

HARRAHS ENTERTAINMENT INC

Form S-1/A

November 05, 2010

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As filed with the Securities and Exchange Commission on November 5, 2010

Registration No. 333-168789

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

AMENDMENT NO. 2 TO

FORM S-1

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

HARRAH S ENTERTAINMENT, INC.

(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of

Incorporation or organization)

7993
(Primary Standard Industrial

Classification Code Number)
One Caesars Palace Drive

62-1411755
(I.R.S. Employer

Identification No.)

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Las Vegas, NV 89109

(702) 407-6000

(Address, including zip code, and telephone number, including
area code, of Registrant's Principal Executive Offices)

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Approximate date of commencement of proposed sale to public: As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ☐

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If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer	"	Accelerated filer	"
Non-accelerated filer	þ (Do not check if a smaller reporting company)	Smaller reporting company	"

CALCULATION OF REGISTRATION FEE

Title of each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price ⁽¹⁾	Amount of Registration Fee
Common Stock, \$0.01 par value, issued in the Private Placement	\$ 710,266,000	\$ 50,642 ⁽²⁾
Common Stock, \$0.01 par value, to be sold by Harrah s Entertainment, Inc.	\$ 610,937,500	\$ 43,560 ⁽³⁾

- (1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended (the Securities Act). Assumes the selling stockholders receive the requisite waivers of gaming license requirements to tender \$710.3 million of the Notes.
- (2) Previously paid in connection with prior filings of this Registration Statement.
- (3) Of this amount, \$40,998 was previously paid in connection with prior filings of this Registration Statement.

The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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

Subject to Completion

Preliminary Prospectus dated November 5, 2010

PROSPECTUS

Shares

Caesars Entertainment Corporation

Common Stock

This prospectus relates solely to the resale of up to an aggregate of shares of our common stock, by the selling stockholders identified in this prospectus (which term as used in this prospectus includes pledgees, donees, transferees or other successors-in-interest). The selling stockholders agreed to acquire the shares in an exempt exchange offer, which will close shortly prior to the date of this prospectus and which we refer to as the Private Placement. We are registering the offer and sale of the shares to satisfy a condition of closing of the Private Placement.

The selling stockholders may offer the shares from time to time as they may determine through public or private transactions or through other means described in the section entitled Plan of Distribution at prevailing market prices, at prices different than prevailing market prices or at privately negotiated prices. The prices at which the selling stockholders may sell the shares may be determined by the prevailing market price for the shares at the time of sale, may be different than such prevailing market prices or may be determined through negotiated transactions with third parties.

We will not receive any of the proceeds from the sale of these shares by the selling stockholders. We have agreed to pay all expenses relating to registering the securities. The selling stockholders will pay any brokerage commissions and/or similar charges incurred for the sale of these shares.

Prior to the date of this prospectus, there was not a public market for our shares. Because all of the shares offered under this prospectus are being offered by the selling stockholders, we cannot currently determine the price or prices at which our shares may be sold under this prospectus.

We have applied to list our shares on the Nasdaq Global Select Market under the symbol CZR. The listing is subject to approval of our application.

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

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.

Prospectus dated , 2010.

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

Dealer Prospectus Delivery Obligation

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

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PROSPECTUS SUMMARY

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

Our Company

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

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

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

We revolutionized the approach our industry takes with respect to marketing by introducing our Total Rewards loyalty program in 1997. Continual improvements have been made throughout the years enabling our system to remain the most effective in the industry and enabling us to grow and sustain revenues more effectively than our largest competitors and generate cross-market play, which we define as play by a guest in a property

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outside the home market of their primary gaming property, among our casinos. In support of our Total Rewards loyalty program, we created the Winner's Information Network, or WINet, the industry's first sophisticated nationwide customer database. In combination, these systems supported the first technology-based customer relationship management strategy implemented in the gaming industry and have enabled our management teams to enhance overall operating results and outperform our competition.

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

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

Our Industry

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

The following key trends are currently affecting the gaming industry:

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

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

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

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

Our Competitive Strengths

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

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

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

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

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

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

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

Our Business Strategy

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

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Our extensive historical knowledge and refined decision modeling procedures enable us to distribute best practices to ensure our marketing expenditures are being used to their utmost efficiency. Given our historical investments in information technology and our broad geographic footprint, we believe we have a competitive advantage with regards to stimulating this type of cross market play.

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

Maximize our core business profitability upon a rebound in net revenues. We operate businesses that have inherently low variable costs such that positive change in revenues should drive relatively large improvements in EBITDA. A key determinant of hotel revenues is the average daily hotel rate, or ADR, that is charged. Increases in ADR would drive nearly a dollar for dollar improvement in EBITDA and on our room base of 42,000 rooms, we anticipate that a \$5 increase in ADR on an annual basis would equate to an improvement to annual EBITDA of approximately \$64 million. Our average system-wide ADR was \$109 in 2007, compared to \$86 during the last twelve months ended September 30, 2010. Likewise, we anticipate that a \$5 improvement per rated customer gaming trip would equate to an improvement to annual EBITDA of approximately \$99 million, and a \$5 improvement per unrated customer gaming trip would equate to an improvement to annual EBITDA of approximately \$77 million. Average spending per rated customer gaming trip declined from \$191 in 2007 to \$158 during the last twelve months ended September 30, 2010. While we use 2007 as a measurement for our financial performance and the gaming industry in general, we may not attain those financial levels in the near term, or at all.

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

Pursue opportunistic domestic acquisitions and development opportunities. We believe our brand portfolio and recognition, coupled with the power of the Total Rewards loyalty program, uniquely positions us to capitalize on expansion into underdeveloped regional markets or to pursue opportunistic acquisitions of distressed assets. We believe our operating expertise and network synergies enable us to create value above and beyond what other operators can provide. Our geographically broad-based experience gives us a superior

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

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

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

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

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Recent Events

Private Placement

On June 3, 2010, Caesars and its direct, wholly owned subsidiary, Harrah's BC, Inc. ("HBC"), entered into definitive Investment and Exchange Agreements with certain affiliates of the Sponsors (the "Sponsor Investors"), and certain affiliates of Paulson & Co. Inc. (the "Paulson Investors"), that provided for the sale by HBC to the Sponsor Investors and the Paulson Investors of an aggregate of \$303.0 million and \$532.4 million, respectively, of 5.625% senior notes due 2015, 6.5% senior notes due 2016 and 5.75% senior notes due 2017 of CEOC (collectively, the "Notes"), for an aggregate purchase price of \$200.0 million and \$351.3 million, respectively, in each case plus applicable accrued interest. The Notes were purchased on June 24, 2010.

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

The Paulson Investors have agreed to tender up to \$710.3 million of Notes in the exchange offer described above, which would result in the Paulson Investors owning approximately 9.0% of Caesars common stock after giving effect to the IPO. We refer to the purchase of the Notes and the subsequent exchange of Notes for shares of Caesars common stock as the Private Placement. The shares acquired by the Paulson Investors in the Private Placement are the shares being offered in this prospectus.

Reclassification

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

Caesars IPO

We are planning to sell our common stock in an initial public offering of our common stock, or IPO, for net proceeds of approximately \$469.4 million, based on the midpoint of the estimated offering price range of \$15.00 to \$17.00. We anticipate using the net proceeds from the IPO to fund a near-term pipeline of growth projects and for general corporate purposes. These projects include the previously announced LINQ, a dining, entertainment and retail area located between the Imperial Palace and the Flamingo in Las Vegas; the completion of the Octavius tower fit out, a 660 room tower at our Caesars Palace Las Vegas property; our potential joint venture development in Ohio with Rock Gaming, LLC; and the Penn's Landing development and management opportunity. We anticipate that these projects will require approximately \$500 million of capital from us. None

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of the Sponsor Investors or our affiliates or employees will participate in the IPO as selling stockholders. The registration statement of which this prospectus forms a part also includes a prospectus for the IPO. See **Risk Factors** **Risks Related to Our Business** The development and construction of new hotels, casinos, and gaming venues and the expansion of existing ones are susceptible to delays, cost overruns and other uncertainties, which could have an adverse effect on our business, financial condition and results of operations for a discussion of risks relating to pursuing development and expansion opportunities.

Amendment to CMBS Financing

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

In connection with the amendment, we purchased \$123.8 million face value of the CMBS Loans for \$37.1 million in August 2010, which left a balance of \$5,380.9 million outstanding on the CMBS Loans. This balance will be reduced to approximately \$5,189.6 million by December 31, 2010 as a result of additional purchases of certain CMBS Loans by us for an additional payment of approximately \$95.7 million, as required pursuant to the terms of the CMBS Amendment.

After taking into account the Private Placement, the extensions permitted by the CMBS Amendment, the PHW Las Vegas senior secured loan agreement and the IPO, we have no material maturity payments on indebtedness until 2015 and, as of September 30, 2010, had \$1,323.7 million of cash on hand and \$1,510.0 million of availability under our revolving credit facility.

Chester Amendment

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

The Sponsors

Apollo

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

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TPG

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

Organizational Structure

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

- (1) All shares held by funds affiliated with and controlled by the Sponsors and their co-investors, representing 81.0% of Caesars outstanding common stock, will be subject to an irrevocable proxy that gives Hamlet Holdings, the members of which are comprised of an equal number of individuals affiliated with each of the Sponsors, sole voting and sole dispositive power with respect to such shares.
- (2) Consists of captive insurance subsidiaries, Harrah's BC, Inc. and Caesars Interactive Entertainment, Inc., which owns the World Series of Poker brand.
- (3) Consists of Caesars Entertainment Operating Company, Inc. and its subsidiaries, which owned, operated and/or managed 46 of the 52 casinos for Caesars as of September 30, 2010.
- (4) Consists of Harrah's Las Vegas, Rio, Flamingo Las Vegas, Harrah's Atlantic City, Paris Las Vegas and Harrah's Laughlin. The CMBS Entities and their respective subsidiaries do not guarantee or pledge their assets as security for any indebtedness of CEOC and are not directly liable for any obligations thereunder. CEOC and its subsidiaries do not guarantee or pledge their assets as security for any indebtedness of the CMBS Entities and are not directly liable for any obligations thereunder.

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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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Summary of the Terms of the Common Stock

The following summary describes the principal terms of Caesars common stock. The Description of Capital Stock section of this prospectus contains more detailed descriptions of the terms and conditions of Caesars common stock.

Shares of common stock offered for resale by the Selling Stockholders in this offering 30,243,126 shares

Shares of common stock offered by Caesars in the IPO 31,250,000 shares

Shares to be outstanding upon completion of the Private Placement and the IPO 336,645,160 shares

Common stock voting rights Each share of Caesars 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 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 of directors in light of conditions then existing, including factors such as its results of operations, financial condition and requirements, business conditions and covenants under any applicable contractual arrangements, including our indebtedness.

Use of proceeds We will not receive any proceeds from the sale of the shares of common stock pursuant to this prospectus.

Proposed Nasdaq Global Select Market trading symbol CZR

Risk factors Please see the section entitled Risk Factors included in this prospectus for a discussion of some of the factors you should carefully consider before deciding to invest in our common stock.

Except as otherwise indicated, all information in this prospectus:

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

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

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

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

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Summary Historical Consolidated Financial Data of Caesars Entertainment Corporation

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

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

Table of Contents**Caesars Entertainment Corporation****Summary Historical Consolidated Financial Data**

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

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

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

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

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

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

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

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

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

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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.

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

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

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

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

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

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

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

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

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

Table of Contents**Other Financial Information**

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

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

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

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

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

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

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

does not reflect changes in, or cash requirements for, our working capital needs;

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

does not reflect management fees that may be paid to the Sponsors.

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

have a negative effect on our stock price.

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

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

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

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

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

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

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

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

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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. The risks described below are not the only risks facing us. Additional risks and uncertainties not currently known to us or those we currently view to be immaterial may also materially and adversely affect our business, financial condition or results of operations. Any of the following risks could materially and adversely affect our business, financial condition or results of operations. In such a case, you may lose all or a part of your original investment.

Risks Related to Our Indebtedness

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

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

Our substantial indebtedness could:

limit our ability to borrow money for our working capital, capital expenditures, development projects, debt service requirements, strategic initiatives or other purposes;

make it more difficult for us to satisfy our obligations with respect to our indebtedness, and any failure to comply with the obligations of any of our debt instruments, including restrictive covenants and borrowing conditions, could result in an event of default under the agreements governing our indebtedness;

require us to dedicate a substantial portion of our cash flow from operations to the payment of interest and the repayment of our indebtedness thereby reducing funds available to us for other purposes;

limit our flexibility in planning for, or reacting to, changes in our operations or business;

make us more highly leveraged than some of our competitors, which may place us at a competitive disadvantage;

make us more vulnerable to downturns in our business or the economy;

restrict us from making strategic acquisitions, developing new gaming facilities, introducing new technologies or exploiting business opportunities;

affect our ability to renew gaming and other licenses;

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

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

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

We and our subsidiaries may be able to incur substantial indebtedness at any time from time to time, including in the near future. Although the terms of the agreements governing our indebtedness contain

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restrictions on our ability to incur additional indebtedness, these restrictions are subject to a number of important qualifications and exceptions, and the indebtedness incurred in compliance with these restrictions could be substantial.

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

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

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

incur additional debt or issue certain preferred shares;

pay dividends on or make distributions in respect of our common stock or make other restricted payments;

make certain investments;

sell certain assets;

create liens on certain assets;

consolidate, merge, sell or otherwise dispose of all or substantially all of our assets;

enter into certain transactions with our affiliates; and

designate our subsidiaries as unrestricted subsidiaries.

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

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

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

operations. In the event of any default under our senior secured credit facilities or our other indebtedness, the lenders thereunder:

will not be required to lend any additional amounts to us;

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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.

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

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

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

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

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

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

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

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

Risks Related to Our Business

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

The gaming industry is highly competitive and our competitors vary considerably in size, quality of facilities, number of operations, brand identities, marketing and growth strategies, financial strength and capabilities, level of amenities, management talent and geographic diversity. We also compete with other non-gaming resorts and vacation areas, and with various other entertainment businesses. Our competitors in each market that we participate may have substantially greater financial, marketing and other resources than we do, and there can be no assurance that they will not in the future engage in aggressive pricing action to compete with us. Although we believe we are currently able to compete effectively in each of the various markets in which we

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participate, we cannot assure you that we will be able to continue to do so or that we will be capable of maintaining or further increasing our current market share. Our failure to compete successfully in our various markets could adversely affect our business, financial condition, results of operations and cash flow.

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

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

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

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

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

We are subject to extensive gaming regulations and political and regulatory uncertainty. Regulatory authorities in the jurisdictions where we operate have broad powers with respect to the licensing of casino operations and may revoke, suspend, condition or limit our gaming or other licenses, impose substantial fines and take other actions, any one of which could adversely impact our business, financial condition and results of

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operations. For example, revenues and income from operations were negatively impacted during July 2006 in Atlantic City by a three-day government-imposed casino shutdown. Furthermore, in many jurisdictions where we operate, licenses are granted for limited durations and require renewal from time to time. For example, in Iowa, our ability to continue our gaming operations is subject to a referendum every eight years or at any time upon petition of the voters in the county in which we operate; the most recent referendum which approved our ability to continue to operate our casinos occurred on November 2, 2010. However, in order to be able to continue to operate our casinos and racetracks in Iowa we will need approval from a majority of the votes cast in any future referendum. There can be no assurance that continued gaming activity will be approved in any referendum in the future. If we do not obtain the requisite approval in any future referendum, we will not be able to operate our gaming operations in Iowa, which would negatively impact our future performance.

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

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

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

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

the existence of acceptable market conditions and demand for the completed project;

general construction risks, including cost overruns, change orders and plan or specification modification, shortages of equipment, materials or skilled labor, labor disputes, unforeseen environmental, engineering or geological problems, work stoppages, fire and other natural disasters, construction scheduling problems and weather interferences;

changes and concessions required by governmental or regulatory authorities;

the ability to finance the projects, especially in light of our substantial indebtedness;

delays in obtaining, or inability to obtain, all licenses, permits and authorizations required to complete and/or operate the project; and

disruption of our existing operations and facilities.

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

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

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

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

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

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

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

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

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

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

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

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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.

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

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

coordinating marketing functions;

unanticipated issues in integrating information, communications and other systems;

unanticipated incompatibility of purchasing, logistics, marketing and administration methods;

retaining key employees;

consolidating corporate and administrative infrastructures;

the diversion of management's attention from ongoing business concerns; and

coordinating geographically separate organizations.

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

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

Beginning in the third quarter of 2008, we initiated a company-wide cost savings plan in an effort to align our expenses with current revenue levels. While these efforts have allowed us to realize, as of September 30, 2010, approximately \$614.8 million in savings since we initiated our cost savings plan, our continued reduction efforts may fail to achieve similar or continued savings. Although we believe, as of September 30, 2010, there were \$85.6 million of estimated cost savings yet-to-be realized from these initiatives, we may not realize some or all of these

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projected savings without impairing our revenues. Our cost savings plans are intended to increase our effectiveness and efficiency in our operations without impairing our revenues and margins. Our cost savings plan is subject to numerous risks and uncertainties that may change at any time, and, therefore, our actual savings may

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differ materially from what we anticipate. For example, cutting advertising expenses may have an unintended negative affect on our revenues. In addition, our expected savings from procurement may be affected by unexpected increases in the cost of raw materials. Furthermore, because we use our projected yet-to-be realized cost savings as a pro forma adjustment to calculate our LTM Adjusted EBITDA provided in the Summary Historical Consolidated Financial Data of Caesars Entertainment Corporation, our actual LTM Adjusted EBITDA would be reduced to the extent of the cost savings we do not achieve.

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

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

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

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

variation in local economies;

currency fluctuation;

greater difficulty in accounts receivable collection;

trade barriers;

burden of complying with a variety of international laws; and

political and economic instability.

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

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

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

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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,

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in many locations around the world. Competition for highly qualified, specialized technical and managerial, and particularly consulting personnel, is intense. Recruiting, training, retention and benefit costs place significant demands on our resources. Additionally, the recent downturn in the gaming, travel and leisure sectors has made recruiting executives to our business more difficult. The inability to attract qualified employees in sufficient numbers to meet particular demands or the loss of a significant number of our employees could have an adverse effect on us.

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

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

Risks Related to this Offering

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

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

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

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

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

In connection with the IPO, we, our directors and executive officers and certain holders of our outstanding common stock and options to purchase our common stock, including the Sponsors have agreed not to offer or sell, dispose of or hedge, directly or indirectly, any common stock without the permission of Citigroup Global Markets Inc. for a period of 180 days from the date of this prospectus, subject to certain exceptions and automatic 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.

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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 the Private Placement, the Reclassification and the IPO, options to purchase 18,144,987 shares of common stock will be outstanding under our Management Equity Incentive Plan, assuming no changes to the plan, and warrants to purchase 138,780 shares of our common stock will be outstanding. Immediately after the effectiveness of the IPO prospectus, we intend to file with the SEC a registration statement on Form S-8 covering the shares issuable under awards we have already granted under our Management Equity Incentive Plan and the shares reserved for issuance under our 2010 Performance Incentive Plan. Assuming effectiveness of the registration statement on Form S-8, such shares will be freely tradable though they will be subject to the lock-up arrangements described herein.

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

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

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

our operating and financial performance and prospects;

our quarterly or annual earnings or those of other companies in our industry;

conditions that impact demand for our products and services;

the public's reaction to our press releases, other public announcements and filings with the SEC;

changes in earnings estimates or recommendations by securities analysts who track our common stock;

market and industry perception of our success, or lack thereof, in pursuing our growth strategy;

strategic actions by us or our competitors, such as acquisitions or restructurings;

changes in government and environmental regulation, including gaming taxes;

changes in accounting standards, policies, guidance, interpretations or principles;

arrival and departure of key personnel;

the number of shares to be publicly traded after this offering;

changes in our capital structure;

sales of common stock by us or members of our management team; and

changes in general market, economic and political conditions in the United States and global economies or financial markets, including those resulting from natural disasters, terrorist attacks, acts of war and responses to such events.

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

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

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

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

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

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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.

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

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

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

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

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

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

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

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

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

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

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

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

establishing a classified board of directors;

establishing limitations on the removal of directors;

permitting only an affirmative vote of at least two-thirds of the Board to fix the number of directors;

prohibiting cumulative voting in the election of directors;

empowering only the Board to fill any vacancy on the Board, whether such vacancy occurs as a result of an increase in the number of directors or otherwise;

authorizing the issuance of blank check preferred stock without any need for action by stockholders;

eliminating the ability of stockholders to call special meetings of stockholders;

prohibiting stockholders to act by written consent if less than 50.1% of our outstanding common stock is controlled by the Sponsors;

prohibiting amendments to the bylaws without the affirmative vote of at least two-thirds of the Board or the affirmative vote of at least two-thirds of the total voting power of the outstanding shares entitled to vote;

prohibiting amendments to the certificate of incorporation relating to stockholder meetings, amendments to the bylaws or certificate of incorporation, or the election or classification of the Board without the affirmative vote of two-thirds of the shares entitled to vote on any matter; and

establishing advance notice requirements for nominations for election to the Board or for proposing matters that can be acted on by stockholders at stockholder meetings.

Our issuance of shares of preferred stock could delay or prevent a change of control of us. Our Board has the authority to cause us to issue, without any further vote or action by the stockholders, shares of preferred stock, par value \$0.01 per share, in one or more series, to designate the number of shares constituting any series, and to fix the rights, preferences, privileges and restrictions thereof, including dividend rights, voting rights, rights and terms of redemption, redemption price or prices and liquidation preferences of such series. The issuance of shares of preferred

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stock may have the effect of delaying, deferring or preventing a change in control of our company without further action by the stockholders, even where stockholders are offered a premium for their shares.

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

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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 we make relating to our estimated and projected earnings, margins, costs, expenditures, cash flows, growth rates and financial results are forward looking statements. In addition, we, through our senior management, from time to time make forward looking public statements concerning our expected future operations and performance and other developments. These forward looking statements are subject to risks and uncertainties that may change at any time, and, therefore, our actual results may differ materially from those that we expected. We derive many of our forward looking statements from our operating budgets and forecasts, which are based upon many detailed assumptions. While we believe that our assumptions are reasonable, we caution that it is very difficult to predict the impact of known factors, and it is impossible for us to anticipate all factors that could affect our actual results.

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

the impact of our substantial indebtedness;

the impact, if any, of unfunded pension benefits under multi-employer pension plans;

the effect of local and national economic, credit and capital market conditions on the economy in general, and on the gaming and hotel industry in particular;

construction factors, including delays, increased costs for labor and materials, availability of labor and materials, zoning issues, environmental restrictions, soil and water conditions, weather and other hazards, site access matters and building permit issues;

the effects of environmental and structural building conditions relating to our properties;

our ability to timely and cost effectively integrate companies that we acquire into our operations;

our ability to realize the expense reductions from our cost savings programs;

access to available and reasonable financing on a timely basis;

changes in laws, including increased tax rates, smoking bans, regulations or accounting standards, third-party relations and approvals, and decisions, disciplines and fines of courts, regulators and governmental bodies;

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

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

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

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

access to insurance on reasonable terms for our assets;

abnormal gaming holds;

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

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

the other factors set forth under Risk Factors.

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

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

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USE OF PROCEEDS

We are registering these shares of common stock for resale by the selling stockholders in connection with the Private Placement. We will not receive any proceeds from the sale of the shares offered by this prospectus. The net proceeds from the sale of the shares offered by this prospectus will be received by the selling stockholders.

Table of Contents**CAPITALIZATION**

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

on an actual basis;

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

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

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

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

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

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

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

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- (4) Consists of the book values of \$750.0 million face value of 12.75% Second-Priority Notes due 2018, book values of \$214.8 million face value of 10.0% Second-Priority Notes due 2015, book values of \$847.6 million face value of 10.0% Second-Priority Notes due 2018 issued in connection with the exchange offers that were consummated on December 24, 2008, and book values of \$3,705.5 million face value of 10.0% Second-Priority Notes due 2018 issued in connection with the exchange offers that were consummated on April 15, 2009. Such amounts are inclusive of amounts paid in fees in connection with such exchange offers. The aggregate face value of such notes is \$5,517.9 million.
- (5) Consists of \$478.6 million of 10.75% Senior Notes due 2016 and \$10.5 million of 10.75%/11.5% Senior Toggle Notes due 2018. All of this indebtedness is guaranteed on a joint and several basis by Caesars and all of the material wholly owned domestic subsidiaries of CEOC that have pledged their assets to secure the senior secured credit facilities.
- (6) The Actual unsecured senior notes consist of the book values of the following notes: \$125.2 million face value of 5.375% Senior Notes due 2013, \$784.3 million face value of 5.625% Senior Notes due 2015, \$532.2 million face value of 5.75% Senior Notes due 2017, \$568.5 million face value of 6.5% Senior Notes due 2016, \$0.6 million face value of 7% Senior Notes due 2013 and \$0.2 million face value of Floating Rate Contingent Convertible Senior Notes due 2024, all of which are obligations of CEOC and guaranteed by Caesars. The aggregate face value of such notes is \$2,011.0 million. Upon giving effect to the Private Placement, assuming the Paulson Investors and the Sponsor Investors tender \$1,118.3 million of notes in the Private Placement and acceptance of all tendered notes in the Private Placement, HBC would hold \$427.4 million face value of the outstanding 5.625% Senior Notes due 2015, \$385.0 million face value of the outstanding 5.75% Senior Notes due 2017 and \$324.5 million face value of the outstanding 6.5% Senior Notes due 2016.
- (7) The amount of CMBS Loans will be reduced to approximately \$5,189.6 million and total long-term debt will be reduced to approximately \$19,563.8 million by December 31, 2010 as a result of additional purchases of certain CMBS Loans by us for an additional payment by us of approximately \$95.7 million, as required pursuant to the terms of the CMBS Amendment.
- (8) Consists of the book values of the following debt: \$212.8 million of 12.375% senior secured term loan due 2016 incurred by Chester Downs, \$11.6 million of unsecured Uruguay bonds due 2010, \$67.1 million of principal obligations to fund Clark County, Nevada, Special Improvement District bonds and \$6.5 million of miscellaneous other indebtedness.

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

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

	Per Share
Assumed initial public offering price per share in the IPO	\$ 16.00
Net tangible book value (deficit) before the IPO	\$ (27.74)
Immediate increase in pro-forma net tangible book value per share attributable to investors in the IPO	7.89
Pro forma net tangible book value (deficit) per share after the IPO	\$ (19.85)
Dilution per share to new investors	\$ (35.85)

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

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

the total number of shares of common stock purchased from us in the IPO;

the total consideration paid to us in the IPO, assuming an initial public offering price of \$16.00 per share (before deducting the estimated underwriting discount and commissions and offering expenses payable by us in connection with this offering); and

the average price per share paid by existing stockholders and by new investors purchasing shares in the IPO.

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

Total	336,645,160	100.0%	\$ 6,637.8	100.0%	\$ 19.71
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A \$1.00 increase (decrease) in the assumed initial public offering price of \$16.00 per share (the midpoint of the estimate offering price range of the IPO) would increase (decrease) total consideration paid by existing stockholders, total consideration paid by new investors and the average price per share by \$0, \$31.25 million, and \$0.20, respectively, assuming the number of shares offered by us in the IPO remains the same, and without deducting underwriting discounts and commissions and estimated expenses payable by us.

The above tables and calculations do not give effect to:

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

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

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

4,687,500 shares of our common stock issuable in the IPO to the underwriters pursuant to an option to purchase additional shares. To 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, 2008 and 2009 and for the year ended December 31, 2007, the periods from January 1, 2008 through January 27, 2008 and from January 28, 2008 through December 31, 2008, and for the year ended December 31, 2009, have been derived from, and should be read in conjunction with, our audited consolidated financial statements included elsewhere in this prospectus. The selected historical consolidated financial and other data for the years ended December 31, 2005 and 2006 and as of December 31, 2005, 2006 and 2007 have been derived from our audited consolidated financial statements not included in this prospectus. The selected historical financial information as of September 30, 2010 and for the nine month periods ended September 30, 2009 and 2010, are derived from, and should be read in conjunction with, our unaudited consolidated condensed financial statements included elsewhere in this prospectus, and, except as otherwise described herein, have been prepared on a basis consistent with our annual audited financial statements and, in the opinion of management, include all adjustments, consisting of normal recurring accruals, considered necessary for a fair presentation of such data.

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

Table of Contents**Caesars Entertainment Corporation****Selected Historical Consolidated Financial Data**

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

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

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

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

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

Regional Aggregation

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

Las Vegas

Caesars Palace
Bally's Las Vegas
Flamingo Las Vegas
Harrah's Las Vegas
Paris Las Vegas
Rio
Imperial Palace
Bill's Gamblin' Hall & Saloon
Planet Hollywood Resort

Atlantic City

Harrah's Atlantic City
Showboat Atlantic City
Bally's Atlantic City
Caesars Atlantic City
Harrah's Chestnut⁽²⁾

Louisiana/Mississippi

Harrah's New Orleans
Harrah's Louisiana Downs
Horseshoe Bossier City
Grand Biloxi
Harrah's Tunica
Horseshoe Tunica
Tunica Roadhouse Hotel & Casino

Iowa/Missouri

Harrah's St. Louis
Harrah's North Kansas City
Harrah's Council Bluffs
Horseshoe Council Bluffs/
Bluffs Run

& Casino⁽¹⁾

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Illinois/Indiana	Other Nevada	Managed and International
Horseshoe Southern Indiana	Harrah's Reno	Harrah's Ak-Chin ⁽¹⁾
Harrah's Joliet ⁽²⁾	Harrah's Lake Tahoe	Harrah's Cherokee ⁽⁴⁾
Harrah's Metropolis	Harvey's Lake Tahoe	Harrah's Rincon ⁽¹⁾
Horseshoe Hammond	Harrah's Laughlin	Conrad Punta del Este ⁽²⁾
		Caesars Windsor ⁽⁵⁾
		London Clubs International ⁽⁶⁾

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

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

Consolidated Operating Results

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

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

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

N/M = Not meaningful

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

N/M = Not meaningful

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

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

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

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

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

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

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

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

Regional Operating Results*Las Vegas Region*

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

N/M = Not meaningful

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

N/M = Not meaningful

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

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

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

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

The declines in revenues and income from operations before impairment charges in 2008 from 2007 reflect lower visitation and spend per trip as our customers reacted to higher transportation costs, volatility in the financial markets and other economic concerns. Fewer hotel rooms available at Caesars Palace due to remodeling

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and at Harrah's Las Vegas and Rio as a result of room remediation projects also contributed to the 2008 decline. Loss from operations for Las Vegas included charges of \$2,579.4 million recorded in fourth quarter 2008 for the impairment of certain goodwill and other non-amortizing intangible assets.

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

Atlantic City Region

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

N/M = Not meaningful

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

N/M = Not meaningful

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

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

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

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

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

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

Louisiana/Mississippi Region

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

N/M = Not meaningful

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

N/M = Not meaningful

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

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

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

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

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

Iowa/Missouri Region

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

N/M = Not meaningful

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