. The ESSP II is a variable investment plan that allows the executives to direct their investments by choosing among several investment alternatives. The contributions of the executives and the company into the ESSP II during 2011 are reflected in the above table. The earnings of the executives in 2011 on current and prior year deferrals are also reflected in the above table.

The ESSP II replaced our Executive Supplemental Savings Plan, or ESSP, for future deferrals beginning on January 1, 2005. No deferrals were allowed after December 2004 into ESSP. We approved the ESSP II, which complies with the American Jobs Creation Act of 2004 and allowed deferrals starting in 2005. Messrs. Jenkin, Halkyard and Payne and Ms. Thomas maintain a balance in the ESSP II, and Mr. Halkyard maintains a balance in the ESSP. Earnings for 2011 are included in the above table.

Mr. Jenkin currently maintains, a balance in the Executive Deferred Compensation Plan, or the EDCP. Under the EDCP, the executive earns the retirement rate under the EDCP if he attains (a) specified age and service requirements (55 years of age plus 10 years of service or 60 years of age) or (b) attains specified age and service requirements (is at least 50 years old, and when added to years of service, equals 65 or greater) and if his employment is terminated without cause pursuant to his employment agreement. The executive receives service credit under the EDCP for any salary continuation and non-compete period. Additionally, if an executive is separated from service within 24 months of the Acquisition, the executive earns the retirement rate under the EDCP. Mr. Jenkin has met the requirements under the EDCP to earn the retirement rate. Deferrals into the EDCP were terminated in 2001. The HRC approves the EDCP retirement rate (which cannot be lower than a specified formula rate) annually. In October 1995, the HRC approved a fixed retirement rate of 15.5% for all account balances under the EDCP as of December 31, 1995 (subject to plan minimum rates contained in the EDCP). The interest rates on post-1995 deferrals continue to be approved each year by the HRC. The retirement rate on post-1995 deferrals during 2011 was the Plan s minimum retirement rate of 7.64%. Mr. Jenkin s earnings in 2011 under the EDCP are included in the above table.

The table below shows the investment funds available under the ESSP and the ESSP II and the annual rate of return for each fund for the year ended December 31, 2011:

Name of Fund	2011 Rate of Return
500 Index Trust B	1.86%
Aggressive Growth Lifecycle	(5.10)%
American Growth Trust	(4.63)%
American International Trust	(14.34)%
M International Equity	(13.56)%
Conservative Lifecycle	2.72%
Equity-Income Trust	(0.76)%
Growth Lifecycle	(2.57)%
Inflation Managed	11.85%
Managed Bond	3.84%
Mid Cap Stock Trust	(9.16)%
Mid Value Trust	(4.80)%
Moderate Lifecycle	0.15%
Money Market Trust B	0.08%
Real Estate Securities Trust	6.12%
Small Cap Growth Trust	(6.79)%
Small Cap Value Trust	1.15%
Small Cap Index	(4.51)%
International Equity Index	(13.99)%

Pursuant to the terms of the DCP and ESSP II, any unvested amounts of the participants in the plans became fully vested upon the Acquisition.

Potential Payments Upon Termination or Change of Control

We have entered into employment agreements with the named executive officers that require us to make payments and provide various benefits to the executives in the event of the executive s termination or a Change in Control. The terms of the agreements are described above under Executive Compensation Compensation Discussion and Analysis Elements of Post-Employment Compensation and Benefits Employment Arrangements. The estimated value of the payments and benefits due to the executives pursuant to their agreements under various termination events are detailed below.

The following tables show the estimated amount of potential cash severance payable to each of the named executive officers, as well as the estimated value of continuing benefits, based on compensation and benefit levels in effect on December 31, 2011.

For each of the NEOs, we have assumed that their employment was terminated on December 31, 2011, and the market value of their unvested equity awards was $20.09 per share, which was the fair market value of our stock (as determined by the HRC) as of December 31, 2011. Due to the numerous factors involved in estimating these amounts, the actual value of benefits and amounts to be paid can only be determined upon an NEOs termination of employment.

Gary W. Loveman	**Voluntary Termination ($)**	**Retirement ($)**	**Involuntary Not for Cause Termination ($)**	**For Cause Termination ($)**	**Involuntary or Good Reason Termination (Change in Control) ($)(1)**	**Disability ($)(2)**	**Death ($)**
Compensation:							
Base Salary			9,700,000		14,550,000	4,000,000	
Short Term Incentive			2,850,000		2,850,000		
Benefits And Perquisites:							
Post-retirement Health Care(3)	315,100	315,100	315,100	315,100	315,100	315,100	
Medical Benefits							17,161
Life & Accident Insurance And Benefits(4)			22,520		22,520	22,520	6,000,000
Disability Insurance And Benefits(5)						80,000 per mo.	
Totals	315,100	315,100	12,887,620	315,100	17,737,620	4,337,620 and 80,000 per mo.	6,017,161

(1) Amounts do not include amount of any gross up payment for excise taxes under Section 4999 of the Code.
(2) Base salary payments will be offset by disability payments.
(3) Reflects the estimated present value of all future premiums under our health plans.
(4) Reflects the estimated present value of the cost of coverage for life and accident insurance policies and the estimated amount of proceeds payable to the executive s beneficiaries in the event of the executive s death.
(5) Reflects the estimated amount of proceeds payable to the executive in the event of the executive s disability.

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Jonathan S. Halkyard	Voluntary Termination ($)	Retirement ($)	Involuntary Not for Cause Termination ($)	For Cause Termination ($)	Involuntary or Good Reason Termination (Change in Control) ($)	Disability ($)[1]	Death ($)
Compensation:							
Base Salary			1,050,000		1,050,000	1,050,000	
Short Term Incentive							
Benefits and Perquisites:							
Post-retirement Health Care[2]						382,319	
Life & Accident Insurance And Benefits[3]							1,995,000
Disability Insurance And Benefits[4]						30,000 per mo.	
Totals			1,050,000		1,050,000	1,432,319 and 30,000 per mo.	1,995,000

(1) Base salary payments will be offset by disability payments.
(2) Reflects the estimated present value of all future premiums under our health plans.
(3) Reflects the estimated present value of the cost of coverage for life and accident insurance policies and the estimated amount of proceeds payable to the executive s beneficiaries in the event of the executive s death.
(4) Reflects the estimated amount of proceeds payable to the executive in the event of the executive s disability.

Thomas M. Jenkin	Voluntary Termination ($)	Retirement ($)	Involuntary Not for Cause Termination ($)	For Cause Termination ($)	Involuntary or Good Reason Termination (Change in Control) ($)	Disability ($)[1]	Death ($)
Compensation:							
Base Salary			1,800,000		1,800,000	1,800,000	
Short Term Incentive							
Benefits and Perquisites:							
Post-retirement Health Care[2]	243,948	243,948	243,948		243,948	243,948	
Life & Accident Insurance and Benefits[3]							3,420,000
Disability Insurance and Benefits[4]						30,000 per mo.	
Totals	243,948	243,948	2,043,948		2,043,948	2,043,948 and 30,000 per mo.	3,420,000

(1) Base salary payments will be offset by disability payments.
(2) Reflects the estimated present value of all future premiums under our health plans.
(3) Reflects the estimated present value of the cost of coverage for life and accident insurance policies and the estimated amount of proceeds payable to the executive s beneficiaries in the event of the executive s death.
(4) Reflects the estimated present value of the cost of coverage for disability insurance and the amount of proceeds payable to the executive in the event of the executive s disability.

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John W. R. Payne	Voluntary Termination ($)	Retirement ($)	Involuntary Not for Cause Termination ($)	For Cause Termination ($)	Involuntary or Good Reason Termination (Change in Control) ($)	Disability ($)(1)	Death ($)
Compensation:							
Base Salary			1,687,500		1,687,500	1,687,500	
Short Term Incentive							
Benefits and Perquisites:							
Post-retirement Health Care(2)						434,177	
Life & Accident Insurance and Benefits(3)							2,922,000
Disability Insurance and Benefits(4)						30,000 per mo.	
Totals			1,687,500		1,687,500	2,121,677 and 30,000 per mo.	2,922,000

(1) Base salary payments will be offset by disability payments.
(2) Reflects the estimated present value of all future premiums under our health plans.
(3) Reflects the estimated present value of the cost of coverage for life and accident insurance policies and the estimated amount of proceeds payable to the executive s beneficiaries in the event of the executive s death.
(4) Reflects the estimated present value of the cost of coverage for disability insurance and the amount of proceeds payable to the executive in the event of the executive s disability.

Mary H. Thomas	Voluntary Termination ($)	Retirement ($)	Involuntary Not for Cause Termination ($)	For Cause Termination ($)	Involuntary or Good Reason Termination (Change in Control) ($)	Disability ($)(1)	Death ($)
Compensation:							
Base Salary			787,500		787,500	787,500	
Short Term Incentive							
Benefits and Perquisites:							
Post-retirement Health Care(2)						410,454	
Life & Accident Insurance and Benefits(3)							1,140,000
Disability Insurance and Benefits(4)						25,000 per mo.	
Totals			787,500		787,500	1,197,954 and 25,000 per mo.	1,140,000

(1) Base salary payments will be offset by disability payments.
(2) Reflects the estimated present value of all future premiums under our health plans.
(3) Reflects the estimated present value of the cost of coverage for life and accident insurance policies and the estimated amount of proceeds payable to the executive s beneficiaries in the event of the executive s death.
(4) Reflects the estimated amount of proceeds payable to the executive in the event of the executive s disability.

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Compensation of Directors

The following table sets forth the compensation provided by us to non-management directors during 2011:

Name	Fees Earned or Paid in Cash ($)	Option Awards ($)(1)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
Jeffrey Benjamin					
David Bonderman					
Jonathan Coslet(2)					
Kelvin L. Davis					
Jeffrey T. Housenbold(3)	8,889				8,889
Karl Peterson					
Eric Press					
Marc Rowan					
David B. Sambur					
Lynn C. Swann(4)	90,000	33,247			123,247
Jinlong Wang(5)	100,000	71,952			171,952
Christopher J. Williams(6)	130,000	20,352			150,352

(1) Amounts in this column represent the sum of (i) the aggregate grant date fair value computed in accordance with FASB ASC Topic 718 and (ii) the incremental fair value of options that were repriced in 2011, as of July 8, 2011, the date of the repricing.
(2) Mr. Coslet resigned from the Board effective November 29, 2011.
(3) Mr. Housenbold was elected to the Board effective November 29, 2011. His compensation for 2011 was prorated.
(4) Mr. Swann had a total of 4,690 options outstanding on December 31, 2011.
(5) Mr. Wang had a total of 4,009 options outstanding on December 31, 2011.
(6) Mr. Williams also serves on the NJ/PA Audit Committee. For his services on the NJ/PA Audit Committee, Mr. Williams was paid an annual retainer of $30,000 in 2011. He had a total of 4,916 options outstanding on December 31, 2011.

In 2011, only Mr. Williams, Mr. Swann, Mr. Wang, and Mr. Housenbold received compensation for their services as members of our Board. Mr. Williams and Mr. Swann received a one-time option grant on July 1, 2008, which vests ratably over five years from the date of election to our Board. Mr. Williams received an option to purchase 4,916 shares of common stock, and Mr. Swann received an option to purchase 3,688 shares of common stock. In January 2011, Mr. Swann received an option to purchase an additional 1,002 shares of common stock, and Mr. Wang received an option to purchase 4,009 shares of common stock. In July 2011, the HRC approved amendments to outstanding stock options reducing the price of outstanding time-based options to $20.09, with the reduced exercise price being phased in between a four to six year period, depending on the grant date. In addition, each of these directors and Mr. Housenbold receive annual cash compensation paid monthly in arrears. Mr. Williams receives $100,000 annually, Mr. Swann receives $90,000 annually, and Mr. Wang receives $100,000 annually. Mr. Housenbold s compensation for 2012 shall be $100,000 annually. The remaining directors do not receive compensation for their service as a member of our Board. All of our directors are reimbursed for any expenses incurred in connection with their service.

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2012 Performance Incentive Plan

Our Board and stockholders have adopted the 2012 Performance Incentive Plan, or 2012 Incentive Plan, to become effective upon consummation of this offering. The following is a summary of certain terms and conditions of the 2012 Incentive Plan. This summary is qualified in its entirety by reference to the 2012 Incentive Plan attached as Exhibit 10.89 to this registration statement. You are encouraged to read the full 2012 Incentive Plan.

Eligibility

Directors, employees, officers, and individual consultants or advisors who render services to the Company or its subsidiaries may be selected to receive awards under the 2012 Incentive Plan.

Administration

Our Board or a subcommittee thereof has the authority to administer the 2012 Incentive Plan. The Board or a subcommittee may delegate some or all authority to another committee. In addition, to the extent permitted by applicable law, the Board or subcommittee may delegate to one or more officers of the Company its powers to designate the officers and employees who will receive grants of awards under the 2012 Incentive Plan and to determine the number of shares subject to, and the other terms and conditions of, such awards. Ministerial, non-discretionary functions may be delegated to certain officers, employees and third parties.

For awards intended to satisfy the requirements for performance-based compensation under Section 162(m) of the Internal Revenue Code, the 2012 Incentive Plan will be administered by a committee consisting solely of two or more outside directors. Awards or transactions intended to be exempt under Rule 16b-3 of the Securities Exchange Act, must be authorized by the Board or a committee consisting solely of two or more non-employee directors (as such requirement is applied under Rule 16b-3). And, to the extent required by any applicable listing agency, this 2012 Incentive Plan shall be administered by a committee composed entirely of independent directors, within the meaning of the applicable listing agency.

It is currently anticipated that the HRC will administer the 2012 Incentive Plan. The HRC, the Board or any subcommittee administrating the 2012 Incentive Plan is referred to in this summary as the plan administrator.

The plan administrator has broad authority, subject to express provisions of the 2012 Incentive Plan, to:

- select participants and determine the types of awards that they are to receive;
- determine the number of shares that are to be subject to awards and the terms and conditions of awards (including the price (if any) to be paid for the shares or award, vesting schedules, performance targets and the events of termination of such awards);
- approve the form of agreements evidencing the awards, which need not be identical as to type of award or among participants;
- cancel, modify or waive our rights with respect to, or modify, discontinue, suspend or terminate any or all outstanding awards, subject to any required consents;
- accelerate or extend the vesting or exercisability of, or extend the term of, any or all outstanding awards, subject to the terms of the 2012 Incentive Plan;
- construe and interpret the 2012 Incentive Plan and any agreements relating to the 2012 Incentive Plan;

subject to the other provisions of the 2012 Incentive Plan, make certain adjustments to outstanding awards, including to the number of shares of common stock subject to any award, the price of any award or previously imposed terms and conditions;

authorize the termination, conversion, substitution or succession of awards upon the occurrence of certain events;

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- allow the purchase price of an award or shares of our common stock to be paid in the form of cash, check or electronic funds transfer, by the delivery of previously-owned shares of our common stock or by a reduction of the number of shares deliverable pursuant to the award, by services rendered by the recipient of the award, by notice and third party payment or cashless exercise on such terms as the plan administrator may authorize, or any other form permitted by law; and

- determine the date of grant of awards, which may be after, but not before, the plan administrator s action and, unless otherwise designated by the plan administrator, will be the date of plan administrator s action.

The plan administrator will have full discretion to take such actions as it deems necessary or desirable for the administration of the 2012 Incentive Plan. Plan administrator decisions relating to the 2012 Incentive Plan are final and binding.

Number of Shares Authorized and Award Limits

Subject to adjustment in connection with changes in capitalization, the maximum number of shares of our common stock that may be delivered pursuant to awards under the 2012 Incentive Plan is the sum of: (1) 6,867,018 shares of our common stock, (2) 536,452 the number of shares under the Equity Plan that are not subject to stock options granted as of consummation of this offering and (3) the number of shares subject to stock options granted under the Equity Plan, and outstanding on the date the 2012 Incentive Plan is first approved by its stockholders, which thereafter expire, or for any reason are cancelled or terminated, without being exercised.

As of the date of this prospectus, no awards have been granted under the 2012 Incentive Plan, and the full number of shares authorized under the 2012 Incentive Plan is available for award purposes.

This maximum share reserve will be reduced in accordance with the rules in this paragraph:

- to the extent an award is settled in cash or a form other than common stock, the shares that would have been delivered had there been no such cash or other settlement will not be counted against the shares available for issuance under the 2012 Incentive Plan;

- if shares of common stock are delivered in respect of a dividend equivalent right, the actual number of shares delivered with respect to the award will be counted against the share limits;

- if shares of common stock are delivered pursuant to the exercise of a stock appreciation right or option granted under the 2012 Incentive Plan, the number of underlying shares as to which the exercise related will be counted against the applicable share limits, as opposed to only counting the shares actually issued; and

- shares that are subject to or underlie awards that expire, are cancelled, terminated or forfeited, fail to vest, or for any other reason are not paid or delivered under the 2012 Incentive Plan shall again be available for subsequent awards under the 2012 Incentive Plan, but shares that are exchanged by a participant or withheld by the Company as full or partial payment in connection with any award under the 2012 Incentive Plan, or to satisfy tax withholding obligations related to any award, will not be available for subsequent awards under the 2012 Incentive Plan.

No fractional shares may be awarded under the 2012 Incentive Plan. The plan administrator may pay cash in lieu of fractional shares.

The 2012 Incentive Plan includes the following additional caps:

- no more than 6,867,018 shares may be issued with respect to incentive stock options under the 2012 Incentive Plan;

the maximum number of shares of common stock subject to those options and stock appreciation rights that are granted during any calendar year to any individual under the 2012 Incentive Plan is 3,433,509 shares;

- the maximum number of shares of common stock which may be delivered pursuant to performance-based awards (other than options and stock appreciation rights intended to satisfy the requirements for performance-based compensation under Internal Revenue Code Section 162(m), and other than cash awards covered by the cap in the following sentence) that are granted to any one participant in any calendar year will not exceed 1,373,404 shares, either individually or in the aggregate;

- in addition, the aggregate amount of compensation to be paid to any one participant in respect of all performance-based awards payable only in cash and not related to shares of common stock and granted to that participant in any one calendar year will not exceed $25,000,000.00; and

- awards cancelled during the year will be counted against the limits in the preceding two bullets to the extent required by Section 162(m) of the Internal Revenue Code.

Changes in Capitalization

As is customary in incentive plans of this nature, (1) the number and type of shares of common stock (or other securities) available under the 2012 Incentive Plan, and the specific share limits, maximums and numbers of shares set forth elsewhere in the 2012 Incentive Plan, (2) the number, amount and type of shares of common stock (or other securities or property) subject to outstanding awards, (3) the grant, purchase, base, or exercise price and/or (4) the securities, cash or other property deliverable upon exercise or payment of outstanding awards must be equitably and proportionately adjusted by the plan administrator upon any reclassification, recapitalization, stock split, reverse stock split, merger, combination, consolidation, reorganization, spin-off, split-up, extraordinary dividend distribution in respect of the common stock, any exchange of common stock or other securities of the Company, or any similar, unusual or extraordinary corporate transaction in respect of the common stock. Unless otherwise expressly provided in the applicable award agreement, upon (or, as may be necessary to effect the adjustment, immediately prior to) any change-in-control-type event, the plan administrator shall equitably and proportionately adjust the performance standards applicable to any then-outstanding performance-based awards to the extent necessary to preserve (but not increase) the level of incentives intended by the 2012 Incentive Plan and the then-outstanding performance-based awards.

Awards Available for Grant

Awards under the 2012 Incentive Plan may be in the form of non-qualified and incentive (qualified) stock options, stock appreciation rights, stock bonuses, restricted stock, performance stock, stock units, phantom stock, dividend equivalents, cash awards, rights to purchase or acquire shares, or similar securities with a value related to our common stock. Awards may be made in combination or in tandem with, in replacement of, as alternatives to, or as the payment form for grants or rights under any other employee or compensation plan of the Company or one of its subsidiaries.

Awards under the 2012 Incentive Plan generally will not be transferable other than by will or the laws of descent and distribution, though the plan administrator may permit awards to be exercised by and paid to, or otherwise transferred, under certain conditions or in the plan administrator s discretion.

Options and Stock Appreciation Rights

Options granted under the 2012 Incentive Plan will be subject to the terms and conditions established by the plan administrator in an award agreement. All options granted under the 2012 Incentive Plan shall be non-qualified unless the applicable award agreement states that the option is intended to be an incentive stock option. The term of an option or stock appreciation right will generally be ten years (or five years for incentive stock options granted to a 10% shareholder) subject to the 2012 Incentive Plan s and the applicable award agreement s provisions for earlier expiration upon certain termination from employment.

The exercise price of options and base price of stock appreciation rights will not be less than the fair market value of the common stock at the date of grant; however, incentive stock options granted to a participant who

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owns shares representing more than 10% of the voting power of all classes of shares of the Company or any subsidiary will have an exercise price that is no less than 110% of the fair market value of our common stock at grant.

Payment of Exercise Price

The purchase or exercise price for an award under the 2012 Incentive Plan may be paid by means of any lawful consideration, as determined by the plan administrator, including: services rendered by the award recipient; cash, check, or electronic funds transfer; notice and third party payment; delivery of previously-owned shares of common stock; a reduction in the number of shares otherwise deliverable pursuant to the award; or pursuant to a cashless exercise with a third party who provides financing for the purposes of (or who otherwise facilitates) the purchase or exercise of awards. Shares of common stock used to satisfy the exercise price of an option will be valued at their fair market value on the date of exercise. The Company will not be obligated to deliver any shares until it receives full payment of the exercise or purchase price therefor and any related withholding obligations and other conditions to exercise or purchase have been satisfied. Unless otherwise expressly provided in an applicable award agreement, the plan administrator may at any time eliminate or limit a participant s ability to pay the purchase or exercise price of any award by any method other than cash. The plan administrator may provide for the deferred payment of awards and may determine the terms applicable to deferrals.

Section 162(m) Performance-Based Awards

Any of the types of awards granted under the 2012 Incentive Plan may be, and options and stock appreciation rights granted to officers and employees typically will be, granted as awards intended to satisfy the requirements for performance-based compensation within the meaning of Section 162(m) of the Internal Revenue Code. If the plan administrator determines that an award other than an option or stock appreciation right is intended to be subject to Section 162(m), the plan administrator shall establish performance criteria based on one or more of the following (as applied under generally accepted accounting principles or in the financial reporting of the Company or of its subsidiaries):

- earnings per share;
- cash flow (which means cash and cash equivalents derived from either net cash flow from operations or net cash flow from operations, financing and investing activities);
- stock price;
- total stockholder return;
- net revenue;
- revenue growth;
- operating income (before or after taxes);
- net earnings (before or after interest, taxes, depreciation and/or amortization);
- return on equity or on assets or on net investment;
- cost containment or reduction;
- property earnings (before interest, taxes, depreciation and/or amortization);
- adjusted earnings (before interest, taxes, depreciation and/or amortization);
- reduction in corporate expenses;
- customer service scores; or
- any combination thereof.

Performance-based awards may provide for performance targets to be adjusted to mitigate the unbudgeted impact of material, unusual or nonrecurring gains and losses, accounting changes or other extraordinary events not foreseen at the time the targets were set. The applicable performance measurement period may not be less than three months nor more than 10 years.

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Corporate Transactions

Generally, and subject to limited exceptions set forth in the 2012 Incentive Plan, if we dissolve or undergo certain corporate transactions such as a merger, business combination, consolidation, or other reorganization; an exchange of our common stock; a sale of substantially all of our assets; or any other event in which we are not the surviving entity, all awards then-outstanding under the 2012 Incentive Plan will become fully vested or paid, as applicable, and will terminate or be terminated in such circumstances, unless the plan administrator provides for the assumption, substitution or other continuation of the award. The plan administrator may also make provision for a cash payment in settlement of awards upon such events. The plan administrator may adopt such valuation methodologies for outstanding awards as it deems reasonable in the event of a cash or property settlement and, in the case of options, stock appreciation rights or similar rights, may base such settlement solely upon the excess if any of the per share amount payable upon or in respect of such event over the exercise or base price of the award.

The plan administrator also has the discretion to establish other change in control provisions with respect to awards granted under the 2012 Incentive Plan. For example, the plan administrator could provide for the acceleration of vesting or payment of an award in connection with a corporate event that is not described above and provide that any such acceleration shall be automatic upon the occurrence of any such event.

Amendment

Our Board may amend or terminate the 2012 Incentive Plan at any time, but no amendment or termination may, without participant consent, impair the rights of such participant in any material respect under any award previously granted. Plan amendments will be submitted to stockholders for their approval as required by applicable law or any applicable listing agency.

Clawback/Forfeiture

Unless an award agreement provides otherwise, in the event of an accounting restatement due to material noncompliance by the Company with any financial reporting requirement under the securities laws that reduces the amount payable or due in respect of an award under the 2012 Incentive Plan that would have been earned had the financial results been properly reported (i) the award will be cancelled and the participant will forfeit the cash or shares received or payable on the vesting, exercise or settlement of the award and proceeds of the sale, gain or other value realized on the vesting or exercise of the award or the shares of common stock acquired in respect of the award (and the participant may be required to return or pay such shares or amount to the Company). If, after a termination by a participant from employment or services with the Company and its subsidiaries, the plan administrator determines that the Company or any of its subsidiaries had grounds to terminate such participant for Cause (as defined in the 2012 Incentive Plan), then (i) any outstanding award held by such participant may be cancelled without payment therefor and (ii) the plan administrator may require the participant to forfeit and pay over to the Company, on demand, all or any portion of the compensation, gain or other value realized upon the exercise of any option or stock appreciation right, or the subsequent sale of shares of common stock acquired upon exercise of such option or stock appreciation right and the value realized on the vesting, payment or settlement of any other award during the period following the date of the conduct constituting cause. To the extent required by applicable law and/or the rules of any exchange or inter-dealer quotation system on which shares of common stock are listed or quoted, or if so required pursuant to a written policy adopted by the Company (as in effect and/or amended from time to time), awards under the 2012 Incentive Plan shall be subject (including on a retroactive basis) to clawback, forfeiture or similar requirements (and such requirements shall be deemed incorporated by reference into the 2012 Incentive Plan and all outstanding award agreements).

U.S. Federal Income Tax Consequences

The following is a general summary of the material U.S. federal income tax consequences of the grant, exercise and vesting of awards under the 2012 Incentive Plan and the disposition of shares acquired pursuant to exercise or settlement of such awards and is intended to reflect the current provisions of the Internal Revenue

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Code and the regulations thereunder. This summary is not intended to be a complete statement of applicable law, nor does it address foreign, state, local and payroll tax considerations. Moreover, the U.S. federal income tax consequences to any particular participant may differ from those described herein by reason of, among other things, the particular circumstances of such participant.

Options

The Internal Revenue Code requires that, for treatment of an option as an incentive stock option, shares acquired through exercise of an incentive stock option cannot be disposed of before the later of (i) two years from grant or (ii) one year from exercise. Holders of incentive stock options will generally incur no federal income tax liability at the time of grant or exercise. However, the spread at exercise will be an item of tax preference, which may give rise to alternative minimum tax liability for the taxable year in which the exercise occurs. If the holder does not dispose of the shares before the above-mentioned holding periods, the difference between the exercise price and the amount realized upon disposition of the shares will be long-term capital gain or loss. Assuming both holding periods are satisfied, no deduction will be allowed to us for federal income tax purposes in connection with the grant or exercise of the incentive stock option. If the holder of shares acquired through exercise of an incentive stock option disposes of those shares within the holding periods, the participant will generally realize taxable compensation at the time of such disposition equal to the difference between the exercise price and the lesser of the fair market value of the share on the exercise date or the amount realized on the subsequent disposition of the shares, and that amount will generally be deductible by us for federal income tax purposes, subject to the possible limitations on deductibility under Sections 280G and 162(m) of the Code for compensation paid to executives designated in those sections. Finally, if an incentive stock option becomes first exercisable in any year for shares having an aggregate value in excess of $100,000 (based on the grant date value), the portion of the incentive stock option in respect of those excess shares will be treated as a non-qualified share option for federal income tax purposes.

No income will be realized by a participant upon grant of an option that does not qualify as an incentive stock option (a nonqualified option). Upon exercise of a non-qualified option, the participant will recognize ordinary compensation income equal to the excess, if any, of the fair market value of the underlying exercised shares over the option exercise price paid at the time of exercise, and the participant s tax basis will equal the sum of the compensation income recognized and the exercise price. We will be able to deduct this same amount for U.S. federal income tax purposes, but such deduction may be limited under Sections 280G and 162(m) of the Code for compensation paid to certain executives designated in those sections. In the event of a sale of shares received upon the exercise of a non-qualified option, any appreciation or depreciation after the exercise date generally will be taxed as capital gain or loss and will be long-term gain or loss if the holding period for such shares is more than one year.

Stock Appreciation Rights

No income will be realized by a participant upon grant of a stock appreciation right. Upon exercise, the participant will recognize ordinary compensation income equal to the fair market value of the payment received in respect of the stock appreciation right. We will be able to deduct this same amount for U.S. federal income tax purposes, but such deduction may be limited under Sections 280G and 162(m) of the Internal Revenue Code for compensation paid to certain executives designated in those sections.

Restricted Stock. A participant will not be subject to tax upon the grant of an award of restricted stock unless the participant otherwise elects to be taxed at the time of grant pursuant to Section 83(b) of the Code. No election under Section 83(b) of the Code or any similar law shall be made without the prior written consent of the Committee. On the date an award of restricted stock becomes transferable or is no longer subject to a substantial risk of forfeiture, the participant will have taxable compensation equal to the difference between the fair market value of the shares on that date over the amount the participant paid for such shares, if any, unless the participant made an election under Section 83(b) of the Code to be taxed at the time of grant. If the participant made an election under Section 83(b), the participant will have taxable compensation at the time of grant equal to the difference between the fair market value of the shares on the date of grant over the amount the participant paid for such shares, if any. If the election is made, the participant will not be allowed a deduction for amounts subsequently required to be returned to the Company. (Special rules apply to the receipt and disposition of restricted stock received by officers and directors who are subject to Section 16(b) of the Exchange Act). The Company will be able to deduct, at the same time as it is recognized by the participant, the amount of taxable compensation to the participant for U.S. federal income tax purposes, but such deduction may be limited under Sections 280G and 162(m) of the Code for compensation paid to certain executives designated in those Sections.

Restricted Stock Units. A participant will not be subject to tax upon grant of a restricted stock unit. Rather, upon delivery of shares or cash pursuant to an RSU, the participant will have taxable compensation equal to the fair market value of the number of shares (or the amount of cash) the participant actually receives with respect to the restricted stock unit. The Company will be able to deduct the amount of taxable compensation for U.S. federal income tax purposes, but the deduction may be limited under Sections 280G and 162(m) of the Code for compensation paid to certain executives designated in those Sections.

Other Stock-Based Awards. In general, a participant will not be subject to tax on the date of grant of another stock-based award. In general, the compensation that the participant receives pursuant to another stock-based award will be subject to tax on the date that the participant becomes vested in such award at ordinary income tax rates.

Section 162(m)

In general, Section 162(m) of the Internal Revenue Code denies a publicly held corporation a deduction for U.S. federal income tax purposes for compensation in excess of $1,000,000 per year per person to its chief executive officer and three other officers whose compensation is required to be disclosed in its proxy statement (excluding the chief financial officer), subject to certain exceptions. The 2012 Incentive Plan is intended to satisfy an exception from Section 162(m) with respect to grants of options and stock appreciation rights. In addition, the 2012 Incentive Plan is designed to permit certain awards of restricted stocks, stock units and other awards (including cash bonus awards) to qualify under the performance-based compensation exception to Section 162(m) of the Code.

Human Resources Committee Interlocks and Insider Participation

The HRC is comprised of three members: Messrs. Davis, Rowan and Swann. None of these individuals is a current or former officer or employee of any of our subsidiaries. During 2011, none of our executive officers served as a director or member of a compensation committee (or other committee serving an equivalent function) of any other entity whose executive officers served as a director or member of the HRC.

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table lists the beneficial ownership of our common stock as of February 1, 2012, by Hamlet Holdings LLC, the Sponsors, the Paulson Investors, all current directors and director nominees, our named executive officers and all directors and executive officers as a group, and the percentage of shares beneficially owned by such beneficial owners, after giving effect to this offering and the Co-Investors Transaction. In connection with the Co-Investors Transaction, Hamlet Holdings has agreed to cause its irrevocable proxy to be terminated with respect to 24,150,456 of the Released Shares held by certain co-investors. Following this offering and the Co-Investors Transaction, all shares held by funds affiliated with and controlled by the Sponsors and their co-investors, representing 70.1% of our outstanding common stock, are subject to an irrevocable proxy that gives Hamlet Holdings sole voting and sole dispositive power with respect to such shares.

	Prior to this Offering and the Co-Investors Transaction		After Giving Effect to this Offering and the Co-Investors Transaction	
Name	Shares of Stock Beneficially Owned	Percentage of Shares Beneficially Owned	Shares of Stock Beneficially Owned	Percentage of Shares Beneficially Owned
Apollo Funds[1][2]				
TPG Funds[1][3][4]				
Hamlet Holdings[1][5]	111,755,755	89.4%	87,605,299	70.1%
Paulson Investors[6]	12,372,835	9.9%	12,372,835	9.9%
Jeffrey Benjamin[7]				
David Bonderman[3][4]				
Kelvin L. Davis[8]				
Jonathan S. Halkyard[10]	124,460	*	124,460	*
Jeffrey T. Housenbold				
Thomas M. Jenkin[10]	170,016	*	170,016	*
Gary W. Loveman[10]	1,343,110	1.1%	1,343,110	1.1%
John W.R. Payne[10]	109,692	*	109,692	*
Karl Peterson[8]				
Eric Press[7]				
Marc Rowan[2]				
David B. Sambur[7]				
Lynn C. Swann[10]	2,414	*	2,414	*
Mary H. Thomas	37,579	*	37,579	*
Jinlong Wang[10]	802	*	802	*
Christopher J. Williams[10]	2,950	*	2,950	*
All directors and executive officers as a group[9][10]	1,867,505	1.5%	1,867,505	1.5%

* Indicates less than 1%

(1) Each of Apollo Hamlet Holdings, LLC (Apollo Hamlet) and Apollo Hamlet Holdings B, LLC (Apollo Hamlet B and together with Apollo Hamlet, the Apollo Funds), TPG Hamlet Holdings, LLC (TPG Hamlet) and TPG Hamlet Holdings B, LLC (TPG Hamlet B, and together with TPG Hamlet, the TPG Funds), and Co-Invest Hamlet Holdings B, LLC (Co-Invest B) and Co-Invest Hamlet Holdings, Series LLC (Co-Invest LLC and together with Co-Invest B , the Co-Invest Funds), have granted an irrevocable proxy (the Irrevocable Proxy) in respec of all of the shares of common stock held by such entity to Hamlet Holdings, irrevocably constituting and appointing Hamlet Holdings, with full power of substitution, its true and lawful proxy and attorney-in-fact to: (i) vote all of the shares of the common stock held by such entity at any meeting (and any adjournment or postponement thereof) of Caesars stockholders, and in connection with any written consent of Caesars stockholders, and (ii) direct and effect the sale, transfer or other disposition of all or any part of the shares of common stock held by that entity, if, as and when so determined in the sole discretion of Hamlet Holdings.

(2) Apollo Hamlet, Apollo Hamlet B and the Co-Invest Funds directly hold an aggregate of 61,109,995 shares of common stock, all of which are subject to the Irrevocable Proxy. Each of Apollo Hamlet Holdings, LLC and Apollo Hamlet Holdings B, LLC is an affiliate of, and is controlled by, affiliates of Apollo. Apollo Management VI, L.P., an affiliate of Apollo, is one of two managing members of each of the Co-Invest Funds. Messrs. Black, Harris and Rowan serve as the managers of Apollo Hamlet and Apollo Hamlet B, and also serve as the executive officers and managers of Apollo and its affiliated investment managers and advisors. Messrs. Black, Harris and Rowan are also members of Hamlet Holdings. The Apollo Funds, the Co-Invest Funds, Apollo and each of its affiliates, and Messrs. Black, Harris and Rowan, each disclaim beneficial ownership of any shares of common stock beneficially owned by Hamlet Holdings pursuant to the Irrevocable Proxy, or directly held by Apollo Hamlet, Apollo Hamlet B or the Co-Invest Funds, in which such person does not have a pecuniary interest. The address of the Apollo Funds, Apollo and Apollo s investment management affiliates, and Messrs. Black, Harris and Rowan is c/o Apollo Global Management, LLC, 9 West 57th Street, 43rd Floor, New York, New York 10019. The address of the Co-Invest Funds is c/o Apollo Global Management, LLC, 9 West 57th Street, 43rd Floor, New York, New York 10019 and c/o TPG Capital, L.P., 301 Commerce Street, Suite 3300, Fort Worth, Texas 76102.

(3) The TPG Funds and the Co-Invest Funds directly hold an aggregate of 61,109,995 shares of Caesars common stock, all of which are subject to the Irrevocable Proxy. The TPG Funds disclaim beneficial ownership of the common stock held by Hamlet Holdings pursuant to the Irrevocable Proxy. The address of the TPG Funds is c/o TPG Capital, L.P., 301 Commerce Street, Suite 3300, Fort Worth, Texas 76102.

(4) David Bonderman and James G. Coulter are directors, officers and shareholders of TPG Group Holdings (SBS) Advisors, Inc., which is the general partner of TPG Group Holdings (SBS), L.P., which is the sole member of TPG Holdings I-A, LLC, which is the general partner of TPG Holdings I, L.P. which is the sole member of TPG GenPar V Advisors, LLC, which is the general partner of TPG GenPar V, L.P., which is the general partner of TPG V Hamlet AIV, L.P. which is the managing member of TPG Hamlet. TPG GenPar V, L.P. is also the managing member of TPG Hamlet B and a managing member of each of the Co-Invest Funds. Messrs. Bonderman and Coulter are also members of Hamlet Holdings. Messrs. Bonderman and Coulter disclaim beneficial ownership of the common stock held by Hamlet Holdings pursuant to the Irrevocable Proxy. The address of Messrs. Bonderman and Coulter is c/o TPG Capital, L.P., 301 Commerce Street, Suite 3300, Fort Worth, Texas 76102.

(5) All shares held by the Apollo Funds, the TPG Funds and the Co-Invest Funds, representing 70.1% of Caesars outstanding common stock, are subject to the Irrevocable Proxy granting Hamlet Holdings sole voting and sole dispositive power with respect to such shares. The members of Hamlet Holdings are Leon Black, Joshua Harris and Marc Rowan, each of whom is affiliated with Apollo, and David Bonderman, James G. Coulter and Jonathan Coslet, each of whom is affiliated with the TPG Funds. Each member holds approximately 17% of the limited liability company interests of Hamlet Holdings.

(6) Includes all of the common stock held by funds and accounts managed by Paulson & Co. Inc., which include Paulson Credit Opportunities Master Ltd., Paulson Recovery Master Fund Ltd., Paulson Advantage Master Ltd. and Paulson Advantage Plus Master Ltd. The address of Paulson & Co. Inc. is 1251 Avenue of the Americas, 50th Floor, New York, NY 10020.

(7) Jeffrey Benjamin, Eric Press and David B. Sambur are each affiliated with Apollo or its affiliated investment managers and advisors. Messrs. Benjamin, Press and Sambur each disclaim beneficial ownership of the shares of common stock that are beneficially owned by Hamlet Holdings, or directly held by any of the Apollo Funds or the Co-Invest Funds. The address of Messrs. Benjamin, Press and Sambur is c/o Apollo Global Management, LLC, 9 West 57th Street, 43rd Floor, New York, New York 10019.

(8) Kelvin L. Davis is a TPG Senior Partner and Karl Peterson is a TPG Partner and each is an officer of Hamlet Holdings. TPG is an affiliate of (a) the TPG Funds, (b) the Co-Invest Funds, and (c) Hamlet Holdings. Each of Messrs. Davis and Peterson disclaim beneficial ownership of the securities subject to the Irrevocable Proxy. The address of Messrs. Davis and Peterson is c/o TPG Capital, L.P., 301 Commerce Street, Suite 3300, Fort Worth, Texas 76102.

(9)

Unless otherwise specified, the address of each of our named executive officers is c/o Caesars Entertainment Corporation, One Caesars Palace Drive, Las Vegas, Nevada 89109.

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(10) Includes common stock that may be acquired within 60 days pursuant to outstanding stock options: Mr. Halkyard, 94,508 shares; Mr. Jenkin, 131,212 shares; Mr. Loveman, 1,081,810 shares; Mr. Payne, 91,251 shares; Ms. Thomas, 30,611 shares; Mr. Swann, 2,414 shares; Mr. Wang, 802 shares; Mr. Williams, 2,950 shares; and 1,485,909 shares for all directors and executive officers as a group.

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CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Related Party Transaction Policy

Our Board has a written related party transaction policy and procedures which gives our Audit Committee the power to approve or disapprove potential related party transactions of our directors and executive officers, their immediate family members and entities where they hold a 5% or greater beneficial ownership interest. The Audit Committee is charged with reviewing all relevant facts and circumstances of a related party transaction, including if the transaction is on terms comparable to those that could be obtained in arm s length dealings with an unrelated third party and the extent of the person s interest in the transaction.

The policy has pre-approved the following related party transactions:

- Compensation to an executive officer or director that is reported in our public filings and has been approved by the Human Resources Committee or our Board;
- Transactions where the interest arises only from (a) the person s position as a director on the related party s board; (b) direct or indirect ownership of less than 5% of the related party or (c) the person s position as a partner with the related party with less than 5% interest and not the general partner of the partnership; and
- Transactions involving services as a bank depository of funds, transfer agent, registrar, trustee under a trust indenture or similar services.

Related Party Transaction is defined as a transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) in which we (including any of our subsidiaries) were, are or will be a participant and the amount involved exceeds $120,000, and in which any related person had, has or will have a direct or indirect interest.

The following discussion reflects our relationships and related party transactions entered into in connection with the Acquisition and does not reflect relationships prior to that time.

Hamlet Holdings Operating Agreement

All holders of Hamlet Holdings equity securities are parties to Hamlet Holdings limited liability company operating agreement. The operating agreement provides, among other things, for the various responsibilities of the members. The members include Leon Black, Joshua Harris and Marc Rowan, each of whom is affiliated with Apollo (the Apollo Members), and David Bonderman, James Coulter and Jonathan Coslet, each of whom is affiliated with TPG (the TPG Members and, together with the Apollo Members, the Members). The Members have the full and exclusive right to manage Hamlet Holdings and the consent of at least one Apollo Member and one TPG Member is required for all decisions by or on behalf of Hamlet Holdings. The operating agreement also contains customary indemnification rights.

Stockholders Agreement

In connection with the Acquisition, Hamlet Holdings, the Sponsors and certain of their affiliates, the co-investors and certain of their affiliates entered into a stockholders agreement with us. The stockholders agreement contains, among other things, the agreement among the stockholders to restrict their ability to transfer our stock as well as rights of first refusal, tag-along rights and drag-along rights. Pursuant to the stockholders agreement, certain of the stockholders have, subject to certain exceptions, preemptive rights on our equity offerings. The stockholders agreement also provides the stockholders with certain rights with respect to the designation of nominees to serve on our Board, as well as registration rights of our securities that they own.

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Our Board was initially comprised of at least nine (9) directors, (i) four (4) of whom were designated by the Apollo Members and (ii) four (4) of whom were designated by the TPG Members, and (iii) one (1) of whom is the chairman. As ownership in us by either of the Sponsors decreases, the stockholders agreement provides for the reduction in the number of directors the relevant Members can designate.

Pursuant to the stockholders agreement, approval of our Board and at least two directors (one designated by Apollo Members and one designated by TPG Members) is required for various transactions by us, including, among other things, our liquidation, dissolution, merger, sale of all or substantially all of our assets as well as the issuance of our securities in connection with certain acquisitions and joint ventures.

The stockholders agreement will be amended in connection with this offering to prevent certain rights under the stockholders agreement (including certain rights described above) from terminating upon consummation of this offering.

Proxy

All shares of Caesars held by funds affiliated with and controlled by the Sponsors and their co-investors were made subject to a proxy in favor of Hamlet Holdings effective as of November 22, 2010. The proxy, which is irrevocable, granted Hamlet Holdings sole voting and dispositive control over all such shares. The members of Hamlet Holdings are comprised of an equal number of individuals affiliated with each of the Sponsors. In connection with the Co-Investors Transaction, Hamlet Holdings has agreed to cause its irrevocable proxy to be terminated with respect to 24,150,456 of the Released Shares held by certain co-investors. After giving effect to this offering and the Co-Investors Transaction, 70.1% of Caesars outstanding common stock will be subject to the proxy in favor of Hamlet Holdings.

Management Investor Rights Agreement

In connection with the Acquisition, we entered into a Management Investor Rights Agreement with certain of our holders of securities, including certain members of our management. The agreement governs certain aspects of our relationship with its management securityholders. The agreement, among other things:

- restricts the ability of management securityholders to transfer our shares of common stock, with certain exceptions, prior to a qualified public offering;
- allows the Sponsors to require management securityholders to participate in sale transactions in which the Sponsors sell more than 40% of their shares of common stock;
- allows management securityholders to participate in sale transactions in which the Sponsors sell shares of common stock, subject to certain exceptions;
- allows management securityholders to participate in registered offerings in which the Sponsors sell their shares of common stock, subject to certain limitations;
- allows management securityholders below the level of senior vice president to require us to repurchase shares of common stock in the event that a management securityholder below the level of senior vice president experiences an economic hardship prior to an initial public offering, subject to annual limits on our repurchase obligations;
- allows management securityholders to require us to repurchase shares of common stock upon termination of employment without cause or for good reason; and

allows us to repurchase, subject to applicable laws, all or any portion of our common stock held by management securityholders upon the termination of their employment with us or its subsidiaries, in certain circumstances.

The agreement will terminate upon the earliest to occur of the dissolution of Hamlet Holdings or the occurrence of any event that reduces the number of securityholders to one.

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Services Agreement

Upon the completion of the Acquisition, the Sponsors and their affiliates entered into a services agreement with us relating to the provision of certain financial and strategic advisory services and consulting services. We paid the Sponsors a one time transaction fee of $200 million for structuring the Acquisition and will pay an annual fee for their management services and advice equal to the greater of $30 million and 1% of our earnings before interest, taxes, depreciation and amortization. Also, under the services agreement, the Sponsors have the right to act, in return for additional fees based on a percentage of the gross transaction value, as our financial advisor or investment banker for any merger, acquisition, disposition, financing or the like if we decide we need to engage someone to fill such a role. We have agreed to indemnify the Sponsors and their affiliates and their directors, officers and representatives for losses relating to the services contemplated by the services agreement and the engagement of affiliates of the Sponsors pursuant to, and the performance by them of the services contemplated by, the services agreement.

Currently, the annual monitoring fee payable under the services agreement would terminate automatically upon an initial public offering of our common stock (among other circumstances), and we would be required to pay to the Sponsors a lump-sum representing the remaining annual fees due to the Sponsors for the remainder of the services agreement term. If this lump-sum fee were due upon consummation of this offering, we would be required to pay an approximately $195 million termination fee to the Sponsors. However, the Sponsors have agreed that this offering will not trigger the termination of the services agreement or cause any termination fee to be due. Following this offering, the current terms and provisions, including as to periodic and termination fees, of the services agreement will continue to apply.

Sponsor Investment and Exchange Agreement

On June 3, 2010, in connection with a private placement transaction with the Paulson Investors, we entered into an investment and exchange agreement with HBC and affiliates of the Sponsors (the Sponsor Investment and Exchange Agreement). Pursuant to the Sponsor Investment and Exchange Agreement, on June 24, 2010, affiliates of the Sponsors acquired approximately $303 million of certain senior notes of CEOC from HBC for aggregate consideration of approximately $200 million. Affiliates of the Sponsors also agreed in the Sponsor Investment and Exchange Agreement to exchange up to a total of $408 million of the notes, including the notes it purchased pursuant to the Sponsor Investment and Exchange Agreement, for 5.7% of Caesars equity.

Director Independence

As of January 1, 2012, our Board was comprised of Jeffrey Benjamin, David Bonderman, Kelvin L. Davis, Jeffrey T. Housenbold, Gary W. Loveman, Karl Peterson, Eric Press, Marc Rowan, Lynn C. Swann, Christopher J. Williams, David B. Sambur and Jinlong Wang. Though not formally considered by our Board given that our securities were not then registered or traded on any national securities exchange, based upon the listing standards of the New York Stock Exchange, the national securities exchange upon which our common stock was listed prior to the Acquisition, we do not believe that Messrs. Benjamin, Bonderman, Davis, Loveman, Peterson, Press, Rowan or Sambur would be considered independent because of their relationships with certain affiliates of the funds and other entities which hold 100% of our outstanding voting common stock, and other relationships with us.

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DESCRIPTION OF INDEBTEDNESS

Senior Secured Credit Facilities

Overview. 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 and certain of CEOC s subsidiaries that are unrestricted subsidiaries. In late 2009, CEOC completed cash tender offers for certain of its outstanding debt, and in connection with these tender offers, CEOC borrowed $1,000.0 million of new term loans under its Credit Facilities pursuant to the Incremental Loans. In May 2011, CEOC entered into an amendment agreement to amend the Credit Facilities. Pursuant to the amendment agreement, CEOC extended the maturity of a portion of the term loans held by consenting lenders to January 28, 2018 (the extended maturity term loans), converted a portion of the revolver commitments into extended maturity term loans and increased the interest rate with respect to the extended maturity term loans.

As of September 30, 2011, our senior secured Credit Facilities provided for senior secured financing of up to $8,415.9 million, consisting of (i) senior secured term loan facilities in an aggregate principal amount of up to $7,209.1 million, with $5,003.9 million maturing on January 28, 2015 (the original maturity term loans), $982.5 million maturing on October 31, 2016 and $1,222.7 million maturing on January 28, 2018, and (ii) a senior secured revolving credit facility in an aggregate principal amount of $1,206.8 million, maturing on January 28, 2014, including both a letter of credit sub-facility and a swingline loan sub-facility. A total of $7,209.1 million face amount of borrowings were outstanding under the Credit Facilities as of September 30, 2011, with an additional $126.6 million committed to letters of credit that were issued under the Credit Facilities. After consideration of these borrowings and letters of credit, $1,080.2 million of additional borrowing capacity was available to us under the Credit Facilities as of September 30, 2011.

The Credit Facilities allow us to request one or more incremental term loan facilities and/or increase commitments under our revolving facility in an aggregate amount of up to $750.0 million, subject to certain conditions and receipt of commitments by existing or additional financial institutions or institutional lenders.

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.

Proceeds from the term loans drawn on the closing date were used to refinance existing debt and pay expenses related to the Acquisition. Proceeds of the revolving loan draws, swingline and letters of credit will be used for working capital and general corporate purposes. Proceeds from the Incremental Loans were used to refinance or retire existing debt and to provide additional liquidity.

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. The Incremental Loans bear interest at a rate equal to the greater of the then current LIBOR rate subject to a 2.00% floor or at a rate equal to the alternate base rate, in each case plus an applicable margin. In addition, on a quarterly basis, we are required to pay each lender (i) a commitment fee in respect of any unused commitments 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, 2011, the Credit Facilities, other than borrowings under the Incremental Loans, bore interest at LIBOR plus 300 basis points for the original maturity term loans and a portion of the revolver loan, at LIBOR plus 425 basis points for the extended maturity term loans, at alternate base rate plus 150 basis points for the swingline loan and at the alternate base rate plus 200 basis points for the remainder of the revolver loan, and bore a commitment fee for unborrowed amounts of 50 basis points. The borrowings under the Incremental Loans bore interest at the minimum base rate of 2.0% plus 750 basis points as of September 30, 2011.

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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 certain 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 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.

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.

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 credit agreement, which differs from the calculation of LTM Adjusted EBITDA Pro Forma presented under Prospectus Summary Summary Historical Consolidated Financial Data of Caesars Entertainment Corporation . The calculation set forth in the credit agreement excludes from the senior secured leverage ratio (a) the $1,375.0 million first lien notes issued on June 15, 2009 and the $720.0 million first lien notes issued on September 11, 2009 and (b) up to $350.0 million aggregate principal amount of consolidated debt of subsidiaries that are not wholly owned subsidiaries. Certain covenants contained in the credit agreement governing CEOC s Credit Facilities and the indentures and other agreements governing CEOC s second lien notes and 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, in each case as calculated pursuant to the applicable agreements. The covenants that restrict additional indebtedness and the ability to make certain 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. 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.

We believe we are in compliance with CEOC s Credit Facilities and indentures, including the senior secured leverage ratio, as of September 30, 2011. If CEOC s last twelve months Adjusted EBITDA were to decline significantly from the level achieved at September 30, 2011, it could cause CEOC to exceed the senior secured leverage ratio and could be an event of default under CEOC s credit agreement. However, we could implement certain actions in an effort to minimize the possibility of a breach of the senior secured leverage ratio, including reducing payroll and other operating costs, deferring or eliminating certain maintenance, delaying or deferring capital expenditures, or selling assets. In addition, under certain circumstances, our Credit Facilities allows us to apply the cash contributions received by CEOC as a capital contribution to cure covenant breaches. However, there is no guarantee that such contributions will be able to be secured.

Retained Notes

As of September 30, 2011, we had an aggregate principal amount of $892.9 million face value of notes that remained outstanding upon the closing of the Acquisition, consisting of the following series:

- $125.2 million aggregate principal amount of 5.375% Senior Notes due 2013;
- $0.6 million aggregate principal amount of 7.0% Senior Notes due 2013;
- $364.5 million aggregate principal amount of 5.625% Senior Notes due 2015;
- $248.7 million aggregate principal amount of 6.5% Senior Notes due 2016;
- $153.7 million aggregate principal amount of 5.75% Senior Notes due 2017; and
- $0.2 million aggregate principal amount of Floating Rate Contingent Convertible Senior Notes that were not tendered in connection with the Acquisition.

These notes contain covenants that limit the amount of secured indebtedness we may incur and our ability to enter into sale/leaseback transactions. CEOC is the issuer of these notes and Caesars is a guarantor of these notes. Subject to the terms of the Credit Facilities and the indenture governing the notes, we may refinance these notes with debt that is guaranteed by our subsidiaries and/or secured by their and our assets.

First Lien Notes

CEOC currently has an aggregate principal amount of face value of $2,095.0 million Senior Secured Notes due 2017. These notes are CEOC s senior obligations and rank equally and ratably with all of its existing and future senior indebtedness and senior to any of its subordinated indebtedness, and are secured by first-priority liens, subject to permitted liens, by the assets of the subsidiaries that have pledged their assets to secure the Credit Facilities. These notes are guaranteed by Caesars.

Second Lien Notes

CEOC currently has 10.0% Second-Priority Senior Secured Notes with a face value of $214.8 million due 2015, 10.0% Second-Priority Senior Secured Notes with a face value of $4,553.1 million due 2018 and 12.75% Second-Priority Senior Secured Notes with a face value of $750.0 million due 2018. These notes are secured by a second priority security interest in substantially all of CEOC s and its subsidiaries property and assets that secure the Credit Facilities. These liens are junior in priority to the liens on substantially the same collateral securing the Credit Facilities. The notes are guaranteed by Caesars.

Guaranteed Senior Notes

In connection with the Acquisition, CEOC issued unsecured senior indebtedness that was guaranteed by the subsidiaries that have pledged their assets to secure the Credit Facilities. Of this guaranteed senior indebtedness, $487.2 million remains outstanding, consisting of $478.6 million of 10.75% Senior Notes due 2016 and $8.6 million of 10.75%/11.5% Senior Toggle Notes due 2018. These notes do not contain operating covenants.

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CMBS Financing

In connection with the Acquisition, the CMBS Entities, and their related assets were spun out of CEOC. The CMBS Entities borrowed $6,500.0 million under the CMBS Financing which is secured by the assets of the CMBS Entities and certain aspects of the financing are guaranteed by Caesars. As of September 30, 2011, there were $5,031.5 million aggregate principal amount of CMBS Loans outstanding.

On August 31, 2010, Caesars subsidiaries that are borrowers and the lenders under our CMBS Financing amended the terms of the CMBS Financing 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 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 amendment will be cancelled.

Restrictive Covenants and Other Matters. 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 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. Amounts deposited into the specified reserve funds represent restricted cash. In addition, the CMBS Financing obligates the CMBS Entities to apply excess cash flow 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.

Other Indebtedness

As of September 30, 2011, we had other indebtedness in the aggregate principal amount of $1,280.0 million face value as described below.

$517.7 million of debt borrowed by PHW Las Vegas under a senior secured term loan;

$450.0 million of debt borrowed by subsidiaries of CEOC under a senior secured term facility for Project Linq and Project Octavius;

$233.2 million of debt borrowed by a subsidiary of CEOC (Chester Downs) under a senior secured term loan;

$65.7 million of principal obligations to fund Clark County, Nevada, Special Improvement District bonds; and

$13.4 million of miscellaneous other indebtedness.

On January 27, 2012, Chester Downs priced an offering of $330 million aggregate principal amount of 9.25% senior secured notes due 2020 through private placement. Chester Downs intends to use the proceeds of the notes to repay its existing term loan, make a distribution to Chester Downs managing member, Harrah s Chester Downs Investment Company, LLC, and for other general corporate purposes. The offering is expected to close on February 3, 2012.

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DESCRIPTION OF CAPITAL STOCK

Our authorized capital stock consists of 1,250,000,000 shares of common stock, par value $0.01 per share, and 125,000,000 shares of preferred stock, par value $0.01 per share, the rights and preferences of which may be designated by the board of directors.

All of our existing stock is, and the shares of common stock being offered by us in this offering will be, upon payment therefore, validly issued, fully paid and nonassessable. As of November 1, 2011, there were 147 holders of our common stock. The discussion below describes the most important terms of our capital stock, certificate of incorporation and bylaws. Because it is only a summary, it does not contain all the information that may be important to you. For a complete description refer to our certificate of incorporation and bylaws, copies of which have been filed as exhibits to the registration statement of which this prospectus is a part, and to the applicable provisions of the Delaware General Corporation Law.

Common Stock

Voting Rights. The holders of Caesars common stock are entitled to one vote per share on all matters submitted for action by the stockholders.

Dividend Rights. Subject to any preferential rights of any then outstanding preferred stock, all shares of Caesars common stock are entitled to share equally in any dividends our Board may declare from legally available sources.

Liquidation Rights. Upon liquidation or dissolution of Caesars, whether voluntary or involuntary, after payment in full of the amounts required to be paid to holders of any then outstanding preferred stock, all shares of Caesars common stock are entitled to share equally in the assets available for distribution to stockholders after payment of all of Caesars prior obligations.

Other Matters. The holders of Caesars common stock have no preemptive or conversion rights, and Caesars common stock is not subject to further calls or assessments by Caesars. There are no redemption or sinking fund provisions applicable to the common stock except those described below under Certain Redemption Provisions. Except as described below under Certain Anti-Takeover, Limited Liability and Indemnification Provisions, a majority vote of common stockholders is generally required to take action under our certificate of incorporation and bylaws. The rights, preferences and privileges of holders of our common stock are subject to the terms of any series of preferred stock that may be issued in the future.

Preferred Stock

Our Board, without further stockholder approval, will be able to issue, from time to time, up to an aggregate of 125,000,000 shares of preferred stock in one or more series and to fix or alter the designations, preferences, rights and any qualifications, limitations or restrictions of the shares of each such series thereof, including the dividend rights, dividend rates, conversion rights, voting rights, terms of redemption (including sinking fund provisions), redemption prices or prices, liquidation preferences and the number of shares constituting any series or designations of such series. Notwithstanding the foregoing, the rights of each holder of preferred stock will be subject at all times to compliance with all gaming and other statutes, laws, rules and regulations applicable to us or such holder at that time. Upon closing of this offering, there will be no shares of preferred stock outstanding. Our Board may authorize the issuance of preferred stock with voting or conversion rights that could adversely affect the voting power or other rights of the holders of common stock. The issuance of preferred stock, while providing flexibility in connection with possible future financings and acquisitions and other corporate purposes could, under certain circumstances, have the effect of delaying, deferring or preventing a change in control of us might harm the market price of our common stock. See Certain Anti-Takeover, Limited Liability and Indemnification Provisions.

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Certain Redemption Provisions

Caesars certificate of incorporation contains provisions establishing the right to redeem the securities of disqualified holders if necessary to avoid any regulatory sanctions, to prevent the loss or to secure the reinstatement of any license or franchise, or if such holder is determined by any gaming regulatory agency to be unsuitable, has an application for a license or permit denied or rejected, or has a previously issued license or permit rescinded, suspended, revoked or not renewed. The certificate of incorporation will also contain provisions defining the redemption price and the rights of a disqualified security holder.

Registration Rights

The Sponsors each have demand registration rights with respect to the Caesars stock they currently own and both Sponsors and the co-investors can participate in any demand registration initiated by either Sponsor. To the extent the number of securities offered in any such offering has to be limited based upon the opinion of the underwriter or underwriters of such offering, the securities to be offered shall include (i) first, securities to be allocated pro rata among the Sponsors and their co-investors and (ii) second, only if all the securities referred to in clause (i) have been included, securities that Caesars proposes to include in such demand registration.

The Sponsors and their co-investors also have piggyback registration rights for any other offering not covered by a demand registration, provided that the co-investors can only participate if a Sponsor is participating in such offering as a selling stockholder. To the extent the number of securities offered in any such offering has to be limited based upon the opinion of the underwriter or underwriters of such offering, the securities to be offered shall include (i) first, all of the securities proposed to be sold in such offering by Caesars or any person exercising a contractual right to a demand registration, (ii) second, only if all the securities referred to in clause (i) have been included, securities to be allocated pro rata among the Sponsors and their co-investors, and (iii) third, only if all of the securities referred to in clause (ii) have been included, any other securities eligible for inclusion in such registration.

Caesars management stockholders also have piggyback registration rights in connection with any registered offering of Caesars stock. To the extent the number of securities offered in any such offering has to be limited based upon the opinion of the underwriter or underwriters of such offering, the securities to be offered shall include (i) first, all of the securities proposed to be sold in such offering by Caesars or any person exercising a contractual right to a demand registration, (ii) second, only if all the securities referred to in clause (i) have been included, securities to be allocated pro rata among the Sponsors and their co-investors, and (iii) third, only if all of the securities referred to in clause (ii) have been included, the securities held by management together with any other securities eligible for inclusion in such registration.

The Paulson Investors have a demand registration right with respect to their shares of common stock, provided that Caesars common stock has not been listed on the New York Stock Exchange or Nasdaq Stock Market, or a Qualified IPO, and Caesars agreed to use its reasonable best efforts to ensure that a Qualified IPO is achieved in connection with any registration statement filed pursuant to such demand registration right. Additionally, the Paulson Investors have piggyback registration rights with respect to any registration statement filed by Caesars with respect to any offering of its common stock on its own behalf, including any Qualified IPO, or on behalf of third parties, in each case subject to the registration rights of other holders discussed above and subject to the expiration of their lock-up agreement.

Certain Anti-Takeover, Limited Liability and Indemnification Provisions

We are governed by the Delaware General Corporation Law. Caesars certificate of incorporation and bylaws contain provisions that could make more difficult the acquisition of us by means of a tender offer, a proxy contest or otherwise, or to remove or place our current management.

Requirements for Advance Notification of Stockholder Nominations and Proposals. Caesars bylaws establish advance notice procedures with respect to stockholder proposals and the nomination of candidates for election as directors, other than nominations made by or at the direction of the Board or one of its committees.

Delaware Anti-Takeover Law. Caesars is a Delaware corporation subject to Section 203 of the Delaware General Corporation Law. Under Section 203, certain business combinations between a Delaware corporation whose stock generally is publicly traded and an interested stockholder are prohibited for a three-year period following the date that such stockholder became an interested stockholder, unless:

- the corporation has elected in its certificate of incorporation not to be governed by Section 203, which we have elected;
- the business combination or the transaction which resulted in the stockholder becoming an interested stockholder was approved by the board of directors of the corporation before such stockholder became an interested stockholder;
- upon consummation of the transaction that made such stockholder an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the commencement of the transaction excluding voting stock owned by directors who are also officers or held in employee benefit plans in which the employees do not have a confidential right to tender stock held by the plan in a tender or exchange offer; or
- the business combination is approved by the board of directors of the corporation and authorized at a meeting by two-thirds of the voting stock which the interested stockholder did not own.

The three-year prohibition also does not apply to some business combinations proposed by an interested stockholder following the announcement or notification of an extraordinary transaction involving the corporation and a person who had not been an interested stockholder during the previous three years or who became an interested stockholder with the approval of a majority of the corporation s directors. The term business combination is defined generally to include mergers or consolidations between a Delaware corporation and an interested stockholder, transactions with an interested stockholder involving the assets or stock of the corporation or its majority-owned subsidiaries, and transactions which increase an interested stockholder s percentage ownership of stock. The term interested stockholder is defined generally as those stockholders who become beneficial owners of 15% or more of a Delaware corporation s voting stock, together with the affiliates or associates of that stockholder.

Classified Board and Cumulative Voting. Our certificate of incorporation and bylaws will provide for a classified board of directors, pursuant to which the board of directors will be divided into three classes whose members will serve three-year staggered terms. Our certificate of incorporation will also prohibit cumulative voting by stockholders in connection with the election of directors, which would otherwise allow less than a majority of stockholders to elect director candidates.

Removal of Directors. Our certificate of incorporation and bylaws will provide that a director may be removed from office at any time, but only for cause and only by affirmative vote of at least two-thirds of the shares entitled to vote generally in the election of directors.

Number of Directors and Vacancies. Our bylaws will permit the number of directors to be fixed only by an affirmative vote of at least two-thirds of the members of the board, and any vacancy on our board of directors, including a vacancy resulting from an enlargement of our board of directors, may only be filled by vote of a majority of our directors then in office, whether such vacancy occurs as a result of an increase in the number of directors or otherwise.

Blank Check Preferred Stock. Our certificate of incorporation will authorize the issuance of blank check preferred stock that could be issued by our board of directors to increase the number of outstanding shares or establish a stockholders rights plan making a takeover more difficult and expensive.

Amendments to Certificate of Incorporation and Bylaws. Our certification of incorporation will provide that any amendment to its bylaws will require the affirmative vote of two-thirds of the shares entitled to vote on any matter or the board of directors. Our certificate of incorporation will also provide that any amendment to the

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certificate of incorporation relating to stockholder meetings, amendments to our bylaws or certificate of incorporation and the election or classification of our board of directors will require the affirmative vote of two-thirds of the shares entitled to vote on any matter.

Special Meetings of Stockholders. Our bylaws will provide that, except as otherwise required by law, special meetings of stockholders can only be called by our board of directors.

Actions by Written Consent. Our bylaws will prohibit stockholders from acting by written consent if less than 50.1% of our outstanding common stock is owned by the Sponsors.

Limitation of Officer and Director Liability and Indemnification Arrangements. Caesars certificate of incorporation limits the liability of our officers and directors to the maximum extent permitted by Delaware law. Delaware law provides that directors will not be personally liable for monetary damages for breach of their fiduciary duties as directors, except liability for:

- any breach of their duty of loyalty to the corporation or its stockholders;
- acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;
- unlawful payments of dividends or unlawful stock repurchases or redemptions; or
- any transaction from which the director derived an improper personal benefit.

This charter provision has no effect on any non-monetary remedies that may be available to Caesars or its stockholders, nor does it relieve Caesars or its officers or directors from compliance with federal or state securities laws. The certificate also generally provides that Caesars shall indemnify, to the fullest extent permitted by law, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit, investigation, administrative hearing or any other proceeding by reason of the fact that he is or was a director or officer of Caesars, or is or was serving at our request as a director, officer, employee or agent of another entity, against expenses incurred by him in connection with such proceeding. An officer or director shall not be entitled to indemnification by Caesars if:

- the officer or director did not act in good faith and in a manner reasonably believed to be in, or not opposed to, Caesars best interests; or
- with respect to any criminal action or proceeding, the officer or director had reasonable cause to believe his conduct was unlawful.

These charter and bylaw provisions and provisions of Delaware law may have the effect of delaying, deterring or preventing a change of control of Caesars.

Amendments to Certificate of Incorporation or Bylaws

Our certification of incorporation will provide that any amendment to its bylaws will require the affirmative vote of two-thirds of the shares entitled to vote on any matter. Our certificate of incorporation will also provide that any amendment to the certificate of incorporation relating to stockholder meetings, amendments to our bylaws or certificate of incorporation and the election or classification of our board of directors will require the affirmative vote of two-thirds of the shares entitled to vote on any matter.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock will be Computershare Trust Company, N.A., Canton, Massachusetts.

Listing

Our common stock has been approved for listing on Nasdaq under the symbol CZR.

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our common stock, and no predictions can be made about the effect, if any, that market sales of shares of our common stock or the availability of such shares for sale will have on the market price prevailing from time to time. Nevertheless, the actual sale of, or the perceived potential for the sale of, our common stock in the public market may have an adverse effect on the market price for the common stock and could impair our ability to raise capital through future sales of our securities. See Risk Factors Risks Related to 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.

Sale of Restricted Shares

After this offering, we will have 125,025,500 shares of our common stock outstanding (or 125,297,197 shares if the underwriters option to purchase additional shares in this offering is exercised in full), all of which will be voting common stock, excluding shares reserved at February 1, 2012 for issuance upon exercise of options that have been granted under our stock option plans (2,015,745 of which were exercisable at such date). Of these shares, the 1,811,313 shares of our common stock to be sold in this offering (or 2,083,010 shares if the underwriters option to purchase additional shares in this offering is exercised in full), 12,372,835 shares of our common stock held by the Paulson Investors and 22,339,143 shares of our common stock held by the Participating Co-Investors will be freely tradable without restriction or further registration under the Securities Act, except for any shares which may be acquired by any of our affiliates as that term is defined in Rule 144 under the Securities Act, which will be subject to the resale limitations of Rule 144 and to existing lockup arrangements. The remaining 88,502,209 shares of our common stock outstanding will be restricted securities, as that term is defined in Rule 144, and may in the future be sold without restriction under the Securities Act to the extent permitted by Rule 144 or any applicable exemption under the Securities Act.

Stock Option Plan

Following the completion of this offering, we intend to file a registration statement on Form S-8 under the Securities Act with the SEC to register 8,582,876 shares of our common stock reserved for issuance under our Management Equity Incentive Plan and 6,867,018 shares of our common stock reserved for issuance under our 2012 Performance Incentive Plan. As of the date of this prospectus, we have granted options to purchase 8,046,424 shares of our common stock under our Management Equity Incentive Plan, of which 2,015,745 shares are vested and exercisable. Subject to the expiration of any lock-up restrictions as described below and following the completion of any vesting periods, shares of our common stock issuable upon the exercise of options granted or to be granted under our plan will be freely tradable without restriction under the Securities Act, unless such shares are held by any of our affiliates.

Rule 144

In general, under Rule 144 under the Securities Act, a person (or persons whose shares are aggregated) who is not deemed to have been an affiliate of ours at any time during the three months preceding a sale, and who has beneficially owned restricted securities within the meaning of Rule 144 for at least six months (including any period of consecutive ownership of preceding non-affiliated holders) would be entitled to sell those shares, subject only to the availability of current public information about us. A non-affiliated person who has beneficially owned restricted securities within the meaning of Rule 144 for at least one year would be entitled to sell those shares without regard to the provisions of Rule 144.

A person (or persons whose shares are aggregated) who is deemed to be an affiliate of ours and who has beneficially owned restricted securities within the meaning of Rule 144 for at least six months would be entitled to sell within any three-month period a number of shares that does not exceed the greater of one percent of the then outstanding shares of our common stock or the average weekly trading volume of our common stock reported through Nasdaq during the four calendar weeks preceding such sale. Such sales are also subject to certain manner of sale provisions, notice requirements and the availability of current public information about us.

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Rule 701

In general, under Rule 701 of the Securities Act as currently in effect, any of our employees, consultants or advisors who purchases shares of our common stock from us in connection with a compensatory stock or option plan or other written agreement is eligible to resell those shares 90 days after the effective date of the registration statement of which this prospectus forms a part in reliance on Rule 144, but without compliance with some of the restrictions, including the holding period, contained in Rule 144.

Lock-Up Agreements

In connection with this offering, we have agreed not to offer or sell, dispose of or hedge, directly or indirectly any common stock without the permission of Credit Suisse Securities (USA) LLC and Citigroup Global Markets Inc. for a period of 180 days from the date of this prospectus, subject to certain exceptions and automatic extension in certain circumstances; provided that, after 30 days from the date of this prospectus, we will be permitted to issue and sell common stock to retire existing indebtedness and/or for debt for equity exchange transactions. In addition, our named 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 Credit Suisse Securities (USA) LLC and Citigroup Global Markets Inc. for a period of 180 days and 270 days, respectively, from the date of this prospectus, subject to certain exceptions and automatic extension in certain circumstances. As part of the Co-Investors Transaction, the Participating Co-Investors have agreed not to offer or sell, dispose of or hedge, directly or indirectly 50% of their shares that are being registered pursuant to the resale prospectus included in the registration statement of which this prospectus forms a part, without the permission of Credit Suisse Securities (USA) LLC and Citigroup Global Markets Inc. for a period of 180 days from the date of this prospectus, subject to certain exceptions and automatic extension in certain circumstances.

The restricted periods described in the preceding paragraph will be automatically extended if:

- during the last 17 days of the applicable lock-up period we issue an earnings release or announce material news or a material event; or

- prior to the expiration of the applicable lock-up period, we announce that we will release earnings results during the 16-day period following the last day of the applicable lock-up period;

in which case, the restrictions described in this paragraph will continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the announcement of the material news or material event. See Underwriting.

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CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a general discussion of certain U.S. federal income tax considerations with respect to the ownership and disposition of our common stock applicable to non-U.S. holders (as defined below). This discussion is based on current provisions of the Internal Revenue Code of 1986, as amended, or the Code, existing and proposed U.S. Treasury regulations promulgated thereunder, and administrative rulings and court decisions in effect as of the date hereof, all of which are subject to change at any time, possibly with retroactive effect.

This discussion does not address U.S. federal estate tax or the Medicare contribution tax on certain net investment income. A non-U.S. holder should consult with their own tax advisors regarding the possible application of these taxes.

For the purposes of this discussion, the term non-U.S. holder means a beneficial owner of our common stock that is, for U.S. federal income tax purposes, an individual, corporation, estate or trust other than:

- an individual who is a citizen or resident of the United States;
- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized in the United States or under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source; or
- a trust if (1) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons (as defined in the Code) have the authority to control all substantial decisions of the trust, or (2) it has a valid election in effect under applicable U.S. Treasury regulations to be treated as a domestic trust.

It is assumed for purposes of this discussion that a non-U.S. holder holds shares of our common stock as a capital asset within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion does not address all aspects of U.S. federal income taxation that may be important to a non-U.S. holder in light of that holder s particular circumstances or that may be applicable to non-U.S. holders subject to special treatment under U.S. federal income tax law (including, for example, financial institutions, dealers in securities, traders in securities that elect mark-to-market treatment, insurance companies, tax-exempt entities, holders who acquired our common stock pursuant to the exercise of employee stock options or otherwise as compensation, entities or arrangements treated as partnerships for U.S. federal income tax purposes (and investors therein), holders liable for the alternative minimum tax, controlled foreign corporation, passive foreign investment companies, former citizens or former long-term residents of the United States, and holders who hold our common stock as part of a hedge, straddle, constructive sale or conversion transaction). In addition, this discussion does not address U.S. federal tax laws other than those pertaining to the U.S. federal income tax, nor does it address any aspects of U.S. state, local or non-U.S. taxes.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds shares of our common stock, the tax treatment of a person treated as a partner generally will depend on the status of the partner and the activities of the partnership. Persons that for U.S. federal income tax purposes are treated as a partner in a partnership holding shares of our common stock should consult their own tax advisors.

THIS SUMMARY IS FOR GENERAL INFORMATION ONLY AND IS NOT INTENDED TO CONSTITUTE A COMPLETE DESCRIPTION OF ALL TAX CONSEQUENCES RELATING TO THE OWNERSHIP AND DISPOSITION OF OUR COMMON STOCK. HOLDERS OF OUR COMMON STOCK SHOULD CONSULT WITH THEIR OWN TAX ADVISORS REGARDING THE TAX CONSEQUENCES TO THEM (INCLUDING THE APPLICATION AND EFFECT OF OTHER U.S. FEDERAL TAX LAWS AND ANY STATE, LOCAL, NON-U.S. INCOME AND OTHER TAX LAWS) OF THE OWNERSHIP AND DISPOSITION OF OUR COMMON STOCK.

Dividends

Although we do not anticipate that we will pay any dividends on our common stock, if dividends are paid to non-U.S. holders, such dividends, to the extent paid out of our current or accumulated earnings and profits (as determined under U.S. federal income tax principles) will be subject to U.S. federal income tax withholding at a rate of 30% (or lower rate provided by an applicable income tax treaty). To obtain a reduced rate of withholding under an applicable income tax treaty, a non-U.S. holder generally will be required to provide us or our paying agent with a properly completed IRS Form W-8BEN certifying the non-U.S. holder s entitlement to benefits under that treaty. In certain cases, additional requirements may need to be satisfied to avoid the imposition of U.S. withholding tax. See *Recently Enacted Federal Tax Legislation* below for further details.

Because it will generally not be known, at the time a non-U.S. holder receives any distribution, whether the distribution will be paid out of our current or accumulated earnings and profits, we expect that a withholding agent will deduct and withhold U.S. tax at the applicable rate on all distributions that you receive on our common stock. If it is later determined that a distribution was not a dividend in whole or in part, you may be entitled to claim a refund of the U.S. federal income tax withheld with respect to that portion of the distribution, provided that the required information is timely furnished to the IRS.

If the dividends are effectively connected with the non-U.S. holder s conduct of a trade or business within the United States, withholding should not apply, so long as the appropriate certifications are made by such non-U.S. holder. See *Effectively Connected Income* below for additional information on the U.S. federal income tax considerations applicable with respect to such effectively connected dividends.

Gain on Disposition of our Common Stock

Subject to the discussion below under *Information Reporting and Backup Withholding* and *Recently Enacted Federal Tax Legislation*, a non-U.S. holder generally will not be subject to U.S. federal income tax or withholding tax on any gain realized upon the sale or other taxable disposition of our common stock unless:

- the gain is effectively connected with the conduct, by such non-U.S. holder, of a trade or business in the United States, in which case the gain will be subject to tax in the manner described below under *Effectively Connected Income* ;

- the non-U.S. holder is an individual who is present in the United States for a period or periods aggregating 183 days or more during the calendar year in which the sale or disposition occurs and certain other conditions are met, in which case the gain (reduced by any U.S.-source capital losses) will be subject to 30% (or a lower applicable treaty rate) tax; or

- we are, or have been, a United States real property holding corporation for U.S. federal income tax purposes, at any time during the shorter of the five-year period preceding such disposition and the non-U.S. holder s holding period in our common stock; provided, that so long as our common stock is regularly traded on an established securities market, generally a non-U.S. holder would be subject to taxation with respect to a taxable disposition of our common stock, only if at any time during that five-year or shorter period it owned more than 5% directly or by attribution, of that class of common stock.

It is unclear whether we are, or will be, a U.S. real property holding corporation during the relevant period described in the third bullet point above. Under U.S. federal income tax laws, we will be a United States real property holding corporation if at least 50% of the fair market value of our assets has consisted of United States real property interests. If we were treated as a U.S. real property holding corporation during the relevant period described in the third bullet point above, any taxable gains recognized by a non-U.S. holder on the sale or other taxable disposition of our common stock would be subject to tax as if the gain were effectively connected with the conduct of the non-U.S. holder s trade or business in the United States except the branch profits tax would not apply. See *Effectively Connected Income*. In addition, if our common stock ceases to be traded on an established securities market, the transferee of our common stock would generally be required to withhold tax, under U.S. federal income tax laws, in an amount equal to 10% of the amount realized by the non-U.S. holder on the sale or other taxable disposition of our common stock. The rules regarding U.S. real property interests are complex, and non-U.S. holders are urged to consult with their own tax advisors on the application of these rules based on their particular circumstances.

Effectively Connected Income

If a dividend received on our common stock, or gain from a sale or other taxable disposition of our common stock, is treated as effectively connected with a non-U.S. holder s conduct of a trade or business in the United States, such non-U.S. holder will generally be exempt from withholding tax on any such dividend and any gain realized on such a disposition, provided such non-U.S. holder complies with certain certification requirements (generally on IRS Form W-8ECI). Instead such non-U.S. holder will generally be subject to U.S. federal income tax on a net income basis on any such gains or dividends in the same manner as if such holder were a U.S. person (as defined in the Code) unless an applicable income tax treaty provides otherwise. In addition, a non-U.S. holder that is a foreign corporation may be subject to a branch profits tax at a rate of 30% (or a lower rate provided by an applicable income tax treaty) on such holder s earnings and profits for the taxable year that are effectively connected with such holder s conduct of a trade or business in the United States (and, if required by an applicable income tax treaty, are attributable to such holder s U.S. permanent establishment), subject to adjustments.

Information Reporting and Backup Withholding

Generally, we must report to our non-U.S. holders and the IRS the amount of dividends paid during each calendar year, if any, and the amount of any tax withheld. These information reporting requirements apply even if no withholding is required (e.g., because the distributions are effectively connected with the non-U.S. holder s conduct of a United States trade or business, or withholding is eliminated by an applicable income tax treaty). This information also may be made available under a specific treaty or agreement with the tax authorities in the country in which the non-U.S. holder resides or is established.

Backup withholding, however, generally will not apply to distributions to a non-U.S. holder of shares of our common stock provided the non-U.S. holder furnishes to us or our paying agent the required certification as to its non-U.S. status, such as by providing a valid IRS Form W-8BEN or IRS Form W-8ECI, or certain other requirements are met. Notwithstanding the foregoing, backup withholding may apply if either we or our paying agent has actual knowledge, or reason to know, that the non-U.S. holder is a U.S. person (as defined in the Code) that is not an exempt recipient.

Backup withholding is not an additional tax but merely an advance payment, which may be refunded to the extent it results in an overpayment of tax and the appropriate information is timely supplied by the non-U.S. holder to the IRS.

Recently Enacted Federal Tax Legislation

On March 18, 2010, President Obama signed the Hiring Incentives to Restore Employment (HIRE) Act , or the HIRE Act, which includes a revised version of a bill known as the Foreign Account Tax Compliance Act of 2009 or FATCA. Under FATCA, foreign financial institutions (which include most hedge funds, private equity funds, mutual funds, securitization vehicles and any other investment vehicles regardless of their size) and certain other foreign entities must comply with new information reporting rules with respect to their U.S. account holders and investors or confront a new withholding tax on U.S. source payments made to them (whether received as a beneficial owner or as an intermediary for another party). More specifically, a foreign financial institution or other foreign entity that does not comply with the FATCA reporting requirements will generally be subject to a new 30% withholding tax with respect to any withholdable payments made after December 31, 2012. For this purpose, withholdable payments are generally U.S.-source payments otherwise subject to nonresident withholding tax and also include the entire gross proceeds from the sale of any equity or debt

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instruments of U.S. issuers. The new FATCA withholding tax will apply even if the payment would otherwise not be subject to U.S. nonresident withholding tax (e.g., because it is capital gain treated as foreign source income under the Code). 2011 IRS guidance provides that regulations implementing this legislation will defer this withholding obligation until January 1, 2014 for payments of dividends on U.S. common stock and until January 1, 2015 for gross proceeds from dispositions of U.S. common stock. Treasury is authorized to provide rules for implementing the FATCA withholding regime and coordinating the FATCA withholding regime with the existing nonresident withholding tax rules.

FATCA withholding will not apply to withholdable payments made directly to foreign governments, international organizations, foreign central banks of issue and individuals, and Treasury is authorized to provide additional exceptions.

Non-U.S. holders are urged to consult with their own tax advisors regarding the effect, if any, of the FATCA provisions to them based on their particular circumstances.

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UNDERWRITING

Credit Suisse Securities (USA) LLC and Citigroup Global Markets Inc. are acting as representatives of each of the underwriters named below. Subject to the terms and conditions set forth in an underwriting agreement among us and the underwriters, we have agreed to sell to the underwriters, and each of the underwriters has agreed, severally and not jointly, to purchase from us, the number of shares of common stock set forth opposite its name below.

Underwriter	Number of Shares
Credit Suisse Securities (USA) LLC	688,299
Citigroup Global Markets Inc.	470,942
Merrill Lynch, Pierce, Fenner & Smith Incorporated	271,697
Deutsche Bank Securities Inc.	271,697
KeyBanc Capital Markets Inc.	36,226
Lebenthal & Co., LLC	36,226
Samuel A. Ramirez & Company, Inc.	36,226
Total	1,811,313

Subject to the terms and conditions set forth in the underwriting agreement, the underwriters have agreed, severally and not jointly, to purchase all of the shares sold under the underwriting agreement if any of these shares are purchased. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the nondefaulting underwriters may be increased or the underwriting agreement may be terminated.

We have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the several underwriters may be required to make in respect of those liabilities.

The underwriters are offering the shares, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the shares, and other conditions contained in the underwriting agreement, such as the receipt by the underwriters of officer s certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

The representatives have advised us that the underwriters propose initially to offer the shares to the public at the public offering price set forth on the cover page of this prospectus and to dealers at that price less a concession not in excess of $0.378 per share. After the initial offering, the public offering price, concession or any other term of the offering may be changed.

The following table shows the public offering price, underwriting discount and proceeds before expenses to us. The information assumes either no exercise or full exercise by the underwriters of their overallotment option.

	Per Share	Without Option	With Option
Public offering price	$ 9.00	$ 16,301,817.00	$ 18,747,090.00
Underwriting discount	$ 0.63	$ 1,141,127.19	$ 1,312,296.30
Proceeds, before expenses, to Caesars	$ 8.37	$ 15,160,689.81	$ 17,434,793.70

The expenses of the offering, not including the underwriting discount, are estimated at $2.2 million and are payable by us.

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We have granted an option to the underwriters to purchase up to 271,697 additional shares at the public offering price, less the underwriting discount. The underwriters may exercise this option for 30 days from the date of this prospectus solely to cover any overallotments. If the underwriters exercise this option, each will be obligated, subject to conditions contained in the underwriting agreement, to purchase a number of additional shares proportionate to that underwriter s initial amount reflected in the above table.

In connection with this offering, we have agreed not to offer or sell, dispose of or hedge, directly or indirectly any common stock without the permission of Credit Suisse Securities (USA) LLC and Citigroup Global Markets Inc. for a period of 180 days from the date of this prospectus, subject to certain exceptions and automatic extension in certain circumstances; provided that, after 30 days from the date of this prospectus, we will be permitted to issue and sell common stock to retire existing indebtedness and/or for debt for equity exchange transactions. In addition, our named 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 Credit Suisse Securities (USA) LLC and Citigroup Global Markets Inc. for a period of 180 days and 270 days, respectively, from the date of this prospectus, subject to certain exceptions and automatic extension in certain circumstances. As part of the Co-Investors Transaction, the Participating Co-Investors have agreed not to offer or sell, dispose of or hedge, directly or indirectly 50% of their shares that are being registered pursuant to the resale prospectus included in the registration statement of which this prospectus forms a part, without the permission of Credit Suisse Securities (USA) LLC and Citigroup Global Markets Inc. for a period of 180 days from the date of this prospectus, subject to certain exceptions and automatic extension in certain circumstances.

The restricted periods described in the preceding paragraph will be automatically extended if:

- during the last 17 days of the applicable lock-up period we issue an earnings release or announce material news or a material event; or
- prior to the expiration of the applicable lock-up period, we announce that we will release earnings results during the 16-day period following the last day of the applicable lock-up period;

in which case, the restrictions described in this paragraph will continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the announcement of the material news or material event.

Our common stock has been approved for listing on Nasdaq under the symbol CZR. In order to meet the requirements for listing on Nasdaq, the underwriters have undertaken to sell a minimum number of shares to a minimum number of beneficial owners as required by that exchange.

Before this offering, there has been no public market for our common stock. The initial public offering price will be determined through negotiations between us and the representatives. In addition to prevailing market conditions, the factors to be considered in determining the initial public offering price are

- the valuation multiples of publicly traded companies that the representatives believe to be comparable to us,
- our financial information,
- the history of, and the prospects for, our company and the industry in which we compete,
- an assessment of our management, its past and present operations, and the prospects for, and timing of, our future revenues,
- the present state of our development, and

the above factors in relation to market values and various valuation measures of other companies engaged in activities similar to ours.

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An active trading market for the shares may not develop. It is also possible that after the offering the shares will not trade in the public market at or above the initial public offering price.

The underwriters do not expect to sell more than 5% of the shares in the aggregate to accounts over which they exercise discretionary authority.

Until the distribution of the shares is completed, SEC rules may limit underwriters and selling group members from bidding for and purchasing our common stock. However, the representatives may engage in transactions that stabilize the price of the common stock, such as bids or purchases to peg, fix or maintain that price.

In connection with the offering, the underwriters may purchase and sell our common stock in the open market. These transactions may include short sales, purchases on the open market to cover positions created by short sales and stabilizing transactions. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in the offering. Covered short sales are sales made in an amount not greater than the underwriters overallotment option described above. The underwriters may close out any covered short position by either exercising their overallotment option or purchasing shares in the open market. In determining the source of shares to close out the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the overallotment option. Naked short sales are sales in excess of the overallotment option. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of our common stock in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of shares of common stock made by the underwriters in the open market prior to the completion of the offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

Similar to other purchase transactions, the underwriters purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of our common stock. As a result, the price of our common stock may be higher than the price that might otherwise exist in the open market. The underwriters may conduct these transactions on Nasdaq, in the over-the-counter market or otherwise.

Neither we nor any of the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of our common stock. In addition, neither we nor any of the underwriters make any representation that the representatives will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Some of the underwriters and their affiliates have engaged in, and may in the future engage in, financial advisory and investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions. Affiliates of the underwriters have acted as initial purchasers and/or agents or lenders under our prior notes offerings and our secured credit facilities and other financings. Certain affiliates of the underwriters have acted in the past as initial purchasers of offerings of our debt securities. In addition, certain affiliates of the underwriters are lenders and/or agents under our revolving credit facility. Certain affiliates of the underwriters may also own our debt securities from time to time and de minimis amounts of our equity.

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In the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments of the issuer. The underwriters and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Notice to Prospective Investors in the European Economic Area

In relation to each member state of the European Economic Area that has implemented the Prospectus Directive (each, a relevant member state), with effect from and including the date on which the Prospectus Directive is implemented in that relevant member state (the relevant implementation date), an offer of shares described in this offering memorandum may not be made to the public in that relevant member state prior to the publication of a prospectus in relation to the shares that has been approved by the competent authority in that relevant member state or, where appropriate, approved in another relevant member state and notified to the competent authority in that relevant member state, all in accordance with the Prospectus Directive, except that, with effect from and including the relevant implementation date, an offer of securities may be offered to the public in that relevant member state at any time:

- to any legal entity that is authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

- to any legal entity that has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than 43,000,000 and (3) an annual net turnover of more than 50,000,000, as shown in its last annual or consolidated accounts;

- to fewer than 100 or, if the relevant member state has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined below) subject to obtaining the prior consent of the representatives for any such offer; or

- in any other circumstances that do not require the publication of a prospectus pursuant to Article 3 of the Prospectus Directive.

Each purchaser of shares described in this offering memorandum located within a relevant member state will be deemed to have represented, acknowledged and agreed that it is a qualified investor within the meaning of Article 2(1)(e) of the Prospectus Directive.

For purposes of this provision, the expression an offer to the public in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase or subscribe the securities, as the expression may be varied in that member state by any measure implementing the Prospectus Directive in that member state, and the expression Prospectus Directive means Directive 2003/71/EC (including the 2010 PD Amending Directive, to the extent implemented in the relevant member states) and includes any relevant implementing measure in each relevant member state and the expression 2010 PD Amending Directive means Directive 2010/73/EU.

The sellers of the shares have not authorized and do not authorize the making of any offer of shares through any financial intermediary on their behalf, other than offers made by the underwriters with a view to the final placement of the shares as contemplated in this offering memorandum. Accordingly, no purchaser of the shares, other than the underwriters, is authorized to make any further offer of the shares on behalf of the sellers or the underwriters.

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Notice to Prospective Investors in the United Kingdom

In the United Kingdom, this document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are qualified investors (as defined in the Prospectus Directive) (i) who have professional experience in matters relating to investments falling within Article 19 (5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, or the Order, and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as relevant persons). This document must not be acted on or relied on in the United Kingdom by persons who are not relevant persons. In the United Kingdom, any investment or investment activity to which this document relates is only available to, and will be engaged in with, relevant persons.

Notice to Prospective Investors in Switzerland

This document, as well as any other material relating to the shares which are the subject of the offering contemplated by this prospectus, do not constitute an issue prospectus pursuant to Article 652a and/or 1156 of the Swiss Code of Obligations. The shares will not be listed on the SIX Swiss Exchange and, therefore, the documents relating to the shares, including, but not limited to, this document, do not claim to comply with the disclosure standards of the listing rules of SIX Swiss Exchange and corresponding prospectus schemes annexed to the listing rules of the SIX Swiss Exchange. The shares are being offered in Switzerland by way of a private placement, *i.e.*, to a small number of selected investors only, without any public offer and only to investors who do not purchase the shares with the intention to distribute them to the public. The investors will be individually approached by the issuer from time to time. This document, as well as any other material relating to the shares, is personal and confidential and do not constitute an offer to any other person. This document may only be used by those investors to whom it has been handed out in connection with the offering described herein and may neither directly nor indirectly be distributed or made available to other persons without express consent of the issuer. It may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in (or from) Switzerland.

Notice to Prospective Investors in the Dubai International Financial Centre

This document relates to an exempt offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority. This document is intended for distribution only to persons of a type specified in those rules. It must not be delivered to, or relied on by, any other person. The Dubai Financial Services Authority has no responsibility for reviewing or verifying any documents in connection with exempt offers. The Dubai Financial Services Authority has not approved this document nor taken steps to verify the information set out in it, and has no responsibility for it. The shares which are the subject of the offering contemplated by this prospectus may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the shares offered should conduct their own due diligence on the shares. If you do not understand the contents of this document you should consult an authorised financial adviser.

Notice to Prospective Investors in France

Neither this document nor any other offering material relating to the shares described in this prospectus has been submitted to the clearance procedures of the *Autorité des Marchés Financiers* or of the competent authority of another member state of the European Economic Area and notified to the *Autorité des Marchés Financiers.* The shares have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France. Neither this prospectus nor any other offering material relating to the shares has been or will be:

released, issued, distributed or caused to be released, issued or distributed to the public in France; or

used in connection with any offer for subscription or sale of the shares to the public in France.

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Such offers, sales and distributions will be made in France only:

to qualified investors (*investisseurs qualifiés*) and/or to a restricted circle of investors (*cercle restreint d investisseurs*), in each case investing for their own account, all as defined in, and in accordance with articles L.411-2, D.411-1, D.411-2, D.734-1, D.744-1, D.754-1 and D.764-1 of the French *Code monétaire et financier*;

to investment services providers authorized to engage in portfolio management on behalf of third parties; or

in a transaction that, in accordance with article L.411-2-II-1°-or-2°-or 3° of the French *Code monétaire et financier* and article 211-2 of the General Regulations (*Règlement Général*) of the *Autorité des Marchés Financiers*, does not constitute a public offer (*appel public à l épargne*).

The shares may be resold directly or indirectly, only in compliance with articles L.411-1, L.411-2, L.412-1 and L.621-8 through L.621-8-3 of the French *Code monétaire et financier*.

Notice to Prospective Investors in Hong Kong

The shares may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to professional investors within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a prospectus within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong) and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Notice to Prospective Investors in Japan

The shares offered in this prospectus have not been registered under the Securities and Exchange Law of Japan. The shares have not been offered or sold and will not be offered or sold, directly or indirectly, in Japan or to or for the account of any resident of Japan, except (i) pursuant to an exemption from the registration requirements of the Securities and Exchange Law and (ii) in compliance with any other applicable requirements of Japanese law.

Notice to Prospective Investors in Singapore

This document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the SFA), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to compliance with conditions set forth in the SFA.

Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the shares pursuant to an offer made under Section 275 of the SFA except:

to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than $200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;

where no consideration is or will be given for the transfer; or

where the transfer is by operation of law.

Notice to Prospective Investors in Australia

No prospectus or other disclosure document (as defined in the Corporations Act 2001 (Cth) of Australia (Corporations Act)) in relation to the common stock has been or will be lodged with the Australian Securities & Investments Commission (ASIC). This document has not been lodged with ASIC and is only directed to certain categories of exempt persons. Accordingly, if you receive this document in Australia:

(a) you confirm and warrant that you are either:

(i) a sophisticated investor under section 708(8)(a) or (b) of the Corporations Act;

(ii) a sophisticated investor under section 708(8)(c) or (d) of the Corporations Act and that you have provided an accountant s certificate to us which complies with the requirements of section 708(8)(c)(i) or (ii) of the Corporations Act and related regulations before the offer has been made;

(iii) a person associated with the company under section 708(12) of the Corporations Act; or

(iv) a professional investor within the meaning of section 708(11)(a) or (b) of the Corporations Act, and to the extent that you are unable to confirm or warrant that you are an exempt sophisticated investor, associated person or professional investor under the Corporations Act any offer made to you under this document is void and incapable of acceptance; and

(b) you warrant and agree that you will not offer any of the common stock for resale in Australia within 12 months of that common stock being issued unless any such resale offer is exempt from the requirement to issue a disclosure document under section 708 of the Corporations Act.

Notice to Prospective Investors in Chile

The shares are not registered in the Securities Registry (Registro de Valores) or subject to the control of the Chilean Securities and Exchange Commission (Superintendencia de Valores y Seguros de Chile). This prospectus and other offering materials relating to the offer of the shares do not constitute a public offer of, or an invitation to subscribe for or purchase, the shares in the Republic of Chile, other than to individually identified purchasers pursuant to a private offering within the meaning of Article 4 of the Chilean Securities Market Act (Ley de Mercado de

Valores) (an offer that is not addressed to the public at large or to a certain sector or specific group of the public).

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NOTICE TO CANADIAN RESIDENTS

Resale Restrictions

The distribution of the shares in Canada is being made only in the provinces of Ontario, Quebec, Alberta, British Columbia and Manitoba on a private placement basis exempt from the requirement that we prepare and file a prospectus with the securities regulatory authorities in each province where trades of shares are made. Any resale of the shares in Canada must be made under applicable securities laws which may vary depending on the relevant jurisdiction, and which may require resales to be made under available statutory exemptions or under a discretionary exemption granted by the applicable Canadian securities regulatory authority. Purchasers are advised to seek legal advice prior to any resale of the shares.

Representations of Purchasers

By purchasing shares in Canada and accepting delivery of a purchase confirmation, a purchaser is representing to us and the dealer from whom the purchase confirmation is received that:

- the purchaser is entitled under applicable provincial securities laws to purchase the shares without the benefit of a prospectus qualified under those securities laws as it is an accredited investor as defined under National Instrument 45-106 Prospectus and Registration Exemptions,
- the purchaser is a Canadian permitted client as defined in National Instrument 31-103 *Registration Requirements and Exemptions*, or as otherwise interpreted and applied by the Canadian Securities Administrators,
- where required by law, the purchaser is purchasing as principal and not as agent,
- the purchaser has reviewed the text above under Resale Restrictions , and
- the purchaser acknowledges and consents to the provision of specified information concerning the purchase of the shares to the regulatory authority that by law is entitled to collect the information, including certain personal information. For purchasers in Ontario, questions about such indirect collection of personal information should be directed to Administrative Support Clerk, Ontario Securities Commission, Suite 1903, Box 55, 20 Queen Street West, Toronto, Ontario M5H 3S8 or to (416) 593-3684.

Rights of Action Ontario Purchasers

Under Ontario securities legislation, certain purchasers who purchase a security offered by this document during the period of distribution will have a statutory right of action for damages, or while still the owner of the shares, for rescission against us in the event that this document contains a misrepresentation without regard to whether the purchaser relied on the misrepresentation. The right of action for damages is exercisable not later than the earlier of 180 days from the date the purchaser first had knowledge of the facts giving rise to the cause of action and three years from the date on which payment is made for the shares. The right of action for rescission is exercisable not later than 180 days from the date on which payment is made for the shares. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against us. In no case will the amount recoverable in any action exceed the price at which the shares were offered to the purchaser and if the purchaser is shown to have purchased the securities with knowledge of the misrepresentation, we will have no liability. In the case of an action for damages, we will not be liable for all or any portion of the damages that are proven to not represent the depreciation in value of the shares as a result of the misrepresentation relied upon. These rights are in addition to, and without derogation from, any other rights or remedies available at law to an Ontario purchaser. The foregoing is a summary of the rights available to an Ontario purchaser. Ontario purchasers should refer to the complete text of the relevant statutory provisions.

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Enforcement of Legal Rights

All of our directors and officers as well as the experts named herein may be located outside of Canada and, as a result, it may not be possible for Canadian purchasers to effect service of process within Canada upon us or those persons. All or a substantial portion of our assets and the assets of those persons may be located outside of Canada and, as a result, it may not be possible to satisfy a judgment against us or those persons in Canada or to enforce a judgment obtained in Canadian courts against us or those persons outside of Canada.

Taxation and Eligibility for Investment

Canadian purchasers of shares should consult their own legal and tax advisors with respect to the tax consequences of an investment in the shares in their particular circumstances and about the eligibility of the investment by the purchaser under relevant Canadian legislation.

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LEGAL MATTERS

The validity of the shares of common stock being offered hereby will be passed upon for us by Paul, Weiss, Rifkind, Wharton & Garrison LLP, New York, New York. Cahill Gordon & Reindel LLP, New York, New York will pass upon legal matters relating to this offering for the underwriters.

EXPERTS

The consolidated financial statements as of December 31, 2010 and 2009, and for the years ended December 31, 2010 and 2009 and for the period January 28, 2008 through December 31, 2008 (Successor Company) and the period January 1, 2008 through January 27, 2008 (Predecessor Company), included in this Prospectus and the related consolidated financial statement schedule included elsewhere in the Registration Statement, and the effectiveness of our internal control over financial reporting have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports appearing herein and elsewhere in the Registration Statement. Such consolidated financial statements and consolidated financial statement schedule have been so included in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We are required to file annual and quarterly reports and other information with the SEC. You may read and copy any materials we file with the SEC at the SEC s Public Reference Room at 100 F Street, N.E., Room 1580, Washington, D.C., 20549. Please call 1-800-SEC-0330 for further information on the operation of the Public Reference Room. Our filings will also be available to the public from commercial document retrieval services and at the web site maintained by the SEC at http://www.sec.gov. Our reports and other information that we have filed, or may in the future file, with the SEC are not incorporated by reference into and do not constitute part of this prospectus.

We have filed with the SEC a registration statement under the Securities Act of 1933, as amended, referred to as the Securities Act, with respect to the shares of our common stock offered by this prospectus. This prospectus, filed as part of the registration statement, does not contain all of the information set forth in the registration statement or the exhibits and schedules thereto as permitted by the rules and regulations of the SEC. For further information about us and our common stock, you should refer to the registration statement. This prospectus summarizes provisions that we consider material of certain contracts and other documents to which we refer you. Because the summaries may not contain all of the information that you may find important, you should review the full text of those documents.

We have not authorized anyone to give you any information or to make any representations about us or the transactions we discuss in this prospectus other than those contained in this prospectus. If you are given any information or representations about these matters that is not discussed in this prospectus, you must not rely on that information. This prospectus is not an offer to sell or a solicitation of an offer to buy securities anywhere or to anyone where or to whom we are not permitted to offer or sell securities under applicable law.

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CAESARS ENTERTAINMENT CORPORATION

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of

Caesars Entertainment Corporation

Las Vegas, Nevada

We have audited the accompanying consolidated balance sheets of Caesars Entertainment Corporation and subsidiaries (formerly known as Harrah s Entertainment, Inc.) (the Company) as of December 31, 2010 and 2009 (Successor Company), and the related consolidated statements of operations, stockholders equity/(deficit) and comprehensive (loss)/income, and cash flows for the years ended December 31, 2010 and 2009, the period January 28, 2008 through December 31, 2008 (Successor Company), and the period January 1, 2008 through January 27, 2008 (Predecessor Company). Our audits also included the consolidated financial statement schedule listed at Item 16(b). These consolidated financial statements and consolidated financial statement schedule are the responsibility of the Company s management. Our responsibility is to express an opinion on the consolidated financial statements and consolidated financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Caesars Entertainment Corporation and subsidiaries as of December 31, 2010 and 2009 (Successor Company), and the results of their operations and their cash flows for the years ended December 31, 2010 and 2009, the period January 28, 2008 through December 31, 2008 (Successor Company), and the period January 1, 2008 through January 27, 2008 (Predecessor Company), in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such consolidated financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company s internal control over financial reporting as of December 31, 2010, based on the criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated March 4, 2011, expressed an unqualified opinion on the Company s internal control over financial reporting.

/s/ Deloitte & Touche LLP

Las Vegas, Nevada

March 4, 2011

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of

Caesars Entertainment Corporation

Las Vegas, Nevada

We have audited the internal control over financial reporting of Caesars Entertainment Corporation and subsidiaries (formerly known as Harrah s Entertainment, Inc.) (the Company) as of December 31, 2010, based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management s Annual Report on Internal Control Over Financial Reporting appearing in the Annual Report on Form 10-K of Caesars Entertainment Corporation for the year ended December 31, 2010. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2010, based on the criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and consolidated financial statement schedule as of and for the year ended December 31, 2010. Our report dated March 4, 2011 expressed an unqualified opinion on those consolidated financial statements and consolidated financial statement schedule.

/s/ Deloitte & Touche LLP

Las Vegas, Nevada

March 4, 2011

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CAESARS ENTERTAINMENT CORPORATION

CONSOLIDATED BALANCE SHEETS

(In millions, except share amounts)

	As of December 31, 2010	2009
Assets		
Current assets		
Cash and cash equivalents	$ 987.0	$ 918.1
Receivables, less allowance for doubtful accounts of $216.3 and $207.1	393.2	323.5
Deferred income taxes	175.8	148.2
Prepayments and other	184.1	156.4
Inventories	50.4	52.7
Total current assets	1,790.5	1,598.9
Land, buildings, riverboats and equipment		
Land and land improvements	7,405.9	7,291.9
Buildings, riverboats and improvements	9,449.2	8,896.2
Furniture, fixtures and equipment	2,242.0	2,029.1
Construction in progress	661.0	988.8
	19,758.1	19,206.0
Less: accumulated depreciation	(1,991.5)	(1,281.2)
	17,766.6	17,924.8
Assets held for sale		16.7
Goodwill	3,420.9	3,456.9
Intangible assets other than goodwill	4,711.8	4,951.3
Investments in and advances to non-consolidated affiliates	94.0	94.0
Deferred charges and other	803.9	936.6
	$ 28,587.7	$ 28,979.2
Liabilities and Stockholders Equity/(Deficit)		
Current liabilities		
Accounts payable	$ 251.4	$ 260.8
Interest payable	201.5	195.6
Accrued expenses	1,074.3	1,074.8
Current portion of long-term debt	55.6	74.3
Total current liabilities	1,582.8	1,605.5
Long-term debt	18,785.5	18,868.8
Deferred credits and other	923.1	872.5
Deferred income taxes	5,623.7	5,856.9
	26,915.1	27,203.7
Preferred stock; $0.01 par value; 125,000,000 and 40,000,000 shares authorized, 0 and 19,893,515 shares issued and outstanding (net of 0 and 42,020 shares held in treasury) as of December 31, 2010 and 2009, respectively		2,642.5
Stockholders equity/(deficit)		
Common stock; voting; $0.01 par value; 1,250,000,000 shares authorized; 71,809,719 shares issued and outstanding (net of 154,346 shares held in treasury) as of December 31, 2010 and non-voting and voting; $0.01 par value; 80,000,020 shares authorized; 40,672,302 shares issued and outstanding (net of 85,907 shares held in treasury) as of December 31, 2009	0.7	0.4

Additional paid-in capital	6,906.5	3,480.0
Accumulated deficit	(5,105.6)	(4,269.3)
Accumulated other comprehensive loss	(168.8)	(134.0)
Total Caesars Entertainment Corporation Stockholders equity/(deficit)	1,632.8	(922.9)
Non-controlling interests	39.8	55.9
Total stockholders equity/(deficit)	1,672.6	(867.0)
	$ 28,587.7	$ 28,979.2

The accompanying Notes to Consolidated Financial Statements are an integral part of these consolidated statements.

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CAESARS ENTERTAINMENT CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions, except share and per share amounts)

	Successor			Predecessor
	Year Ended Dec. 31, 2010	Year Ended Dec. 31, 2009	Jan. 28, 2008 through Dec. 31, 2008	Jan. 1, 2008 through Jan. 27, 2008
Revenues				
Casino	$ 6,917.9	$ 7,124.3	$ 7,476.9	$ 614.6
Food and beverage	1,510.6	1,479.3	1,530.2	118.4
Rooms	1,132.3	1,068.9	1,174.5	96.4
Management fees	39.1	56.6	59.1	5.0
Other	576.3	592.4	624.8	42.7
Less: casino promotional allowances	(1,357.6)	(1,414.1)	(1,498.6)	(117.0)
Net revenues	8,818.6	8,907.4	9,366.9	760.1
Operating expenses				
Direct				
Casino	3,948.9	3,925.5	4,102.8	340.6
Food and beverage	621.3	596.0	639.5	50.5
Rooms	259.4	213.5	236.7	19.6
Property, general, administrative and other	2,061.7	2,018.8	2,143.0	178.2
Depreciation and amortization	735.5	683.9	626.9	63.5
Project opening costs	2.1	3.6	28.9	0.7
Write-downs, reserves and recoveries	147.6	107.9	16.2	4.7
Impairment of goodwill and other non-amortizing intangible assets	193.0	1,638.0	5,489.6	
Loss/(income) on interests in non-consolidated affiliates	1.5	2.2	2.1	(0.5)
Corporate expense	140.9	150.7	131.8	8.5
Acquisition and integration costs	13.6	0.3	24.0	125.6
Amortization of intangible assets	160.8	174.8	162.9	5.5
Total operating expenses	8,286.3	9,515.2	13,604.4	796.9
Income/(loss) from operations	532.3	(607.8)	(4,237.5)	(36.8)
Interest expense, net of capitalized interest	(1,981.6)	(1,892.5)	(2,074.9)	(89.7)
Gains on early extinguishments of debt	115.6	4,965.5	742.1	
Other income, including interest income	41.7	33.0	35.2	1.1
(Loss)/income from continuing operations before income taxes	(1,292.0)	2,498.2	(5,535.1)	(125.4)
Benefit/(provision) for income tax	468.7	(1,651.8)	360.4	26.0
(Loss)/income from continuing operations, net of tax	(823.3)	846.4	(5,174.7)	(99.4)
Discontinued operations				
Income from discontinued operations			141.5	0.1
Provision for income taxes			(51.1)	
Income from discontinued operations, net			90.4	0.1
Net (loss)/income	(823.3)	846.4	(5,084.3)	(99.3)
Less: net income attributable to non-controlling interests	(7.8)	(18.8)	(12.0)	(1.6)
Net (loss)/income attributable to Caesars Entertainment Corporation	(831.1)	827.6	(5,096.3)	(100.9)

Preferred stock dividends		(354.8)	(297.8)	
Net (loss)/income attributable to common stockholders	$ (831.1)	$ 472.8	$ (5,394.1)	$ (100.9)
Earnings per share basic				
(Loss)/income from continuing operations	$ (14.58)	$ 11.62	$ (134.59)	$ (0.54)
Discontinued operations, net			2.22	
Net(loss)/income	$ (14.58)	$ 11.62	$ (132.37)	$ (0.54)
Earnings per share diluted				
(Loss)/income from continuing operations	$ (14.58)	$ 6.88	$ (134.59)	$ (0.54)
Discontinued operations, net			2.22	
Net (loss)/income	$ (14.58)	$ 6.88	$ (132.37)	$ (0.54)
Basic weighted-average common shares outstanding	57,016,007	40,684,515	40,749,898	188,122,643
Diluted weighted-average common shares outstanding	57,016,007	120,225,295	40,749,898	188,122,643

The accompanying Notes to Consolidated Financial Statements are an integral part of these consolidated statements.

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CAESARS ENTERTAINMENT CORPORATION

CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY/(DEFICIT)

AND COMPREHENSIVE (LOSS)/INCOME

(In millions)

	Common Stock		Additional	Retained Earnings/	Accumulated Other			
	Shares Outstanding	Amount	Paid-in-Capital	(Accumulated Deficit)	Comprehensive Income/(Loss)	Non-controlling Interests	Total	Comprehensive Income/(Loss)
Balance at December 31, 2007, Predecessor	188.8	$ 18.9	$ 5,395.4	$ 1,197.2	$ 15.4	$ 52.2	$ 6,679.1	
Net loss				(100.9)		1.6	(99.3)	$ (99.3)
Foreign currency translation adjustments, net of tax					(1.8)		(1.8)	(1.8)
Non-controlling distributions, net of contributions						(0.6)	(0.6)	
Acceleration of predecessor incentive compensation plans, including share-based compensation expense, net of tax			156.0				156.0	
2008 Comprehensive Loss, Predecessor								$ (101.1)
Balance at January 27, 2008, Predecessor	188.8	$ 18.9	$ 5,551.4	$ 1,096.3	$ 13.6	$ 53.2	$ 6,733.4	
Redemption of Predecessor equity	(188.8)	(18.9)	(5,551.4)	(1,096.3)	(13.6)		(6,680.2)	
Issuance of Successor common stock	40.7	0.4	4,085.0				4,085.4	
Balance at January 28, 2008, Successor	40.7	$ 0.4	$ 4,085.0	$	$	$ 53.2	$ 4,138.6	

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CAESARS ENTERTAINMENT CORPORATION

CONSOLIDATED STATEMENTS OF STOCKHOLDERS (DEFICIT)/EQUITY

AND COMPREHENSIVE (LOSS)/INCOME

(In millions)

	Common Stock		Additional Paid-in-Capital	Retained Earnings/ (Accumulated Deficit)	Accumulated Other Comprehensive Income/(Loss)	Non-controlling Interests	Total	Comprehensive Income/(Loss)
	Shares Outstanding	Amount						
Balance at January 28, 2008, Successor	40.7	$ 0.4	$ 4,085.0	$	$	$ 53.2	$ 4,138.6	
Net (loss)/income				(5,096.3)		12.0	(5,084.3)	$ (5,084.3)
Share-based compensation			14.0				14.0	
Debt exchange transaction, net of tax			25.7				25.7	
Repurchase of treasury shares			(2.1)				(2.1)	
Cumulative preferred stock dividends			(297.8)				(297.8)	
Pension adjustment related to acquisition of London Clubs International, net of tax					(6.9)		(6.9)	(6.9)
Reclassification of loss on derivative instrument from other comprehensive income to net income, net of tax					0.6		0.6	0.6
Foreign currency translation adjustments, net of tax					(31.2)	1.3	(29.9)	(29.9)
Fair market value of swap agreements, net of tax					(51.9)		(51.9)	(51.9)
Adjustment for ASC 740 tax implications			0.3				0.3	
Non-controlling distributions, net of contributions						(16.9)	(16.9)	
Fair market value of interest rate cap agreement on commercial mortgage-backed securities, net of tax					(50.2)		(50.2)	(50.2)
2008 Comprehensive Loss, Successor								$ (5,222.6)
Balance at December 31, 2008, Successor	40.7	$ 0.4	$ 3,825.1	$ (5,096.3)	$ (139.6)	$ 49.6	$ (1,360.8)	

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CAESARS ENTERTAINMENT CORPORATION

CONSOLIDATED STATEMENTS OF STOCKHOLDERS (DEFICIT)/EQUITY

AND COMPREHENSIVE INCOME/(LOSS)

(In millions)

	Common Stock		Additional Paid-in-Capital	Retained Earnings/ (Accumulated Deficit)	Accumulated Other Comprehensive Income/(Loss)	Non-controlling Interests	Total	Comprehensive Income/(Loss)
	Shares Outstanding	Amount						
Balance at December 31, 2008, Successor	40.7	$ 0.4	$ 3,825.1	$ (5,096.3)	$ (139.6)	$ 49.6	$ (1,360.8)	
Net income				827.6		18.8	846.4	$ 846.4
Share-based compensation			16.4				16.4	
Repurchase of treasury shares	*	*	(1.3)				(1.3)	
Cumulative preferred stock dividends			(354.8)				(354.8)	
Related party debt exchange transaction, net of tax			80.1				80.1	
Pension adjustment, net of tax					(14.1)		(14.1)	(14.1)
Foreign currency translation adjustments, net of tax					19.0	4.8	23.8	23.8
Fair market value of swap agreements, net of tax					(27.7)		(27.7)	(27.7)
Adjustment for ASC 740 tax implications			(2.4)				(2.4)	
Purchase of additional interest in subsidiary			(83.7)			(3.3)	(87.0)	
Non-controlling distributions, net of contributions						(14.0)	(14.0)	
Fair market value of interest rate cap agreements on commercial mortgage backed securities, net of tax					15.7		15.7	15.7
Reclassification of loss on interest rate cap agreement from other comprehensive income to interest expense					12.1		12.1	12.1
Reclassification of loss on interest rate locks from other comprehensive loss to interest expense, net of tax					0.6		0.6	0.6
Other			0.6	(0.6)				
2009 Comprehensive Income, Successor								$ 856.8
Balance at December 31, 2009, Successor	40.7	$ 0.4	$ 3,480.0	$ (4,269.3)	$ (134.0)	$ 55.9	$ (867.0)	

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CAESARS ENTERTAINMENT CORPORATION

CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY/(DEFICIT)

AND COMPREHENSIVE (LOSS)/INCOME

(In millions)

	Common Stock							
	Shares Outstanding	Amount	Additional Paid-in-Capital	Retained Earnings/ (Accumulated Deficit)	Accumulated Other Comprehensive Income/(Loss)	Non-controlling Interests	Total	Comprehensive Income/(Loss)
Balance at December 31, 2009, Successor	40.7	$ 0.4	$ 3,480.0	$ (4,269.3)	$ (134.0)	$ 55.9	$ (867.0)	
Net (loss)/income				(831.1)		7.8	(823.3)	(823.3)
Share-based compensation			17.9			0.2	18.1	
Repurchase of treasury shares	*	**	(1.6)				(1.6)	
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	
Private Placement	11.3	0.1	768.0				768.1	
Post Retirement Medical, net of tax					(1.5)		(1.5)	(1.5)
Pension adjustment, net of tax					(4.6)		(4.6)	(4.6)
Foreign currency translation adjustments, net of tax					8.2	(4.2)	4.0	4.0
Fair market value of swap agreements, net of tax					(30.3)		(30.3)	(30.3)
Fair market value of interest rate cap agreements, net of tax					(0.1)		(0.1)	(0.1)
Fair market value of interest rate cap agreements on commercial mortgage backed securities, net of tax					(8.8)		(8.8)	(8.8)
Reclassification of loss on interest rate locks from other comprehensive loss to interest expense, net of tax					0.7		0.7	0.7
Unrealized gains/losses on investments, net of tax					1.6		1.6	
Non-controlling distributions, net of contributions						(10.1)	(10.1)	
Effect of deconsolidation of variable interest entities				(5.2)		(9.8)	(15.0)	
2010 Comprehensive Loss, Successor								$ (863.9)
Balance at December 31, 2010, Successor	71.8	$ 0.7	$ 6,906.5	$ (5,105.6)	$ (168.8)	$ 39.8	$ 1,672.6	

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

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

The accompanying Notes to Consolidated Financial Statements are an integral part of these consolidated statements.

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CAESARS ENTERTAINMENT CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)

	Successor			Predecessor
	2010	2009	Jan. 28, 2008 through Dec. 31, 2008	Jan. 1, 2008 through Jan. 27, 2008
Cash flows (used in)/provided by operating activities				
Net (loss)/income	$ (823.3)	$ 846.4	$ (5,084.3)	$ (99.3)
Adjustments to reconcile net (loss)/income to cash flows provided by operating activities:				
Income from discontinued operations, before income taxes			(141.5)	(0.1)
Gain on liquidation of LCI Fifty		(9.0)		
Income from insurance claims for hurricane damage			(185.4)	
Gains on early extinguishments of debt	(115.6)	(4,965.5)	(742.1)	
Depreciation and amortization	1,184.2	1,145.2	1,027.3	104.9
Non-cash write-downs, reserves and recoveries, net	108.1	32.0	51.7	(0.1)
Impairment of intangible assets	193.0	1,638.0	5,489.6	
Share-based compensation expense	18.1	16.4	15.8	50.9
Deferred income taxes	(467.3)	1,541.2	(466.7)	(19.0)
Federal income tax refund received	220.8			
Gain on adjustment of investment	(7.1)			
Tax benefit from stock equity plans				42.6
Insurance proceeds for business interruption from hurricane losses			97.9	
Net change in long-term accounts	(12.3)	74.7	(80.1)	68.3
Net change in working capital accounts	(150.6)	(117.4)	403.4	(167.6)
Other	22.8	18.2	136.5	26.6
Cash flows provided by operating activities	170.8	220.2	522.1	7.2
Cash flows (used in)/provided by investing activities				
Land, buildings, riverboats and equipment additions, net of change in construction payables	(160.7)	(464.5)	(1,181.4)	(125.6)
Investments in subsidiaries	(44.6)			
Payment made for partnership interest	(19.5)			
Payment made for Pennsylvania gaming rights	(16.5)			
Cash acquired in business acquisitions, net of transaction costs	14.0			
Insurance proceeds for hurricane losses for discontinued operations			83.3	
Insurance proceeds for hurricane losses for continuing operations			98.1	
Payment for Acquisition			(17,490.2)	
Investments in and advances to non-consolidated affiliates	(64.0)	(66.9)	(5.9)	
Proceeds from other asset sales	21.8	20.0	5.1	3.1
Other	(18.4)	(11.9)	(23.2)	(1.6)
Cash flows used in investing activities	(287.9)	(523.3)	(18,514.2)	(124.1)
Cash flows provided by/(used in) financing activities				
Proceeds from issuance of long-term debt	1,332.2	2,259.6	21,524.9	
Debt issuance costs and fees	(64.6)	(76.4)	(644.5)	
Borrowings under lending agreements	1,175.0	3,076.6	433.0	11,316.3
Repayments under lending agreements	(1,625.8)	(3,535.1)	(6,760.5)	(11,288.8)
Cash paid in connection with early extinguishments of debt	(369.1)	(1,003.5)	(2,167.4)	(87.7)
Scheduled debt retirements	(237.0)	(45.5)	(6.5)	
Payment to bondholders for debt exchange			(289.0)	
Equity contribution from buyout			6,007.0	

Purchase of additional interest in subsidiary		(83.7)		
Non-controlling interests distributions, net of contributions	(10.1)	(17.2)	(14.6)	(1.6)
Proceeds from exercises of stock options				2.4
Excess tax (provision)/benefit from stock equity plans			(50.5)	77.5
Repurchase of treasury shares	(1.6)	(3.0)	(3.6)	
Other	(11.6)	(1.1)	(1.3)	(0.8)
Cash flows provided by financing activities	187.4	570.7	18,027.0	17.3
Cash flows from discontinued operations				
Cash flows from operating activities			4.7	0.5
Cash flows provided by discontinued operations			4.7	0.5
Effect of deconsolidation of variable interest entities	(1.4)			
Net increase/(decrease) in cash and cash equivalents	68.9	267.6	39.6	(99.1)
Cash and cash equivalents, beginning of period	918.1	650.5	610.9	710.0
Cash and cash equivalents, end of period	$ 987.0	$ 918.1	$ 650.5	$ 610.9

The accompanying Notes to Consolidated Financial Statements are an integral part of these consolidated statements.

CAESARS ENTERTAINMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

In November 2010, Harrah s Entertainment Inc. changed its name to Caesars Entertainment Corporation. In these footnotes, the words Company, Caesars Entertainment, we, our and us refer to Caesars Entertainment Corporation, a Delaware corporation, and its wholly-owned subsidiaries, unless otherwise stated or the context requires otherwise.

Note 1 Summary of Significant Accounting Policies

BASIS OF PRESENTATION AND ORGANIZATION. As of December 31, 2010, we owned, operated or managed 52 casinos, 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, Caesars 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. Although Caesars Entertainment continued as the same legal entity after the Acquisition, the accompanying Consolidated Statement of Operations, the Consolidated Statement of Cash Flows and the Consolidated Statements of Stockholders (Deficit)/Equity and Comprehensive (Loss)/Income for the year ended December 31, 2008 are presented as the Predecessor period for the period prior to the Acquisition and as the Successor period for the period subsequent to the Acquisition. As a result of the application of purchase accounting as of the Acquisition date, the Consolidated Financial Statements for the Successor periods and the Predecessor periods are presented on different bases and are, therefore, not comparable.

PRINCIPLES OF CONSOLIDATION. Our Consolidated Financial Statements include the accounts of Caesars Entertainment and its subsidiaries after elimination of all significant intercompany accounts and transactions.

We consolidate into our financial statements the accounts of all wholly-owned subsidiaries, and any partially-owned subsidiary that we have the ability to control. Control generally equates to ownership percentage, whereby investments that are more than 50% owned are consolidated, investments in affiliates of 50% or less but greater than 20% are generally accounted for using the equity method, and investments in affiliates of 20% or less are accounted for using the cost method.

We also consolidate into our financial statements the accounts of any variable interest entity for which we are determined to be the primary beneficiary. Up through and including December 31, 2010, we analyzed our variable interests to determine if the entity that is party to the variable interest is a variable interest entity in accordance with Accounting Standards Codification (ASC) 810, Consolidation. Our analysis included both quantitative and qualitative reviews. Quantitative analysis is based on the forecasted cash flows of the entity. Qualitative analysis is based on our review of the design of the entity, its organizational structure including decision-making ability, and financial agreements. Based on these analyses, there were no consolidated variable interest entities that were material to our Consolidated Financial Statements.

As discussed in Note 2, Recently Issued Accounting Pronouncements, we adopted the provisions of Accounting Standards Update (ASU) 2009-17 (Topic 810), Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities, effective January 1, 2010.

CASH AND CASH EQUIVALENTS. Cash equivalents are highly liquid investments with an original maturity of less than three months and are stated at the lower of cost or market value.

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ALLOWANCE FOR DOUBTFUL ACCOUNTS. We reserve an estimated amount for receivables that may not be collected. Methodologies for estimating the 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.

INVENTORIES. Inventories, which consist primarily of food, beverage, retail merchandise and operating supplies, are stated at average cost.

LAND, BUILDINGS, RIVERBOATS AND EQUIPMENT. As a result of the application of purchase accounting, land, buildings, riverboats and equipment were recorded at their estimated fair value and useful lives as of the Acquisition date. Additions to land, buildings, riverboats and equipment subsequent to the Acquisition are stated at historical cost. We capitalize the costs of improvements that extend the life of the asset. We expense maintenance and repair costs as incurred. Gains or losses on the dispositions of land, buildings, riverboats or equipment are included in the determination of income. Interest expense is capitalized on internally constructed assets at our overall weighted-average borrowing rate of interest. Capitalized interest amounted to $1.4 million and $32.4 million for the years ended December 31, 2010 and 2009, respectively, $53.3 million for the period from January 28, 2008 through December 31, 2008 and $2.7 million for the period from January 1, 2008 through January 27, 2008.

We depreciate our buildings, riverboats and equipment for book purposes using the straight-line method over the shorter of the estimated useful life of the asset or the related lease term, as follows:

Land improvements	12 years
Buildings and improvements	5 to 40 years
Riverboats and barges	30 years
Furniture, fixtures and equipment	2 1/2 to 20 years

We review the carrying value of land, buildings, riverboats and equipment for impairment 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. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the estimated fair value of the asset. The factors considered by management in performing this assessment include current operating results, trends and prospects, and 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 property.

Assets held for sale at December 31, 2009 primarily consisted of the building in Memphis, Tennessee which previously housed a majority of the corporate functions. The sale of this building closed in January 2010. Also in January 2010, we closed Bill s Lake Tahoe and later sold the property in February 2010. Neither the financial position of Bill s Lake Tahoe, nor the results of its operations are material to the Consolidated Financial Statements presented herein. As a result, Bill s Lake Tahoe has not been included in either assets held for sale or discontinued operations. We have no assets classified as held for sale at December 31, 2010.

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 recorded as goodwill.

We determine 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. We determine the estimated fair values of our non-amortizing intangible assets other than goodwill by using the relief from royalty and excess earnings methods under the income approach. 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.

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. 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. Once an impairment of goodwill or other intangible assets has been recorded, it cannot be reversed.

See Note 5, Goodwill and Other Intangible Assets, for additional discussion of goodwill and other intangible assets.

LONG TERM NOTES RECEIVABLE. Included in Deferred charges and other in the Consolidated Balance Sheets at December 31, 2010 and 2009, is a long term note receivable due in 2012 related to the sale of land in the amount of $10.5 million and $9.9 million, respectively. The note is a non-interest bearing note and is recorded at the present value of the future cash flows, utilizing an imputed interest rate of 6.5%. Also included in 2009 is a note receivable in the amount of $52.2 million related to land and pre-development costs contributed to a venture for development of a casino project in Philadelphia. As more fully described in Note 11, Write-downs, Reserves and Recoveries, this note was fully reserved in 2010. Loan amounts are reviewed periodically and those accounts that are judged to be uncollectible are written down to estimated realizable value.

UNAMORTIZED DEBT ISSUE COSTS. Debt discounts or premiums incurred in connection with the issuance of debt are capitalized and amortized to interest expense using the effective interest method. Debt issue costs are amortized to interest expense based on the related debt agreements using the straight-line method, which approximates the effective interest method. Unamortized discounts or premiums are written off and included in our gain or loss calculations to the extent we retire debt prior to its original maturity date. Unamortized debt issue costs are included in Deferred charges and other in our Consolidated Balance Sheets.

DERIVATIVE INSTRUMENTS. We account for derivative instruments in accordance with ASC 815, Derivatives and Hedging, 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. See Note 8, Derivative Instruments, for additional discussion of our derivative instruments.

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

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credits, we accrue the expense of reward credits, after consideration of estimated forfeitures (referred to as 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 direct Casino expense in 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 December 31, 2010 and 2009 we had accrued $57.7 million and $53.2 million, respectively, for the estimated cost of Total Rewards credit redemptions. Such amounts are included within Accrued Expenses in the Consolidated Balance Sheets presented herein.

In addition to reward credits, customers at certain of our properties can earn points based on play that are redeemable in cash (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 allowance in our Consolidated Statements of Operations. At December 31, 2010 and 2009, the liability related to outstanding cash-back points, which is based on historical redemption activity, was $1.2 million and $2.8 million, respectively.

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. In estimating our liabilities, we consider historical loss experience and make judgments about the expected levels of costs per claim. We also rely on actuarial consultants to assist in the determination of such accruals. Our accruals are estimated based upon actuarial estimates of 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.

REVENUE RECOGNITION. Casino revenues are measured by the aggregate net difference between gaming wins and losses, with liabilities recognized for funds deposited by customers before gaming play occurs and for chips in the customers possession. Food and beverage, rooms, and other operating revenues are recognized when services are performed. Advance deposits on rooms and advance ticket sales are recorded as customer deposits until services are provided to the customer. The Company does not recognize as revenue taxes collected on goods or services sold to its customers.

The retail value of accommodations, food and beverage, and other services furnished to guests without charge is included in gross revenues and then deducted as promotional allowances. The estimated cost of providing such promotional allowances is included in casino expenses as follows:

	Successor			Predecessor
(In millions)	**2010**	**2009**	**Jan. 28, 2008 through Dec. 31, 2008**	**Jan. 1, 2008 through Jan. 27, 2008**
Food and beverage	$ 489.5	$ 473.4	$ 500.6	$ 42.4
Rooms	191.3	190.4	168.7	12.7
Other	60.0	70.6	88.6	5.5
	$ 740.8	$ 734.4	$ 757.9	$ 60.6

ADVERTISING. The Company expenses the production costs of advertising the first time the advertising takes place. Advertising expense was $199.7 million for the year ended December 31, 2010, $188.2 million for the year ended December 31, 2009, $253.7 million for the period from January 28, 2008 through December 31, 2008, and $20.9 million for the period from January 1, 2008 through January 27, 2008, respectively.

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INCOME TAXES. We are subject to income taxes in the United States (including 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, Income Taxes, 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 (NOLs), and other deferred foreign and state tax assets. 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.

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 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 (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.

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

USE OF ESTIMATES. The preparation of financial statements in conformity with accounting principles generally accepted in the United States (U.S. GAAP) requires that we make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses during the reporting periods. Our actual results could differ from those estimates.

Note 2 Recently Issued Accounting Pronouncements

On July 1, 2009 the Financial Accounting Standards Board (FASB) launched the Accounting Standards Codification (the ASC), a structural overhaul to U.S. GAAP that changes from a standards-based model (with thousands of individual standards) to a topical based model. For final consensuses that have been ratified by the FASB, the ASC is updated with an Accounting Standards Update (ASU), which is assigned a number that corresponds to the year and that ASUs spot in the progression (e.g., 2010 1 was be the first ASU issued in 2010). ASUs replace accounting changes that historically were issued as Statement of Financial Accounting Standards (SFAS), FASB Interpretations (FIN,) FASB Staff Positions (FSPs,) or other types of FASB Standards.

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

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In December 2010, the FASB issued ASU 2010-29, Disclosure of Supplementary Pro Forma Information for Business Combinations, (ASC Topic 805, Business Combinations). The amendments in this update specify that if a public entity presents comparative financial statements, the entity should disclose revenue and earnings of the combined entity as though the business combination(s) that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period only. The amendments in this update are effective prospectively for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2010. We have elected not to adopt early application. We do not expect that the adoption of the update will have a significant impact on our consolidated financial position, results of operations, or cash flows.

In December 2010, the FASB issued ASU 2010-28, When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts, (ASC Topic 350, Intangibles-Goodwill and Other). The amendment in this update modifies Step 1 of the goodwill impairment test for reporting units with zero or negative carrying amounts. For those reporting units, an entity is required to perform Step 2 of the goodwill impairment test if it is more likely than not that a goodwill impairment exists. In determining whether it is more likely than not that a goodwill impairment exists, an entity should consider whether there are any adverse qualitative factors indicating that an impairment may exist. 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 are currently assessing what impact the adoption of the update will have on our consolidated financial position, results of operations and cash flows. As of our 2010 annual assessment of goodwill and other non-amortizing intangible assets for impairment, we did not have any reporting units with zero or negative carrying amounts.

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 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 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.

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. Because ASU No. 2010-20 applies primarily to financial statement disclosures, it did not have a material impact 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 reduced our recorded accruals with a corresponding cumulative effect adjustment to Retained Earnings of approximately $19.2 million.

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We adopted the provisions 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 was 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 December 31, 2009	Year Ended December 31, 2009
Net revenues	$ 8.4	$ 40.3
(Loss)/income from operations	(0.2)	1.7

Note 3 The Acquisition

The Acquisition was completed on January 28, 2008, and was financed by a combination of borrowings under the Company s new term loan facility due 2015, the issuance of Senior Notes due 2016 and Senior PIK Toggle Notes due 2018, the CMBS Financing (defined below) due 2013, and equity investments by Apollo and TPG, co-investors and members of management. See Note 7, Debt, for a discussion of our debt.

The purchase price was approximately $30.7 billion, including the assumption of $12.4 billion of debt and the incurrence of approximately $1.0 billion of transaction costs. All of the outstanding shares of Caesars Entertainment stock were acquired, with shareholders receiving $90.00 in cash for each outstanding share of common stock.

As a result of the Acquisition, the then issued and outstanding shares of non-voting common stock and the non-voting preferred stock of Caesars Entertainment were owned by entities affiliated with Apollo and TPG and certain co-investors and members of management, and the then issued and outstanding shares of voting common stock of Caesars Entertainment were 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. During 2010, our shares of non-voting common stock and non-voting preferred stock were converted to a recently issued class of voting common stock, and our existing voting stock was canceled, as more fully described in Note 9, Preferred and Common Stock .

The purchase price was allocated to the underlying assets acquired and liabilities assumed based upon their estimated fair values at the date of the Acquisition. We determined the estimated fair values after review and

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consideration of relevant information including discounted cash flow analyses, quoted market prices and our own estimates. To the extent that the purchase price exceeded the fair value of the net identifiable tangible and intangible assets, such excess was recorded as goodwill.

Goodwill and intangible assets that were determined to have an indefinite life are not being amortized. Patented technology was assigned lives ranging from 1 to 10 years based on the estimated remaining usefulness of that technology for Caesars Entertainment. Amortizing contract rights were assigned lives based on the remaining life of the contract, including any extensions that management is probable to exercise, ranging from 11 months to 11 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.

The following unaudited pro forma consolidated financial information assumes that the Acquisition was completed at the beginning of 2008.

(In millions)	**Year Ended December 31, 2008**
Net revenues	$ 10,127.0
Loss from continuing operations, net of tax	$ (5,349.7)
Net loss attributable to Caesars Entertainment Corporation	$ (5,272.8)

Pro forma results for the year ended December 31, 2008, include non-recurring charges of $82.8 million related to the accelerated vesting of stock options, stock appreciation rights (SARs) and restricted stock and $66.8 million of legal and other professional charges related to the Acquisition.

The unaudited pro forma results are presented for comparative purposes only. The pro forma results are not necessarily indicative of what our actual results would have been had the Acquisition been completed at the beginning of the period, or of future results.

Note 4 Development and Acquisition Activity

Acquisition of Planet Hollywood

On February 19, 2010, Caesars Entertainment Operating Company, Inc. (CEOC), a wholly-owned subsidiary of Caesars Entertainment Corporation, acquired 100% of the equity interests of PHW Las Vegas, LLC (PHW Las Vegas), which owns the Planet Hollywood Resort and Casino (Planet Hollywood) located in Las Vegas, Nevada. PHW Las Vegas is an unrestricted subsidiary of CEOC and therefore not a borrower under CEOC s credit facilities.

The Company paid approximately $67.2 million, substantially 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 year ended December 31, 2010. Also, as a result of the acquisition, the Company acquired the net cash balance of PHW Las Vegas, resulting in a positive cash flow for the year ended December 31, 2010 of $12.5 million, net of closing costs.

In connection with this transaction, PHW Las Vegas assumed a $554.3 million, face value, senior secured loan, and a subsidiary of CEOC 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 7, Debt , below.