

CAESARS ENTERTAINMENT Corp

Form S-1

November 15, 2011

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As filed with the Securities and Exchange Commission on November 15, 2011

Registration No. 333-

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

FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

CAESARS ENTERTAINMENT CORPORATION

(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of

7993
(Primary Standard Industrial

62-1411755
(I.R.S. Employer

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Incorporation or organization)

Classification Code Number)

Identification No.)

One Caesars Palace Drive

Las Vegas, NV 89109

(702) 407-6000

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

Michael D. Cohen, Esq.

Vice President and Corporate Secretary

Caesars Entertainment Corporation

One Caesars Palace Drive

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(702) 407-6000

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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

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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.

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 (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	\$50,000,000	\$5,730

(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).

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 15, 2011

PRELIMINARY PROSPECTUS

Shares

Caesars Entertainment Corporation

Common Stock

\$ per share

This is the initial public offering of our common stock. We are selling an aggregate of _____ shares in this offering.

Prior to this offering, there has been no public market for our common stock. The initial public offering price of our common stock is expected to be between \$ _____ and \$ _____ per share. We intend to apply to list our common stock on a national securities exchange under the symbol "CZR". The listing is subject to approval of our application.

We have granted to the underwriters a 30-day option to purchase up to _____ additional shares from us at the initial public offering price less underwriting discounts and commissions.

Investing in our common stock involves risks. You should read the section entitled Risk Factors beginning on page 18 for a discussion of certain risks that you should consider before investing in our common stock.

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

Delivery of the shares of common stock will be made on or about _____.

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 _____, 2011.

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

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

Dealer Prospectus Delivery Obligation

Until _____, 2011, all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to unsold allotments or subscriptions.

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PROSPECTUS SUMMARY

The following summary contains information about Caesars Entertainment Corporation and its common stock. It does not contain all of the information that may be important to you in making a decision to participate in the offering. For a more complete understanding of Caesars Entertainment Corporation, we urge you to read this prospectus carefully, including the sections entitled Risk Factors, Cautionary Statements Concerning Forward Looking Statements and Where You Can Find Additional Information. In connection with the reclassification of our common stock in 2010, we changed our name from Harrah's Entertainment, Inc. to Caesars Entertainment Corporation, and the name of our operating company, Harrah's Operating Company, Inc., to Caesars Entertainment Operating Company, Inc. Unless otherwise noted or indicated by the context, the term Caesars refers to Caesars Entertainment Corporation, we, us and our refer to Caesars and its consolidated subsidiaries, and CEOC refers to Caesars Entertainment Operating Company, Inc.

Our Company

We are the world's most diversified casino-entertainment provider and the most geographically diverse U.S. casino-entertainment company. As of September 30, 2011, we owned, operated or managed, through various subsidiaries, 52 casinos in 12 U.S. states and seven countries. The vast majority of these casinos operate in the United States and England, primarily under the Caesars, Harrah's and Horseshoe brand names in the United States. As of September 30, 2011, our facilities had an aggregate of approximately three million square feet of gaming space and approximately 42,000 hotel rooms. Our industry-leading customer loyalty program, Total Rewards, has over 40 million members. We use the Total Rewards System to market promotions and to generate customer play across our network of properties. In addition, we own an online gaming business, providing for real money casino, bingo and poker in the United Kingdom, alliances with online gaming providers in Italy and France, play for fun offerings in other jurisdictions, social games on Facebook and other social media websites, and mobile application platforms. We also own and operate the World Series of Poker tournament and brand.

We derive the majority of our revenues and Property EBITDA (as defined under Summary Historical Consolidated Financial Data of Caesars Entertainment Corporation) from gaming sources. However, we also generate significant revenues and Property EBITDA from other sources, such as sales of lodging, food, beverages, and entertainment.

We have grown rapidly over the years through growth in our core operating business and through a series of strategic acquisitions that have strengthened our scale, geographic diversity and market leading position. In 1998, we completed our acquisition of Showboat, Inc., and in 1999 we purchased Rio Hotel & Casino, Inc. In 2000, we completed the purchase of Players International. During the next five years, we acquired Harveys Casino Resorts (2001), Horseshoe Gaming Holding Corp. (2004), the rights to the World Series of Poker (2004) and the Imperial Palace Hotel & Casino in Las Vegas (2005). We also acquired Caesars Entertainment, Inc. in 2005 for \$9.3 billion, which was, at the time, the largest acquisition in the history of the gaming industry. In 2010, we acquired Planet Hollywood Resort and Casino, or Planet Hollywood, in Las Vegas. Additionally, we have expanded internationally, completing the acquisitions of London Clubs International plc, or London Clubs, in 2006 and Macau Orient Golf, 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 efficiently than our largest competitors and generate cross-market play, which we define as play by a guest in one of our

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

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

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

Our Industry

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

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

Liberalization of existing and new jurisdictions. Domestically, several states are in the process of either liberalizing existing gaming offerings or legalizing gaming activities where they are currently illegal. These locations are generally regional in nature and should increase overall gaming spending and open up new opportunities for ownership and management of casinos. For example, in 2010, Pennsylvania began allowing table games in casinos and in Ohio a voter referendum in November 2009 amended the state constitution to allow casinos in four cities.

Limited supply expansion in established gaming markets. We estimate there will be limited supply introduced into established markets in the foreseeable future, in part due to limited availability of construction financing and the limited number of available licenses in certain jurisdictions. The lack of additional supply being introduced should provide stability for established enterprises and lead to increased revenues and profit. For example, in the Las Vegas market there are no planned large-scale casino projects expected to open in the near term.

Favorable travel industry trends. Our industry is heavily dependent upon both the leisure and business traveler. The trends in both of these areas have turned positive since 2010, as evidenced by increasing hotel occupancy, visitor counts and convention space booking.

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

Our Competitive Strengths

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

One of the industry's largest operators with leading market positions in numerous jurisdictions. We are one of the world's largest gaming companies (as measured by net revenues and individual casinos) and the most geographically diverse U.S. casino operator. As of September 30, 2011, we owned, managed or operated 52 casinos in 12 U.S. states and seven countries. In addition, our casino properties operate as market leaders, having the #1 or #2 market share, based on revenue, in almost every major U.S. gaming market, including Las Vegas, the largest gaming market in the U.S. We use our scale and market leading position, in combination with our proprietary marketing technology and customer loyalty programs, to foster revenue growth and encourage repeat business.

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

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

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

Long-dated capital structure with no near-term maturities and significant liquidity. Recent capital market transactions have improved our liquidity and maturity profile and have better positioned us to grow and create value. These transactions have included two debt-for-debt exchange offers, tender offers, open market

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repurchases, the issuance of new first and second lien notes, an amendment to our commercial mortgage-backed securities, or CMBS, financing (the CMBS Financing), including a two-year maturity extension, subject to certain conditions, and an amendment to our senior secured credit facilities pursuant to which a portion of the loan was extended by three years. Through these transactions, we have reduced the amount of our debt maturing through the remainder 2011 from \$1,503.0 million to zero and the amount of our term debt maturing from 2011 through 2014 from \$8,504.0 million to \$125.8 million. These debt maturities assume that we will exercise extension options on the CMBS Financing and also exercise extension options on \$517.7 million of Planet Hollywood debt, moving its maturity from December 2011 to April 2015. We have also reduced our annual interest expense through these transactions by approximately \$94.0 million. Further, these transactions have enhanced our liquidity. As of September 30, 2011, we had approximately \$1.2 billion of cash and cash equivalents, excluding \$544.0 million in restricted cash, and \$1.1 billion available under our revolving credit facility. With minimal near-term maturities and significant liquidity, we believe that we are well positioned to capitalize on growth opportunities and an extended rebound in the broader economy. See Risk Factors Risks Related to Our Indebtedness for a discussion of the risks concerning our indebtedness.

Experienced and highly motivated management team with proven track record. Our management team, led by CEO Gary Loveman, has built Caesars into an industry leader by geographically diversifying our operations and introducing technology-based tools to loyalty programs. A former associate professor at the Harvard University Graduate School of Business Administration, Mr. Loveman joined us as Chief Operating Officer in 1998 and drew on his extensive background in retail marketing and service-management to enhance Total Rewards. Mr. Loveman has been named Best CEO in the gaming and lodging industry by Institutional Investor magazine four times. In addition, our senior management operations team has an average of 27 years of industry experience. Other senior management team members possess significant experience in government and a variety of consumer industries. In addition, a significant portion of our management team's compensation is in the form of equity and stock options, the value of which depends on our overall results and motivates our senior management to focus on maximizing our long-term earnings and equity value.

Our Business Strategy

Leverage our unique scale and proprietary loyalty programs to generate superior revenue growth and fair share. We plan to continue to aggressively leverage our nationwide distribution platform and superior marketing and technological capabilities to generate same store gaming revenue growth and cross-market play. Our Total Rewards and WINet systems include over 40 million program members with 185% growth in tracked players since 2000. Through these systems, we promote cross-market play and target our efforts and marketing expenditures on areas and customer segments that generate the highest return. This system, coupled with our vast footprint in the U.S., enables us to profitably stimulate substantial cross-market play. We offer a unique value proposition to loyal players whereby they get the best service and product in their local market, and as a reward for their loyalty, they get especially attentive and customized services in our destination markets. This two-part value proposition is unique to us and an important source of our competitive advantage. For example, a number of financial measures have improved significantly at our Planet Hollywood property since we acquired it in 2010, in large part due to our ability to stimulate cross-market play. Cross market play represents 70% and 60% of the gross gaming revenues we generate in Las Vegas and Atlantic City, respectively. The data that we collect indicates that individual customers play more with Caesars when they visit multiple properties, either during the same trip or on different occasions. Our wins per position at both destination and regional markets, as well as in our local markets, were significantly higher than the industry average in those markets for the first nine months of 2011. Our extensive historical knowledge and refined decision modeling procedures enable us to distribute best practices to ensure our marketing expenditures are being used to their utmost efficiency. Given our historical investments in information technology and our broad geographic footprint, we believe we have a competitive advantage with regards to stimulating revenues.

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

Maximize our core business profitability upon a rebound in net revenues. We operate businesses that have inherently low variable costs such that positive change in revenues should drive relatively large improvements in Income from Operations and EBITDA (as defined under Summary Historical Consolidated Financial Data of Caesars Entertainment Corporation). A key determinant of hotel revenues is the average daily hotel rate, or ADR, that is charged. Increases in ADR would drive nearly a dollar for dollar improvement in Income from Operations and 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 Income from Operations and EBITDA of approximately \$65 million. Our average system-wide ADR was \$111 in 2007, compared to \$91 during the last twelve months ended September 30, 2011. Likewise, we anticipate that a \$5 improvement in spend per rated customer gaming trip would equate to an improvement to annual Income from Operations and EBITDA of approximately \$95 million, and a \$5 improvement per unrated customer gaming trip would equate to an improvement to annual Income from Operations and EBITDA of approximately \$79 million. Average spending per rated customer gaming trip declined from \$178 in 2007 to \$162 during the last twelve months ended September 30, 2011. While we use 2007 as a measurement for our financial performance and the gaming industry in general, we may not attain those financial levels in the near term, or at all.

In addition to the inherently high variable margin nature of our businesses, we have and will continue to dedicate significant efforts towards positioning our business and cost structure to ensure we generate the maximum incremental profitability when core industry revenue growth returns. Over the last several years, our management team has instituted operational concepts, such as LEAN service operations, Kaizens, and dynamic volume based scheduling, with the intention to ensure we are operating at consistently high efficiency rates. Additionally, we consolidated activities, refined our target marketing efforts, and drove procurement efficiencies. Moreover, we have achieved these cost savings while achieving record customer satisfaction levels since the cost savings initiatives were implemented. To further ensure that our operating structure is designed in the most effective and efficient way, in the fourth quarter of 2010, we embarked on a reorganization we refer to as

Project Renewal. We are targeting \$400 million of savings from Project Renewal, not all of which is included in the identified estimated cost savings. Our management team was challenged to review all of our key decision making procedures and lines of business and to identify the optimum way of structuring them given our breadth and scale of product offerings. As a result of the process, in the third quarter of 2011, we designed a unique shared services organization that will enable more efficient decision making and sharing of best practices. This organization includes business analytics, meetings and conventions, retail, database marketing, VIP marketing, our flight program, and other key areas of our operations. We anticipate that our company will have a permanently lower cost structure and will benefit from greater concentration of specified talent and quicker decision making. We will continue to make progress on Project Renewal and anticipate reaching a full implementation run rate at the end of the second quarter of 2012. As of September 30, 2011, \$202.5 million of identified estimated cost savings from our programs remained to be realized. 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 intend to pursue these acquisitions from time to time. We believe our operating expertise and network synergies enable us to create value above and beyond what other operators can provide. Our geographically broad-based experience gives us a superior understanding of a property's revenue potential and

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enables us to be the optimal partner or purchaser for select assets. For example, we executed a definitive agreement in December 2010 with Rock Gaming, LLC to jointly develop, and for us to manage, two of four authorized casinos in Ohio, Horseshoe Cleveland and Horseshoe Cincinnati. The venture obtained financing for the casinos in August 2011 and we expect Horseshoe Cleveland to open in March 2012 and Horseshoe Cincinnati to open in the second quarter of 2013. Commencement of operations of Horseshoe Cleveland and Horseshoe Cincinnati is subject to the receipt of gaming licenses. Along with Rock Gaming, LLC and local investors in Maryland, in September 2011, a Caesars led group submitted a bid for a license to develop a video lottery terminal facility in Baltimore. Completion of the Baltimore license bid is subject to a number of conditions, including, without limitation, the negotiation of definitive documentation, receipt of required regulatory approvals, receipt of acceptable financing, and other terms and conditions. We believe there will be expansion opportunities in newly created U.S. regional markets due to continued legalization of gaming in new jurisdictions. Further, we believe that due to the continued global economic downturn, there will be opportunities to acquire assets at attractive valuations, such as our 2010 acquisition of Planet Hollywood, due to the fragmented nature of our industry and the benefits inherent in our scale. See **Risk Factors Risks Related to Our Business** The acquisition, development and construction of new hotels, casinos and gaming and non-gaming venues and the expansion of existing ones could have an adverse effect on our business, financial condition and results of operations due to various factors including delays, cost overruns and other uncertainties and **Risk Factors Risks Related to Our Business** We may not realize all of the anticipated benefits of current or potential future acquisitions for a discussion of the risks relating to pursuing development and expansion opportunities.

Pursue opportunities to further expand into international markets. We currently own, operate or manage 15 casino properties in international gaming markets across Europe, North America, South America and Africa. In addition, in Asia, we 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. We are investigating various opportunities to own, operate or manage international resorts and casinos. These opportunities are at varying stages of development, such as due diligence investigations, executed confidentiality agreements, and other discussions regarding potential projects, which may or may not come to fruition. We will continue to evaluate and pursue opportunities to own, operate or manage international casinos and resorts. Our Caesars brand remains the most recognized casino brand in the world, and we plan to leverage the power of this brand, and our other brands, as we expand into international markets. In addition to international gaming opportunities, we are also actively pursuing non-gaming management, branding, and development opportunities in Asia and other parts of the world where our brands and reputation are already well-recognized assets. In 2011, we formed a group to focus on this opportunity called Caesars Global Life. In September 2011, we announced our first project, a management and branding agreement for a development, whose equity will be provided by a third party, that will be called Caesars Palace Longmu Bay. Located in Hainan, China, and at a projected cost to the owner of \$470 million, it is expected to open in 2014 and will contain a 1,000-room, five-star hotel with a marina, spa, retail, gourmet dining and other amenities, including 36 holes of golf. This project will be the foundation for our expansion in China and throughout the entire Asia-Pacific region, where we expect to participate in the development of a total of 25 hotels and resorts over the next five years. See **Risk Factors Risks Related to Our Business** The acquisition, development and construction of new hotels, casinos and gaming and non-gaming venues and the expansion of existing ones could have an adverse effect on our business, financial condition and results of operations due to various factors, including delays, cost overruns and other uncertainties and **Risk Factors Risks Related to Our Business** The risks associated with international operations could reduce our profits for a discussion of the risks relating to this strategy.

Continue to grow our online business. Our globally recognized World Series of Poker and Caesars brands and our dedicated online gaming management team position us to take advantage of opportunities in the global online gaming market and to continue to develop the infrastructure to support larger scale real money online gaming as it becomes legalized and licensed in new jurisdictions. In late 2009, we launched our real money

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World Series of Poker and Caesars-branded poker, bingo and casino online sites in the United Kingdom. We also have alliances with online gaming providers in Italy and France. As part of our online strategy, we will continue to expand our online real money gaming offerings in legally compliant jurisdictions and offer for fun online gaming options in those and other jurisdictions. In May 2011, we purchased a majority stake in Playtika Ltd., or Playtika, a social games company located in Israel. Playtika develops social games for Facebook and other social networking websites and mobile games. In addition, we will continue to expand our World Series of Poker tournaments to international jurisdictions where we believe there is a likelihood of legalization of online gaming, in order to grow the brand's awareness. We believe that the expansion of online gaming offerings, for real money, for fun and social and mobile games, will benefit our land-based portfolio due to further brand enhancement, customer acquisition in new channels, and marketing arrangements including incorporating our Total Rewards and cash-back for points programs into our online gaming offerings.

We believe that additional jurisdictions will legalize online gaming due to consumer demand, a broader understanding of the need to regulate the industry and to generate income through taxes on gaming revenue. As such, we support efforts to regulate the online gaming industry to ensure that consumers are protected. We believe that the potential for online gaming is substantial and believe that we will command, at a minimum, our fair share in any legal jurisdiction. An H2 Gaming Capital study conducted in 2010 projects that the global online gaming market will grow to \$36 billion in revenues by 2012. We believe that the largest opportunity in online gaming in the near term is the legalization of online poker in the United States.

The Sponsors

Apollo

Founded in 1990, Apollo is a leading global alternative asset manager with offices in New York, Los Angeles, London, Frankfurt, Luxembourg, Singapore, Hong Kong and Mumbai. As of September 30, 2011, Apollo had assets under management of approximately \$65 billion in its private equity, capital markets and real estate businesses.

TPG

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

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Organizational Structure

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

- (1) All shares held by funds affiliated with and controlled by the Sponsors and their co-investors, representing % of Caesars outstanding common stock, are 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 primarily of captive insurance subsidiaries, Harrah's BC, Inc., or HBC, and Caesars Interactive Entertainment, Inc., which owns the World Series of Poker brand and our online gaming businesses.
- (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, 2011.
- (4) Consists of certain affiliates of Paulson & Co. Inc., or the Paulson Investors.
- (5) Consists of Harrah's Las Vegas, Rio, Flamingo Las Vegas, Harrah's Atlantic City, Paris Las Vegas and Harrah's Laughlin. The CMBS Entities and their respective subsidiaries do not guarantee or pledge their assets as security for any indebtedness of CEOC and are not directly liable for any obligations thereunder. CEOC and its subsidiaries do not guarantee or pledge their assets as security for any indebtedness of the CMBS Entities and are not directly liable for any obligations thereunder.

Additional Information

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

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The Offering

Common stock offered	shares
Common stock to be outstanding immediately after this offering	shares
Option to purchase additional shares	We have granted to the underwriters a 30-day option to purchase up to additional shares from us at the initial public offering price, less underwriting discounts and commissions.
Common stock voting rights	Each share of our common stock will entitle its holder to one vote.
Dividend policy	We intend to retain all future earnings, if any, for use in the operation of our business and to fund future growth. We do not anticipate paying any dividends for the foreseeable future. The decision whether to pay dividends will be made by our board of directors in light of conditions then existing, including factors such as our results of operations, financial condition and requirements, business conditions and covenants under any applicable contractual arrangements, including our indebtedness.
Use of proceeds	We estimate that the net proceeds from this offering without exercise of the option to purchase additional shares will be approximately \$ million after deducting the estimated underwriting discounts and commissions and expenses, assuming the shares are offered at \$ per share, which represents the midpoint of the estimated offering price range set forth on the front cover of this prospectus. We intend to use the net proceeds from this offering for general corporate purposes, including development projects and maintenance capital expenditures.
Proposed national securities exchange trading symbol	CZR
Risk factors	Please see the section entitled Risk Factors included in this prospectus for a discussion of some of the factors you should carefully consider before deciding to invest in our common stock.
Except as otherwise indicated, all information in this prospectus:	

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

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does not give effect to _____ shares of our common stock issuable upon the exercise of outstanding options as of September 30, 2011, at a weighted-average exercise price of \$ _____ per share, or _____ shares of common stock issuable upon the exercise of options we anticipate issuing prior to the consummation of this offering;

does not give effect to _____ shares of our common stock issuable upon the exercise of outstanding warrants as of September 30, 2011, at a weighted-average exercise price of \$ _____ per share; and

does not give effect to _____ shares of our common stock reserved for future issuance under the Caesars Entertainment Corporation Management Equity Incentive 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, 2009 and 2010, for the periods from January 1, 2008 through January 27, 2008 (Predecessor) and from January 28, 2008 through December 31, 2008, and for the years ended December 31, 2009 and 2010 (Successor) should be read in conjunction with our audited consolidated financial statements as of December 31, 2010 included elsewhere in this prospectus. The summary historical consolidated financial information as of December 31, 2008 has been derived from our audited consolidated financial statements not included in this prospectus. The summary historical consolidated financial information as of September 30, 2011 and for the nine month periods ended September 30, 2010 and 2011 are derived from, and should be read in conjunction with, our unaudited consolidated condensed financial statements as of September 30, 2011 included elsewhere in this prospectus. The summary historical consolidated financial information as of September 30, 2010 has been derived from our unaudited consolidated condensed financial statements not included in this prospectus. Except as otherwise described herein, our interim unaudited financial statements have been prepared on a basis consistent with our annual audited financial statements and, in the opinion of management, include all adjustments, consisting of normal recurring accruals, considered necessary for a fair presentation of such data.

You should read this data in conjunction with the Selected Historical Consolidated Financial Data, Management's Discussion and Analysis of Financial Condition and Results of Operations and our financial statements and notes thereto included elsewhere in this prospectus. The audited consolidated financial statements as of December 31, 2009 and 2010, for the periods from January 1, 2008 through January 27, 2008 and from January 28, 2008 through December 31, 2008, and the years ended December 31, 2009 and 2010 have been audited by Deloitte & Touche LLP, an independent registered public accounting firm.

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

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

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

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	Predecessor			Successor		
	January 1, 2008 through January 27, 2008	January 28, 2008 through December 31, 2008	Year Ended December 31, 2009	Year Ended December 31, 2010	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2011
(In millions, except ratio data)						
Balance Sheet Data (at period end)						
Cash and cash equivalents		\$ 650.5	\$ 918.1	\$ 987.0	\$ 1,323.7	\$ 1,150.7
Working capital		(536.4)	(6.6)	207.7	121.7	235.8
Total assets		31,048.6	28,979.2	28,587.7	29,287.9	28,866.1
Total debt		23,208.9	18,943.1	18,841.1	19,717.1	19,620.6
Total stockholders' equity/(deficit)		(1,360.8)	(867.0)	1,672.6	1,062.6	1,205.9

Other Financial Data

Capital expenditures, net of changes in construction payables	\$ 125.6	\$ 1,181.4	\$ 464.5	\$ 160.7	\$ 124.6	\$ 164.9
EBITDA ⁽¹⁾	35.5	(2,610.3)	5,210.6	1,555.6	1,127.5	1,375.8
Property EBITDA ⁽²⁾	171.2	2,244.9	2,153.6	1,927.3	1,469.5	1,523.8
Total debt, net of cash and cash equivalents		22,558.4	18,025.0	17,854.1	18,393.4	18,469.9
Ratio of total debt, net of cash and cash equivalents to EBITDA ⁽¹⁾⁽³⁾		(8.6):1	3.5:1	11.5:1	8.5:1	10.2:1

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

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

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

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

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

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

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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; 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 Net income/(loss) attributable to Caesars, our most comparable GAAP measure, to Property EBITDA. The reconciliation takes into account the impact of (i) income tax (provision)/benefit, (ii) interest expense, net, (iii) depreciation and amortization and (iv) corporate expense, as well as certain items that we do not consider indicative of our ongoing operating performance at an operating property level. 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. 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 investors with additional information as used by us to measure our regional and property-level performance.

(In millions)	Predecessor			Successor		
	January 1, 2008 through January 27, 2008	January 28, 2008 through December 31, 2008	Year Ended December 31, 2009	Year Ended December 31, 2010	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2011
Net revenues	\$ 760.1	\$ 9,366.9	\$ 8,907.4	\$ 8,818.6	\$ 6,697.6	\$ 6,662.1
Property operating expenses	(588.9)	(7,122.0)	(6,753.8)	(6,891.3)	(5,228.1)	(5,138.3)
Property EBITDA	171.2	2,244.9	2,153.6	1,927.3	1,469.5	1,523.8
Depreciation and amortization	(63.5)	(626.9)	(683.9)	(735.5)	(548.1)	(532.2)
Operating profit	107.7	1,618.0	1,469.7	1,191.8	921.4	991.6
Project opening costs and other items	(5.4)	(45.1)	(111.5)	(149.7)	(140.3)	(87.1)
Impairment of intangible assets		(5,489.6)	(1,638.0)	(193.0)	(144.0)	
Income/(loss) on interests in non-consolidated affiliates	0.5	(2.1)	(2.2)	(1.5)	(2.1)	(4.2)
Corporate expense	(8.5)	(131.8)	(150.7)	(140.9)	(103.8)	(115.1)
Acquisition and integration costs	(125.6)	(24.0)	(0.3)	(13.6)	(8.3)	(3.6)
Amortization of intangibles assets	(5.5)	(162.9)	(174.8)	(160.8)	(121.7)	(117.7)
Income/(loss) from operations	(36.8)	(4,237.5)	(607.8)	532.3	401.2	663.9
Interest expense, net of interest capitalized	(89.7)	(2,074.9)	(1,892.5)	(1,981.6)	(1,471.9)	(1,448.3)
Gains on early extinguishments of debt		742.1	4,965.5	115.6	48.7	47.9
Other income, including interest income	1.1	35.2	33.0	41.7	28.2	16.7
Income/(loss) from continuing operations before income taxes	(125.4)	(5,535.1)	2,498.2	(1,292.0)	(993.8)	(719.8)
(Provision)/benefit for income taxes	26.0	360.4	(1,651.8)	468.7	364.5	248.5
Income/(loss) from continuing operations, net of tax	(99.4)	(5,174.7)	846.4	(823.3)	(629.3)	(471.3)
Discontinued operations, net of tax	0.1	90.4				
Net income/(loss)	(99.3)	(5,084.3)	846.4	(823.3)	(629.3)	(471.3)
Less: net (income)/loss attributable to non controlling interests	(1.6)	(12.0)	(18.8)	(7.8)	(5.1)	4.3
Net income/(loss) attributable to Caesars	\$ (100.9)	\$ (5,096.3)	\$ 827.6	\$ (831.1)	\$ (634.4)	\$ (467.0)

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

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

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

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

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

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

does not reflect other amounts such as project opening costs and other items, acquisition and integration costs, and other types of costs that are excluded from management's performance measurement of its properties.

- (3) The ratio of total debt, net of cash and cash equivalents to EBITDA for the nine-month periods ended September 30, 2010 and 2011 has been calculated using EBITDA on a last twelve months basis as shown in footnote (4) below.
- (4) LTM Adjusted EBITDA Pro Forma is calculated in accordance with the indentures governing CEOC's existing notes and the credit agreement governing CEOC's senior secured credit facilities. LTM Adjusted EBITDA Pro Forma is net income (loss) adjusted for certain non-cash and other items that are included in net income (loss). We present LTM Adjusted EBITDA Pro Forma as a supplemental measure of our performance and believe that LTM Adjusted EBITDA Pro Forma provides investors with additional information 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. Our ability to engage in activities such as incurring additional indebtedness, making investments and paying dividends is tied to ratios under the senior secured credit facilities based on LTM Adjusted EBITDA Pro Forma for CEOC and its consolidated restricted subsidiaries. Accordingly, we believe it is useful to provide the calculation of LTM Adjusted EBITDA Pro Forma for purposes of determining our ability to engage in these activities. We also present LTM Adjusted EBITDA Pro Forma to provide investors with additional information regarding the pro forma impact of properties that are anticipated to be acquired or disposed and of yet-to-be realized savings from our cost savings initiatives.

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

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

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

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

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

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

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

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

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

LTM Adjusted EBITDA Pro Forma includes the results of our CMBS properties, Planet Hollywood and certain other subsidiary entities, which results would be excluded for purposes of calculating last twelve months adjusted EBITDA for CEOC under our debt agreements, as the entities owning those properties are neither obligors nor guarantors under our debt agreements.

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

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

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

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

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Reconciliation of Net loss attributable to Caesars to LTM Adjusted EBITDA Pro Forma (continued):

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

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

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Reconciliation of Net loss attributable to Caesars to LTM Adjusted EBITDA Pro Forma (continued):

(\$ in millions)	Nine Months Ended September 30, 2009	Twelve Months Ended December 31, 2009	Successor Nine Months Ended September 30, 2010	Twelve Months Ended September 30, 2010 ⁽¹⁾
Net income/loss attributable to Caesars	\$ 532.0	\$ 827.6	\$ (634.4)	\$ (338.8)
Interest expense, net of capitalized interest and interest income	1,381.5	1,859.2	1,448.0	1,925.7
(Benefit)/provision for income taxes	1,590.8	1,651.8	(364.5)	(303.5)
Depreciation and amortization	658.8	872.0	678.4	891.6
EBITDA	4,163.1	5,210.6	1,127.5	2,175.0
Project opening costs, abandoned projects and development costs	2.8	3.5	31.1	31.8
Acquisition and integration costs	0.3	0.3	8.3	8.3
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 intangible assets, including goodwill	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
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

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

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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, 2011, we had \$22,513.6 million face value of outstanding indebtedness. Assuming constant outstanding balances and interest rates, our debt service obligation for the next twelve months is \$1,693.9 million, which includes required interest payments of \$1,684.4 million. These amounts do not include up to \$1,140.0 million of notes that are held by HBC, all of which are deemed outstanding by CEOC but not by Caesars.

Our substantial indebtedness could:

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

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

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

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

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

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

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

affect our ability to renew gaming and other licenses;

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

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

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

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

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For example, as of September 30, 2011, we had \$1,080.2 million available for additional borrowing under our senior secured revolving credit facility after giving effect to \$126.6 million in outstanding letters of credit thereunder, all of which would be secured. Our senior secured credit facilities allow for one or more future issuances of additional secured notes or loans, which may include, in each case, indebtedness secured on a pari passu basis with the obligations under the senior secured credit facilities and our first lien notes. In addition, Caesars has no restrictions on its ability to incur debt. This indebtedness could be used for a variety of purposes, including financing capital expenditures, refinancing or repurchasing our outstanding indebtedness, including existing unsecured indebtedness, or for general corporate purposes. We have raised and expect to continue to raise debt, including secured debt, to directly or indirectly refinance our outstanding unsecured debt on an opportunistic basis, as well as to finance development and expansion opportunities.

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

Our senior secured credit facilities, the CMBS mortgage loan and/or related mezzanine loans (the "CMBS Loans"), the indentures governing most of our existing notes, the senior secured loan related to the development of Octavius Tower at Caesars Palace Las Vegas and Project Linq, the senior secured loan of PHW Las Vegas, LLC and the senior secured loan of Chester Downs contain, and any future indebtedness of ours would likely contain, a number of covenants that impose significant operating and financial restrictions on us, including restrictions on our and our subsidiaries' ability to, among other things:

incur additional debt or issue certain preferred shares;

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

make certain investments;

sell certain assets;

create liens on certain assets;

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

enter into certain transactions with our affiliates; and

designate our subsidiaries as unrestricted subsidiaries.

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

We have pledged and will pledge a significant portion of our assets as collateral under our senior secured credit facilities, our CMBS Loans, our first lien notes, our second lien notes, the senior secured loan of PHW Las Vegas, LLC, or PHW Las Vegas, the senior secured loan related to the development of the Octavius Tower at Caesars Palace Las Vegas, the Octavius Tower or Project Octavius, and a retail, dining and entertainment corridor located between the Imperial Palace Hotel and Casino and the Flamingo Las Vegas on the Las Vegas strip, or Project Linq, or the senior secured loan of Chester Downs. If any of these lenders accelerate the repayment of borrowings, there can be no assurance that we will have sufficient assets to repay our indebtedness.

Under our senior secured credit facilities, we are required to satisfy and maintain specified financial ratios. Our ability to meet those financial ratios can be affected by events beyond our control, and there can be no assurance that we will meet those ratios. A failure to comply with the covenants contained in our senior secured credit facilities or our other indebtedness could result in an event of default under the facilities or the

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existing agreements, which, if not cured or waived, could have a material adverse affect on our business, financial condition and results of operations. In the event of any default under our senior secured credit facilities or our other indebtedness, the lenders thereunder:

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

could elect to declare all borrowings outstanding, together with accrued and unpaid interest and fees, to be due and payable and terminate all commitments to extend further credit; or

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

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

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

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

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 and development projects, 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 senior secured credit facility. In addition, the terms of existing or future debt agreements may restrict us from adopting some of these alternatives. In the absence of such operating results and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. We may not be able to consummate those dispositions for fair market value or at all. Furthermore, any proceeds that we could realize from any such dispositions may not be adequate to meet our debt service obligations then due. Neither the Sponsors nor any of their respective affiliates has any continuing obligation to provide us with debt or equity financing.

Risks Related to Our Business

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

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

In recent years, 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

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expansion projects, supply has typically grown at a faster pace than demand in some markets, including Las Vegas, our largest market, and competition has increased significantly. For example, CityCenter, a large development of resorts and residences, opened in December 2009 in Las Vegas. The expansion of existing casino entertainment properties, the increase in the number of properties and the aggressive marketing strategies of many of our competitors have increased competition in many markets in which we operate, and this intense competition is expected to continue. These competitive pressures have and are expected to continue to adversely affect our financial performance in certain markets, including Atlantic City.

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

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

The severe economic downturn over the past few years and adverse conditions in the local, regional, national and global markets have negatively affected our operations, and may continue to negatively affect our operations in the future. During periods of economic contraction such as recently experienced, our revenues may decrease while some of our costs remain fixed or even increase, resulting in decreased earnings. Gaming and other leisure activities we offer represent discretionary expenditures and participation in such activities may decline during economic downturns, during which consumers generally earn less disposable income. For example, key determinants of our revenues and operating performance include hotel ADR, number of gaming trips and average spend per trip by our customers. Our average system-wide ADR was \$111 in 2007, compared to \$91 during the last twelve months ended September 30, 2011. Given that 2007 was the peak year for our financial performance and the gaming industry in the United States in general, we may not attain those financial levels in the near term, or at all. If we fail to increase ADR or any other similar metric in the near term, our revenues may not increase and, as a result, we may not be able to pay down our existing debt, fund our operations, fund planned capital expenditures or achieve expected growth rates, all of which could have a material adverse effect on our business, financial condition and results of operations. Even an uncertain economic outlook may adversely affect consumer spending in our gaming operations and related facilities, as consumers spend less in anticipation of a potential economic downturn. Furthermore, other uncertainties, including national and global economic conditions, terrorist attacks or other global events, could adversely affect consumer spending and adversely affect our operations.

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

We are subject to extensive gaming regulations and political and regulatory uncertainty. Regulatory authorities in the jurisdictions where we operate have broad powers with respect to the licensing of casino operations and may revoke, suspend, condition or limit our gaming or other licenses, impose substantial fines and take other actions, any one of which could adversely impact our business, financial condition and results of operations. For example, revenues and income from operations were negatively impacted during July 2006 in Atlantic City by a three-day government-imposed casino shutdown. Furthermore, in many jurisdictions where we operate, licenses are granted for limited durations and require renewal from time to time. For example, in Iowa, our ability to continue our gaming operations is subject to a referendum every eight years or at any time upon petition of the voters in the county in which we operate; the most recent referendum which approved our ability to continue to operate our casinos occurred in November 2010. There can be no assurance that continued gaming

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activity will be approved in any referendum in the future. If we do not obtain the requisite approval in any future referendum, we will not be able to operate our gaming operations in Iowa, which would negatively impact our future performance.

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

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

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

We intend to develop, construct and open or acquire new hotels, casinos and other gaming venues, as well as develop and manage non-gaming venues, in response to opportunities that may arise. Future development projects and acquisitions may require significant capital commitments, the incurrence of additional debt, guarantees of third-party debt, the incurrence of contingent liabilities and an increase in amortization expense related to intangible assets, which could have an adverse effect upon our business, financial condition and results of operations.

The development and construction of new hotels, casinos and gaming venues and the expansion of existing ones, such as our recent expansion at Caesars Palace in Las Vegas, as well as the development and construction of non-gaming venues such as Project Linq in Las Vegas and Caesars Palace Longmu Bay, are susceptible to various risks and uncertainties, such as:

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

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

changes and concessions required by governmental or regulatory authorities;

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

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

disruption of our existing operations and facilities.

Moreover, our development and expansion projects are sometimes jointly pursued with third parties or by licensing our brands to third parties. These joint development, expansion projects or license agreements are subject to risks, in addition to those disclosed above, as they are dependent on our ability to reach and maintain agreements with third parties. For example, we made a bid with Rock Gaming, LLC and other local investors for

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a video lottery terminal facility in Baltimore, Maryland and we can give no assurances that the bid will be awarded to us, that we will reach definitive agreements with the other parties that comprise the bid, or that the development project will be undertaken.

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

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

Terrorist attacks and other acts of war or hostility have created many economic and political uncertainties. We cannot predict the extent to which terrorism, security alerts or war, uprisings, or hostilities in Iraq and Afghanistan and other countries throughout the world will continue to directly or indirectly impact our business and operating results. For example, our operations in Cairo, Egypt were negatively affected from the uprising there in January 2011. As a consequence of the threat of terrorist attacks and other acts of war or hostility in the future, premiums for a variety of insurance products have increased, and some types of insurance are no longer available. Given current conditions in the global insurance markets, we are substantially underinsured for losses and interruptions caused by terrorist acts and acts of war. If any such event were to affect our properties, we would likely be adversely impacted.

In addition, natural and man-made disasters such as major fires, floods, hurricanes, earthquakes and oil spills could also adversely impact our business and operating results. For example, four of our properties were closed for an extended period of time due to the damage sustained from Hurricanes Katrina and Rita in August and September 2005, respectively. Such events could lead to the loss of use of one or more of our properties for an extended period of time and disrupt our ability to attract customers to certain of our gaming facilities. If any such event were to affect our properties, we would likely be adversely impacted. Seven of our properties were closed during the first half of 2011 due to flooding and severe weather conditions. Additionally, in August 2011, our casinos in Atlantic City were closed during a busy summer weekend due to Hurricane Irene.

In most cases, we have insurance that covers portions of any losses from a natural disaster, but it is subject to deductibles and maximum payouts in many cases. Although we may be covered by insurance from a natural disaster, the timing of our receipt of insurance proceeds, if any, is out of our control. In some cases, however, we will receive no proceeds from insurance, such as our August 2011 closing in Atlantic City.

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

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

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

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plan's unfunded vested liabilities. Any termination of a multi-employer plan, or mass withdrawal or insolvency of contributing employers, could require us to contribute an amount under a plan of rehabilitation or surcharge assessment that would have a material adverse impact on our consolidated financial condition, results of operations and cash flows.

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

Some of our employees are represented by labor unions. A lengthy strike or other work stoppage at one of our casino properties or construction projects could have an adverse effect on our business and results of operations. From time to time, we have also experienced attempts to unionize certain of our non-union employees. While these efforts have achieved only limited success to date, we cannot provide any assurance that we will not experience additional and more successful union activity in the future. There has been a trend towards unionization for employees in Atlantic City and Las Vegas. The impact of this union activity is undetermined and could negatively impact our profits.

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

Under the American Recovery and Reinvestment Act of 2009, or the ARRA, we received temporary federal tax relief under the Delayed Recognition of Cancellation of Debt Income, or CODI, rules. The ARRA contains a provision that allows for a deferral for tax purposes of CODI for debt reacquired in 2009 and 2010, followed by recognition of CODI ratably from 2014 through 2018. In connection with the debt that we reacquired in 2009 and 2010, we have deferred related CODI of \$3.6 billion for tax purposes (net of Original Issue Discount (OID) interest expense, some of which must also be deferred to 2014 through 2018 under the ARRA). We are required to include one-fifth of the deferred CODI, net of deferred and regularly scheduled OID, in taxable income each year from 2014 through 2018. To the extent that our federal taxable income exceeds our available federal net operating loss carry forwards in those years, we will have a cash tax obligation. Our tax obligations related to CODI could be substantial and could materially and adversely affect our cash flows as a result of tax payments. For more information on the debt that we reacquired in 2009 and 2010, see Management's Discussion and Analysis of Financial Condition and Results of Operation, Liquidity and Capital Resources, Capital Resources.

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

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

coordinating marketing functions;

undisclosed liabilities;

unanticipated issues in integrating information, communications and other systems;

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

retaining key employees;

consolidating corporate and administrative infrastructures;

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

coordinating geographically separate organizations.

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

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

Beginning in the third quarter of 2008, we initiated a company-wide cost savings plan in an effort to align our expenses with current revenue levels. In addition, we embarked on Project Renewal in the fourth quarter of 2010 to identify the optimum way of structuring our business given our breadth and scale of product offerings. While these efforts have allowed us to realize substantial savings since we initiated our cost savings plan, our continued reduction efforts may fail to achieve similar or continued savings. Although we believe, as of September 30, 2011, there were \$202.5 million of estimated cost savings yet-to-be realized from these initiatives, we may not realize some or all of these projected savings without impairing our revenues. Our cost savings plans are intended to increase our effectiveness and efficiency in our operations without impairing our revenues and margins. Our cost savings plan is subject to numerous risks and uncertainties that may change at any time, and, therefore, our actual savings may differ materially from what we anticipate. For example, cutting advertising or marketing expenses may have an unintended negative affect on our revenues. In addition, our expected savings from procurement of goods may be affected by unexpected increases in the cost of raw materials. Furthermore, because we use our projected yet-to-be realized cost savings as a pro forma adjustment to calculate our LTM Adjusted EBITDA Pro Forma provided in the Summary Historical Consolidated Financial Data of Caesars Entertainment Corporation, our actual LTM Adjusted EBITDA Pro Forma would be reduced to the extent of the cost savings we do not achieve.

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

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

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

The development of intellectual property is part of our overall business strategy, and we regard our intellectual property to be an important element of our success. For example, we own and operate the World Series of Poker tournaments, and we license trademarks for a variety of products and businesses related to this brand. While our business as a whole is not substantially dependent on any one trademark or combination of several of our trademarks or other intellectual property, we seek to establish and maintain our proprietary rights in our business operations and technology through the use of patents, copyrights, trademarks and trade secret laws. We file applications for and obtain patents, copyrights and trademarks in the United States and in foreign countries where we believe filing for such protection is appropriate. We also seek to maintain our trade secrets and confidential information by nondisclosure policies and through the use of appropriate confidentiality agreements. Despite our efforts to protect our proprietary rights, parties may infringe our trademarks and use information that we regard as proprietary and our rights may be invalidated or unenforceable. The laws of some foreign countries do not protect proprietary rights to as great an extent as do the laws of the United States. Monitoring the unauthorized use of our intellectual property is difficult. Litigation may be necessary to enforce our intellectual property rights or to determine the validity and scope of the proprietary rights of others. Litigation of this type could result in substantial costs and diversion of resource. We cannot assure you that all of

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the steps we have taken to protect our trademarks in the United States and foreign countries will be adequate to prevent imitation of our trademarks by others. The unauthorized use or reproduction of our trademarks could diminish the value of our brand and its market acceptance, competitive advantages or goodwill, which could adversely affect our business.

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

Some of our properties are located outside the United States, and our 2006 acquisition of London Clubs has increased the percentage of our revenue derived from operations outside the United States. In addition, as we are pursuing opportunities to further expand into international markets through gaming opportunities and Caesars Global Life, we also expect that the percentage of our revenues derived from operations outside the United States will increase in the future. International operations are subject to inherent risks including:

political and economic instability;

variation in local economies;

currency fluctuation;

greater difficulty in accounts receivable collection;

trade barriers; and

burden of complying with a variety of international laws.

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

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

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

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

The leadership of our chief executive officer, Mr. Loveman, and other executive officers has been a critical element of our success. The death or disability of Mr. Loveman or other extended or permanent loss of his services, or any negative market or industry perception with respect to him or arising from his loss, could have a material adverse effect on our business. Our other executive officers and other members of senior management have substantial experience and expertise in our business and have made significant contributions to our growth and success. The

unexpected loss of services of one or more of these individuals could also adversely affect us.

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We are not protected by key man or similar life insurance covering members of our senior management. We have employment agreements with our executive officers, but these agreements do not guarantee that any given executive will remain with us.

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

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

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

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

Risks Related to this Offering

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

Prior to this offering, there has not been a public market for our common stock. In conjunction with this offering, only a small percentage of our stock is expected to be listed on a public market. 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 this offering as if all were to occur on the date hereof, there would be _____ shares of our new common stock outstanding (or _____ shares if the underwriters' option to purchase additional shares is exercised in full), all of which will be the same class of voting common stock. All of the outstanding shares of our common stock will be eligible for resale under Rule 144 or Rule 701 of the Securities Act, subject to volume limitations, applicable holding period requirements and existing lockup arrangements. 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.

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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 this offering, options to purchase _____ shares of common stock will be outstanding under our Management Equity Incentive Plan, assuming no changes to the plan, and warrants to purchase _____ shares of our common stock will be outstanding.

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

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

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

our operating and financial performance and prospects;

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

conditions that impact demand for our products and services;

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

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

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

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

changes in government and environmental regulation, including gaming taxes;

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

arrival and departure of key personnel;

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

changes in our capital structure;

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

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

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

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

After giving effect to this offering, 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 % of our common stock pursuant to an irrevocable proxy providing Hamlet Holdings with sole voting and sole dispositive power over those shares. The members of Hamlet Holdings have the power to elect all of our directors. Hamlet Holdings has the ability to vote on any transaction that requires the approval of our Board or our stockholders, including the approval of significant corporate transactions such as mergers and the sale of substantially all of our assets.

The interests of the members of Hamlet Holdings could conflict with or differ from the interests of holders of our common stock. The Sponsors are in the business of making or advising on investments in companies it holds, and may from time to time in the future acquire interests in or provide advice to businesses that directly or indirectly compete with certain portions of our business or are suppliers or customers of ours. One or both of the Sponsors may also pursue acquisitions that may be complementary to our business, and, as a result, those acquisition opportunities may not be available to us.

The concentration of ownership held by the Sponsors and their co-investors could delay, defer or prevent a change of control of us or impede a merger, takeover or other business combination which another stockholder may otherwise view favorably. In addition, a sale of a substantial number of shares of stock in the future by funds affiliated with the Sponsors or their co-investors could cause our stock price to decline.

So long as affiliates of the Sponsors continue to own a significant amount of the outstanding shares of our common stock, they will continue to be able to strongly influence or effectively control our decisions.

In addition, we have an executive committee that serves at the discretion of our Board and is authorized to take such actions as it reasonably determines appropriate. Currently, the executive committee may act by a majority of its members, provided that at least one member designated by Apollo Members (as defined under Certain Relationship and Related Party Transactions Hamlet Holdings Operating Agreement) and one member designated by TPG Members (as defined under Certain Relationship and Related Party Transactions Hamlet Holdings Operating Agreement) must approve any action of the executive committee. See Management Executive Committee for a further discussion.

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

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

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

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

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

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

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

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

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

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

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

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

Upon the closing of this offering, Hamlet Holdings will continue to control a majority of our voting common stock. As a result, we will be a controlled company within the meaning of the New York Stock Exchange or Nasdaq corporate governance standards. Under the New York Stock Exchange or 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 New York Stock Exchange or Nasdaq corporate governance requirements, including:

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

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

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

the requirement for an annual performance evaluation of the nominating/corporate governance and compensation committees. Following this offering, we intend to utilize these exemptions. As a result, we will not have a majority of independent directors nor will our nominating/corporate governance and compensation committees consist entirely of independent directors and we will not be required to have an annual performance evaluation of the nominating/corporate governance and compensation committees. See Management. Accordingly, you will not have the same protections afforded to stockholders of companies that are subject to all of the New York Stock Exchange or 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, particularly to serve on our audit committee, and qualified executive officers.

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

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

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

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

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

access to available and reasonable financing on a timely basis;

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

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

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

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

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

access to insurance on reasonable terms for our assets;

abnormal gaming holds;

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

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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, which speak only as of the date of this prospectus, may not in fact occur. We undertake no obligation to publicly update or revise any forward looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

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MARKET AND INDUSTRY DATA AND FORECASTS

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

Although we believe that the third-party sources are reliable, we have not independently verified 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 estimate that the net proceeds from this offering without exercise of the option to purchase additional shares will be approximately \$ million after deducting the estimated underwriting discounts and commissions and expenses, assuming the shares are offered at \$ per share, which represents the midpoint of the estimated offering price range set forth on the front cover of this prospectus. If the underwriters exercise their option to purchase additional shares in full, the net proceeds to us will be approximately \$ million.

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

Table of Contents**CAPITALIZATION**

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

on an actual basis;

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

(1) Excludes restricted cash of \$544.0 million.

(2) Upon the closing of the Acquisition, CEOC entered into the senior secured credit facilities, which included a \$2,000.0 million revolving credit facility that was reduced to \$1,206.8 million due to debt retirements and the conversion of a portion of the revolving credit facility to an extended term loan subsequent to the closing of the Acquisition. At September 30, 2011, \$1,080.2 million of borrowing capacity was available under our revolving credit facility, with an additional \$126.6 million committed to back letters of credit. Caesars guarantees this facility, and all of the material wholly owned domestic subsidiaries of CEOC, other than Planet Hollywood, Caesars Octavius and Caesars Linq, have pledged their assets to secure this facility.

(3) Upon the closing of the Acquisition, CEOC entered into a seven-year \$7,250.0 million term loan facility, all of which was drawn at the closing of the Acquisition. The outstanding borrowings under the term loan have been increased by an incremental term loan drawn in October 2009 and \$423.3 million of revolver commitments converted to extended term loans. The outstanding borrowings have been reduced by payments made subsequent to the Acquisition. Caesars guarantees this facility, and all of the material wholly owned domestic

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- subsidiaries of CEOC, other than Planet Hollywood, Caesars Octavius and Caesars Linq, have pledged their assets to secure this facility.
- (4) Consists of the book values of \$750.0 million face value of 12.75% Second-Priority Notes due 2018, book values of \$214.8 million face value of 10.0% Second-Priority Notes due 2015, book values of \$847.6 million face value of 10.0% Second-Priority Notes due 2018 issued in connection with the exchange offers that were consummated on December 24, 2008, and book values of \$3,705.5 million face value of 10.0%

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- 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 \$8.6 million of 10.75%/11.5% Senior PIK Toggle Notes due 2018. All of this indebtedness is guaranteed on a joint and several basis by Caesars and all of the material wholly owned domestic subsidiaries of CEOC, other than Planet Hollywood, Caesars Octavius and Caesars Linq, that have pledged their assets to secure the senior secured credit facilities.
- (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, \$364.5 million face value of 5.625% Senior Notes due 2015, \$153.7 million face value of 5.75% Senior Notes due 2017, \$248.7 million face value of 6.5% Senior Notes due 2016, \$0.6 million face value of 7% Senior Notes due 2013 and \$0.2 million face value of Floating Rate Contingent Convertible Senior Notes due 2024, all of which are obligations of CEOC and guaranteed by Caesars. The aggregate face value of such notes is \$892.9 million. As a result of a private placement and open market purchases, HBC holds \$427.3 million face value of the outstanding 5.625% Senior Notes due 2015, \$385.1 million face value of the outstanding 5.75% Senior Notes due 2017, \$324.5 million face value of the outstanding 6.5% Senior Notes due 2016 and \$3.1 million face value of the Senior PIK Toggle Notes due 2018. The amounts of the notes held by HBC are eliminated upon consolidation of Caesars.
- (7) Consists of the book values of \$65.7 million of principal obligations to fund Clark County, Nevada, Special Improvement District bonds and \$13.4 million of miscellaneous other indebtedness.

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DILUTION

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

Our net tangible book value (deficit) as of September 30, 2011 was \$(6,934.4) million, or \$(96.61) per share. After giving effect to the receipt and our intended use of approximately \$ million of estimated net proceeds from our sale of shares of common stock in this offering at an assumed offering price of \$ per share, which represents the midpoint of the estimated offering price range set forth on the front cover of this prospectus, our pro forma net tangible book value (deficit) as of September 30, 2011 is approximately \$ million, or \$ per share. This represents an immediate increase in pro forma net tangible book value of \$ per share to existing stockholders and an immediate dilution of \$ per share to new investors purchasing shares of common stock in this offering. The following table illustrates this substantial and immediate per share dilution to new investors:

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

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

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

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

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

the average price per share paid by existing shareholders and by new investors purchasing shares in this offering.

	Shares Purchased		Total Consideration (in millions)		Average Price Per Share
	Number	Percent	Amount	Percent	
Existing stockholders		%	\$		\$
Investors in the offering					
Total		%	\$		\$

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

The above tables and calculations do not give effect to:

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

shares of our common stock issuable upon the exercise of outstanding warrants as of September 30, 2011, at a weighted-average exercise price of \$ per share; and

shares of our common stock issuable in this offering to the underwriters pursuant to an option to purchase additional shares.

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

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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, 2009 and 2010 and for the periods from January 1, 2008 through January 27, 2008 (Predecessor) and from January 28, 2008 through December 31, 2008 and the years ended December 31, 2009 and 2010 (Successor) have been derived from, and should be read in conjunction with, our audited consolidated financial statements included elsewhere in this prospectus. The selected historical consolidated financial and other data for the periods for the years ended December 31, 2006 and 2007, and as of December 31, 2006, 2007 and 2008 have been derived from our audited consolidated financial statements not included in this prospectus. The selected historical financial information as of September 30, 2011 and for the nine month periods ended September 30, 2010 and 2011, are derived from, and should be read in conjunction with, our unaudited consolidated condensed financial statements included elsewhere in this prospectus. The summary historical consolidated financial information as of September 30, 2010 has been derived from our unaudited consolidated condensed financial statements not included in this prospectus. Except as otherwise described herein, our interim unaudited financial statements have been prepared on a basis consistent with our annual audited financial statements and, in the opinion of management, include all adjustments, consisting of normal recurring accruals, considered necessary for a fair presentation of such data.

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

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Net income/(loss) attributable to common stockholders

Earnings per share basic																
Income/(loss) from continuing operations	\$	2.85	\$	2.83	\$	(0.54)	\$	(134.59)	\$	11.62	\$	(14.58)	\$	(11.70)	\$	(6.50)
Discontinued operations, net		0.06		0.50				2.22								
Net income/(loss)	\$	2.91	\$	3.33	\$	(0.54)	\$	(132.37)	\$	11.62	\$	(14.58)	\$	(11.70)	\$	(6.50)
Earnings per share diluted																
Income/(loss) from continuing operations	\$	2.79	\$	2.77	\$	(0.54)	\$	(134.59)	\$	6.88	\$	(14.58)	\$	(11.70)	\$	(6.50)
Discontinued operations, net		0.06		0.48				2.22								
Net income/(loss)	\$	2.85	\$	3.25	\$	(0.54)	\$	(132.37)	\$	6.88	\$	(14.58)	\$	(11.70)	\$	(6.50)
Dividends declared per common share	\$	1.53	\$	1.60	\$		\$		\$		\$		\$		\$	
Basic weighted-average common shares outstanding		184.0		186.3		188.1		40.8		40.7		57.0		54.2		71.8
Diluted weighted-average common shares outstanding		188.0		190.6		188.1		40.8		120.2		57.0		54.2		71.8

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

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DIVIDEND POLICY

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

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**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

Overview

We are the world's most diversified casino-entertainment provider and the most geographically diverse U.S. casino-entertainment company. As of September 30, 2011, we owned, operated or managed, through various subsidiaries, 52 casinos in 12 U.S. states and seven countries. The vast majority of these casinos operate in the United States and England. Our casino entertainment facilities operate primarily under the Caesars, Harrah's, and Horseshoe brand names in the United States, and include land-based casinos, casino clubs, riverboat or dockside casinos, casinos on Indian reservations, and casinos combined with a greyhound racing facility, a thoroughbred racetrack and a harness racetrack. We are focused on building customer loyalty through a unique combination of customer service, excellent products, unsurpassed distribution, operational excellence and technology leadership and on exploiting the value of our major hotel/casino brands and Total Rewards, our industry leading loyalty program. We believe that the customer-relationship marketing and business-intelligence capabilities fueled by Total Rewards are constantly bringing us closer to our customers so we better understand their preferences, and from that understanding, we are able to improve the entertainment experiences that we offer accordingly.

On January 28, 2008, we were acquired by entities affiliated with Apollo and TPG in an all-cash transaction, which we refer to as the Acquisition valued at \$30.7 billion. Holders of Caesars stock received \$90.00 in cash for each outstanding share of common stock. As a result of the Acquisition, the issued and outstanding shares of Caesars non-voting common stock and the non-voting preferred stock of Caesars were owned by entities affiliated with Apollo and TPG and certain co-investors and members of management, and the then issued and outstanding shares of voting common stock of Caesars were owned by Hamlet Holdings, which is owned by certain individuals affiliated with Apollo and TPG. During 2010, our shares of non-voting common stock and non-voting preferred stock were converted to a recently issued class of voting common stock, and our existing voting stock was canceled, as more fully described in note 9 to our audited consolidated financial statements, included elsewhere in this prospectus.

Regional Aggregation

Our executive officers review operating results, assess performance and make decisions related to the allocation of resources on a property-by-property basis. We, therefore, believe that each property is an operating segment and that it is appropriate to aggregate and present our operations as one reportable segment. In order to provide more meaningful information than would be possible on either a consolidated basis or an individual property basis, our casino properties (as of September 30, 2011, or as otherwise noted below) have been grouped into regions as follows to facilitate discussion of our operating results:

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

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Horseshoe Southern Indiana
 Harrah's Joliet^(l)
 Harrah's Metropolis
 Horseshoe Hammond

Other Nevada

Harrah's Reno
 Harrah's Lake Tahoe
 Harveys Lake Tahoe
 Harrah's Laughlin

Managed/International/Other

Harrah's Ak-Chin^(f)
 Harrah's Cherokee^(e)
 Harrah's Rincon^(f)
 Conrad Punta del Este^(c)
 Caesars Windsor^(f)
 London Clubs International^(g)

- (a) Includes O'Shea's Casino, which is adjacent to this property.
 (b) Acquired February, 2010.
 (c) We have an approximately 95% ownership interest in and manage this property.
 (d) We have an 80% ownership interest in and manage this property.
 (e) Managed.
 (f) We have a 50% interest in Windsor Casino Limited, which operates this property. The province of Ontario owns the complex.
 (g) We own, operate or manage ten casino clubs in the United Kingdom and two in Egypt. We have a 70% ownership interest in and manage one casino club in South Africa.

Consolidated Operating Results

In accordance with GAAP, we have separated our historical financial results for the periods subsequent to the Acquisition, or the Successor periods, and the period prior to the Acquisition, or the Predecessor period. However, we have also combined results for the Successor and Predecessor periods for 2008 in the presentations below because we believe that it enables a meaningful presentation and comparison of results. As a result of the application of purchase accounting as of the Acquisition date, financial information for the Successor periods and the Predecessor period are presented on different bases and, therefore, are not comparable. We have reclassified certain amounts for prior periods to conform to our 2011 presentation.

Because the financial results for 2010, 2009 and 2008 include impairment charges, the following tables present separately income/(loss) from operations before impairment charges and operating margin before impairment charges to provide an understanding of our business without consideration of impairments due to the lack of comparability of these charges from period-to-period. This presentation is not in accordance with U.S. GAAP.

(\$ in millions)	Nine Months Ended September 30,		Percentage Increase/ (Decrease)
	2011	2010	
Casino revenues	\$ 5,029.5	\$ 5,251.3	(4.2)%
Net revenues	6,662.1	6,697.6	(0.5)%
Income from operations	663.9	401.2	65.5%
Impairment of intangible assets, including goodwill		144.0	N/M
Income from operations before impairment charges	663.9	545.2	21.8%
Net (loss)/income attributable to Caesars Entertainment Corporation	(467.0)	(634.4)	(26.4)%
Operating margin	10.0%	6.0%	4.0 pts
Operating margin before impairment charges	10.0%	8.1%	1.9 pts

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(\$ in millions)	Successor		Jan. 28, 2008 through Dec. 31, 2008	Predecessor Jan. 1, 2008 through Jan. 27, 2008	Combined 2008	Percentage Increase/(Decrease)	
	2010	2009				10 vs. 09	09 vs. 08
Casino revenues	\$ 6,917.9	\$ 7,124.3	\$ 7,476.9	\$ 614.6	\$ 8,091.5	(2.9)%	(12.0)%
Net revenues	8,818.6	8,907.4	9,366.9	760.1	10,127.0	(1.0)%	(12.0)%
Income/(loss) from operations	532.3	(607.8)	(4,237.5)	(36.8)	(4,274.3)	N/M	85.8%
Impairment of intangible assets, including goodwill	193.0	1,638.0	5,489.6		5,489.6	N/M	N/M
Income/(loss) from operations before impairment charges	725.3	1,030.2	1,252.1	(36.8)	1,215.3	(29.6)%	(15.2)%
Net (loss)/income attributable to Caesars	(831.1)	827.6	(5,096.3)	(100.9)	(5,197.2)	N/M	N/M
Operating margin	6.0%	(6.8)%	(45.2)%	(4.8)%	(42.2)%	12.8 pts	35.4 pts
Operating margin before impairment charges	8.2%	11.6%	13.4%	(4.8)%	12.0%	(3.4) pts	(0.4) pts

The Company measures its performance in part through tracking of trips by rated players, or trips, and spend per rated-player trip, or spend per trip. On a consolidated basis, trips for the nine months ended September 30, 2011 decreased 7.4%, while spend per trip increased 4.1% from the year-ago period. The trip decline was the result of temporary closures in the Atlantic City region due to Hurricane Irene, new competition and reduced access to one of our properties in the Illinois/Indiana region during the third-quarter 2011, temporary closures of seven of our properties in the Illinois/Indiana and Louisiana/Mississippi regions during the first half of 2011 due to flooding and severe weather conditions, and the impact of marketing programs on trip frequency of certain customer segments in all regions. Cash average daily room rates for the nine months ended September 30, 2011 increased 5.8% and total occupancy percentage increased 1.3 percentage points for the nine-month period when compared to the year-ago period.

On a consolidated basis, when compared with 2009, trips for the 2010 year decreased 1.3% and spend per trip decreased 1.8%. Average daily room rates and occupancy were generally flat for 2010 when compared with 2009.

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

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

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

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

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

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

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

Net loss attributable to Caesars for the year ended December 31, 2010 was \$831.1 million compared with net income attributable to Caesars of \$827.6 million for the year-ago period. The loss for the year ended December 31, 2010 included (i) the aforementioned impairment charges for intangible assets and (ii) pre-tax gains related to the early extinguishment of debt of \$115.6 million. The income for the year ended December 31, 2009 included (i) the aforementioned impairment charges for intangible assets and (ii) pre-tax gains related to the early extinguishment of debt of \$4,965.5 million. Gains on early extinguishments of debt in the year ended December 31, 2009 represented discounts related to the exchange of certain outstanding debt for new debt in the second quarter, CMBS debt repurchases in the fourth quarter, and purchases of certain of our debt in the open market during 2009. The gains were partially offset by the write-off of market value premiums and unamortized debt issue costs. These events are discussed more fully in the Liquidity and Capital Resources section that follows herein.

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

Revenues for the year ended December 31, 2009 declined as compared to 2008 as a result of reduced trips and spend per trip due to the impact of the recession on customers discretionary spending, as well as reduced aggregate demand, which impacted average daily room rates. The earnings impact of the declines in revenue in 2009 as compared to 2008 was partially offset by company-wide cost savings initiatives that began in the third quarter of 2008. The year ended December 31, 2008 included charges of \$5,489.6 million related to impairment of goodwill and other non-amortizing intangible assets, and expenses incurred in connection with the Acquisition, primarily related to accelerated vesting of employee stock options, stock appreciation rights (SARs) and restricted stock, and higher interest expense. Offsetting a portion of these costs in 2008 were net gains on the early extinguishments of debt and proceeds received from the settlement of insurance claims related to hurricane damage in 2005.

Regional Operating Results

Las Vegas property trips for 2011 rose 3.7% for the nine months from the year-ago period, and spend per trip in the nine-months ended September 30, 2011 increased 4.6%. Hotel revenues increased in 2011 by 12.4% for the nine months. Cash average daily room rates increased in 2011 by 7.5%, and total occupancy percentage rose 3.7 percentage points for the nine-month period.

For the Las Vegas region, when compared with 2009, trips in 2010 increased 3.8% and spend per trip decreased 3.7%. Hotel revenues in 2010 increased 9.2% when compared to 2009, as our occupancy increased 1.8 percentage points and our average daily room rates decreased 3.2%.

Atlantic City property trips decreased for the nine-months 2011 by 1.1% for lodgers and 6.0% for non-lodgers. Spend per trip for the nine-months ended September 30, 2011 decreased 2.1% for lodgers and 2.2% for non-lodgers. Trip declines were directly impacted by the temporary property closures as a result of Hurricane Irene.

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For the Atlantic City region, when compared with 2009, trips in 2010 decreased 5.3% for lodgers and 0.8% for non-lodgers, and spend per trip decreased 3.1% for lodgers and 7.2% for non-lodgers.

On a combined basis, for the remainder of our U.S. markets, trips decreased for the nine-months ended September 30, 2011 by 11.8%, however, spend per trip increased 4.9%. Trip declines can be attributed to the temporary property closures in the first half of 2011 due to flooding and severe weather conditions as well as more focused marketing targeted to certain customer segments.

On a combined basis, for the remainder of our U.S. markets, trips in 2010 were down 2.7% while spend per trip increased 1.6%, when compared to 2009.

Las Vegas Region

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

(\$ in millions)	Successor		Jan. 28, 2008	Predecessor Jan. 1, 2008	Combined 2008	Percentage Increase/(Decrease)	
	2010	2009	through Dec. 31, 2008	through Jan. 27, 2008		10 vs. 09	09 vs. 08
Casino revenues	\$ 1,544.4	\$ 1,476.0	\$ 1,579.9	\$ 138.7	\$ 1,718.6	4.6%	(14.1)%
Net revenues	2,834.8	2,698.0	3,000.6	253.6	3,254.2	5.1%	(17.1)%
Income/(loss) from operations	349.9	(681.0)	(1,988.0)	51.9	(1,936.1)	N/M	64.8%
Impairment of intangible assets, including goodwill		1,130.9	2,579.4		2,579.4	N/M	N/M
Income from operations before impairment charges	349.9	449.9	591.4	51.9	643.3	(22.2)%	(30.1)%
Operating margin	12.3%	(25.2)%	(66.3)%	20.5%	(59.5)%	37.5 pts	34.3 pts
Operating margin before impairment charges	12.3%	16.7%	19.7%	20.5%	19.8%	(4.4) pts	(3.1) pts

In February 2010, CEOC, a wholly-owned subsidiary of Caesars acquired 100% of the equity interests of PHW Las Vegas, which owns Planet Hollywood. Net revenues and income from continuing operations before income taxes (excluding transaction costs associated with the acquisition) of Planet Hollywood subsequent to the date of acquisition are included in our consolidated results from operations.

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

For the year ended December 31, 2010, hotel occupancy remained above 90%, and net revenues increased 5.1% in the Las Vegas region from 2009 due to the Planet Hollywood acquisition. On a same-store basis, revenues declined 3.5% for the year ended December 31, 2010, resulting primarily from decreased spend per trip. Increased labor and depreciation expenses in the region combined with the income impact of reduced same-store

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revenues resulted in reduced income from operations for 2010, before consideration of impairment charges. Income from operations for the year ended December 31, 2010 includes incremental depreciation associated with the Caesars Palace expansions placed into service late in 2009, increased levels of remediation costs during 2010 at two properties within the region, and the write-off of assets associated with certain capital projects. Loss from operations for the year ended December 31, 2009 includes charges of \$1,130.9 million related to impairment of intangible assets in the region.

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

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

Atlantic City Region

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

(\$ in millions)	Successor			Predecessor		Percentage Increase/(Decrease)	
	2010	2009	Jan. 28, 2008 through Dec. 31, 2008	Jan. 1, 2008 through Jan. 27, 2008	Combined 2008	10 vs. 09	09 vs. 08
Casino revenues	\$ 1,696.8	\$ 1,894.5	\$ 2,111.8	\$ 163.4	\$ 2,275.2	(10.4)%	(16.7)%
Net revenues	1,899.9	2,025.9	2,156.0	160.8	2,316.8	(6.2)%	(12.6)%
Income/(loss) from operations	83.7	28.3	(415.4)	18.7	(396.7)	N/M	N/M
Impairment of intangible assets, including goodwill		178.7	699.9		699.9	N/M	N/M
Income from operations before impairment charges	83.7	207.0	284.5	18.7	303.2	(59.6)%	(31.7)%
Operating margin	4.4%	1.4%	(19.3)%	11.6%	(17.1)%	3.0 pts	18.5 pts
Operating margin before impairment charges	4.4%	10.2%	13.2%	11.6%	13.1%	(5.8) pts	(2.9) pts

Hurricane Irene, which made landfall in New Jersey in August 2011, caused temporary closures of four of our properties in the Atlantic City region during one of the final weekends of the peak summer season. We estimate that the closures reduced net revenues by approximately \$22 million to \$27 million and reduced income from operations by approximately \$15 million to \$20 million. In addition, revenues in the region continued to be affected by competition from new casinos and the mid-2010 introduction of table games in the Pennsylvania

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market. Income from operations for the nine months ended September 30, 2011 was lower as a result of the income impact of reduced net revenues, partially offset by reduced property operating expenses due to reduced and more focused marketing expenses, lower depreciation expense and reduced payroll-related and property tax expenses.

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

Revenues for 2009 were lower than in 2008 due to reduced trips and spend per trip, as well as competition from slot parlors in Pennsylvania. Income from operations before impairment charges for 2009 was also lower than in 2008 as cost savings initiatives were insufficient to offset the earnings impact of the reduced revenues and increased marketing expenses. These adverse factors were partially offset by the full-year impact of the 2008 expansion of the Harrah's Atlantic City property.

Louisiana/Mississippi Region

(\$ in millions)	Nine Months Ended September 30,		Percentage (Decrease)
	2011	2010	
Casino revenues	\$ 775.4	\$ 833.0	(6.9)%
Net revenues	845.5	908.8	(7.0)%
Income from operations	106.0	38.2	N/M
Impairment of intangible assets, including goodwill		51.0	N/M
Income from operations before impairment charges	106.0	89.2	18.8%
Operating margin	12.5%	4.2%	8.3 pts
Operating margin before impairment charges	12.5%	9.8%	2.7 pts

(\$ in millions)	Successor			Predecessor		Percentage Increase/ (Decrease)	
	2010	2009	Jan. 28, 2008 through Dec. 31, 2008	Jan. 1, 2008 through Jan. 27, 2008	Combined 2008	10 vs. 09	09 vs. 08
Casino revenues	\$ 1,096.4	\$ 1,140.8	\$ 1,252.7	\$ 99.0	\$ 1,351.7	(3.9)%	(15.6)%
Net revenues	1,193.4	1,245.2	1,340.8	106.1	1,446.9	(4.2)%	(13.9)%
Income from operations	69.9	181.4	28.3	10.1	38.4	(61.5)%	N/M
Impairment of intangible assets, including goodwill	51.0	6.0	328.9		328.9	N/M	N/M
Income from operations before impairment charges	120.9	187.4	357.2	10.1	367.3	(35.5)%	(49.0)%
Operating margin	5.9%	14.6%	2.1%	9.5%	2.7%	(8.7) pts	11.9 pts
Operating margin before impairment charges	10.1%	15.0%	26.6%	9.5%	25.4%	(4.9) pts	(10.4) pts

Net revenues in the region decreased for the nine months ended September 30, 2011 due to decreased trips. However, spend per trip increased. Net revenues for the nine months ended September 30, 2011 were further reduced by the temporary closures of three properties in the region in the first half 2011 due to flooding and severe weather conditions. Included in the nine months ended September 30, 2010 income from operations was

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an impairment charge of \$51.0 million related to goodwill and other non-amortizing intangible assets at one of the region's properties. Prior to the consideration of the 2010 impairment charge, income from operations improved for the nine months ended September 30, 2011 as costs incurred during the flood-related closures, as well as those connected with restoring the affected properties to operating condition, of approximately \$21 million have not been expensed, but instead have been recorded as a receivable from third-party insurance providers. The nine months ended September 30, 2010 included a one-time rent adjustment paid to the City of New Orleans in the amount of \$6.4 million.

Reduced trips and spend per trip unfavorably impacted the Louisiana/ Mississippi region revenues for the year ended December 31, 2010. Income from operations for the year ended December 31, 2010 included a charge of \$51.0 million related to impairment of goodwill and other non-amortizing intangible assets at one of the region's properties. Income from operations for the year ended December 31, 2009 included a charge of \$6.0 million related to impairment of intangible assets at one of the region's properties. Income from operations for the year ended December 31, 2010 was lower than in 2009, prior to consideration of impairment charges, as cost-saving initiatives were unable to offset the income impact of reduced revenues and increased marketing expenses.

Revenues for 2009 in the region were lower compared to 2008 driven by trip declines due to the economic environment. Included in income from operations for 2008 were \$328.9 million of impairment charges for goodwill and other non-amortizing assets of certain properties within the region. Prior to the consideration of impairment charges and the insurance proceeds received in 2008 of \$185.4 million from the final settlement of claims related to 2005 hurricane damage at certain properties, income from operations before impairment charges for 2009 improved slightly when compared to 2008 primarily as a result of cost savings initiatives within the region. During December 2009, we rebranded Sheraton Tunica to Tunica Roadhouse. For the rebranding, the property was closed for a minimal amount of time, during a traditionally quiet period, resulting in limited disruptions to operations.

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

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(\$ in millions)	Nine Months Ended September 30,		Percentage (Decrease)
	2011	2010	
Casino revenues	\$ 511.6	\$ 524.3	(2.4)%
Net revenues	546.7	560.3	(2.4)%
Income from operations	137.6	128.6	7.0%
Impairment of intangible assets, including goodwill		9.0	N/M
Income from operations before impairment charges	137.6	137.6	
Operating margin	25.2%	23.0%	2.2 pts
Operating margin before impairment charges	25.2%	24.6%	0.6 pts

(\$ in millions)	Successor			Predecessor		Percentage Increase/(Decrease)	
	2010	2009	Jan. 28, 2008 through Dec. 31, 2008	Jan. 1, 2008 through Jan. 27, 2008	Combined 2008	10 vs. 09	09 vs. 08
Casino revenues	\$ 688.4	\$ 707.3	\$ 678.7	\$ 52.5	\$ 731.2	(2.7)%	(3.3)%
Net revenues	735.4	756.6	727.0	55.8	782.8	(2.8)%	(3.3)%
Income from operations	171.0	187.5	108.2	7.7	115.9	(8.8)%	61.8%
Impairment of intangible assets, including goodwill	9.0		49.0		49.0	N/M	N/M
Income from operations before impairment charges	180.0	187.5	157.2	7.7	164.9	(4.0)%	13.7%
Operating margin	23.3%	24.8%	14.9%	13.8%	14.8%	(1.5) pts	10.0 pts
Operating margin before impairment charges	24.5%	24.8%	21.6%	13.8%	21.1%	(0.3) pts	3.7 pts

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

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

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

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(\$ in millions)	Nine Months Ended September 30,		Percentage Increase/ (Decrease)
	2011	2010	
Casino revenues	\$ 775.5	\$ 880.7	(11.9)%
Net revenues	806.1	881.9	(8.6)%
Income/(loss) from operations	110.2	93.9	17.4%
Impairment of intangible assets, including goodwill		20.0	N/M
Income from operations before impairment charges	110.2	113.9	(3.2)%
Operating margin	13.7%	10.6%	3.1 pts
Operating margin before impairment charges	13.7%	12.9%	0.8 pts

(\$ in millions)	Successor			Predecessor		Percentage Increase/(Decrease)	
	2010	2009	Jan. 28, 2008 through Dec. 31, 2008	Jan. 1, 2008 through Jan. 27, 2008	Combined 2008	10 vs. 09	09 vs. 08
Casino revenues	\$ 1,152.9	\$ 1,180.7	\$ 1,102.5	\$ 86.9	\$ 1,189.4	(2.4)%	(0.7)%
Net revenues	1,160.1	1,172.3	1,098.7	85.5	1,184.2	(1.0)%	(1.0)%
Income/(loss) from operations	119.0	(35.4)	(505.9)	8.7	(497.2)	N/M	92.9%
Impairment of intangible assets, including goodwill	58.0	180.7	617.1		617.1	N/M	N/M
Income from operations before impairment charges	177.0	145.3	111.2	8.7	119.9	21.8%	21.2%
Operating margin	10.3%	(3.0)%	(46.0)%	10.2%	(42.0)%	13.3 pts	39.0 pts
Operating margin before impairment charges	15.3%	12.4%	10.1%	10.2%	10.1%	2.9 pts	2.3 pts

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

Revenues in the region decreased for the year ended December 31, 2010 from 2009 due to decreased spend per trip. Income from operations for the year ended December 31, 2010 included a charge of \$58.0 million related to impairment of goodwill and other non-amortizing intangible assets at certain of the region's properties, partially offset by the benefit of a \$23.5 million property tax accrual adjustment recorded in 2010. Loss from operations for the year ended December 31, 2009 included a charge of \$180.7 million related to impairment of intangible assets at certain of the region's properties. Income from operations, prior to consideration of impairment charges, increased for the year ended December 31, 2010 relative to 2009 as a result of reduced marketing expenses and the aforementioned property tax accrual adjustment.

For the year ended December 31, 2009, revenues were relatively unchanged compared to 2008 due to the full year impact of the 2008 expansion of the Horseshoe Hammond property, which offset the revenue declines at other properties in the region. The Horseshoe Hammond renovation and expansion was completed in August 2008. Cost savings initiatives at properties in the region also contributed to the increase in income from operations before impairment charges in 2009.

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(\$ in millions)	Nine Months Ended September 30,		Percentage (Decrease)
	2011	2010	
Casino revenues	\$ 274.8	\$ 275.8	(0.4)%
Net revenues	355.1	353.5	0.5%
Income/(loss) from operations	48.4	(12.7)	N/M
Impairment of intangible assets, including goodwill		49.0	N/M
Income from operations before impairment charges	48.4	36.3	33.3%
Operating margin	13.6%	(3.6)%	17.2 pts
Operating margin before impairment charges	13.6%	10.3%	3.3 pts

(\$ in millions)	Successor			Predecessor		Percentage Increase/(Decrease)	
	2010	2009	Jan. 28, 2008 through Dec. 31, 2008	Jan. 1, 2008 through Jan. 27, 2008	Combined 2008	10 vs. 09	09 vs. 08
Casino revenues	\$ 351.0	\$ 372.0	\$ 425.4	\$ 30.2	\$ 455.6	(5.6)%	(18.3)%
Net revenues	447.5	472.6	534.0	38.9	572.9	(5.3)%	(17.5)%
(Loss)/income from operations	(13.9)	47.3	(255.9)	0.5	(255.4)	N/M	N/M
Impairment of intangible assets, including goodwill	49.0	4.0	318.5		318.5	N/M	N/M
Income from operations before impairment charges	35.1	51.3	62.6	0.5	63.1	(31.6)%	(18.7)%
Operating margin	(3.1)%	10.0%	(47.9)%	1.3%	(44.6)%	(13.1) pts	54.6 pts
Operating margin before impairment charges	7.8%	10.9%	11.7%	1.3%	11.0%	(3.1) pts	(0.1) pts

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

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

For 2009, revenues were lower than in 2008 due to reduced trips and lower spend per trip. Cost-savings initiatives implemented throughout 2009 partially offset the earnings impact of the net revenue declines. During December 2009, we announced the permanent closure of Bill's Lake Tahoe effective in January 2010, which was later sold in February 2010. The closure and sale were the result of several years of declining business levels at that property.

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

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

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

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

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

(\$ in millions)	Nine Months Ended September 30,		Percent Increase/ (Decrease)
	2011	2010	
Net revenues	\$ 373.1	\$ 349.9	6.6%
Income/(loss) from operations	24.0	14.7	63.3%
Impairment of intangible assets, including goodwill		6.0	N/M
Income/(loss) from operations before impairment charges	24.0	20.7	15.9%
Operating margin	6.4%	4.2%	2.2 pts
Operating margin before impairment charges	6.4%	5.9%	0.5 pts

(\$ in millions)	Successor			Predecessor		Percentage Increase/(Decrease)	
	2010	2009	Jan. 28, 2008 through Dec. 31, 2008	Jan. 1, 2008 through Jan. 27, 2008	Combined 2008	10 vs. 09	09 vs. 08
Net revenues	\$ 475.0	\$ 460.1	\$ 434.8	\$ 56.2	\$ 491.0	3.2%	(6.3)%
Income/(loss) from operations	22.4	(3.6)	(253.9)	6.2	(247.7)	N/M	98.5%
Impairment of intangible assets, including goodwill	6.0	31.0	210.8		210.8	N/M	N/M
Income/(loss) from operations before impairment charges	28.4	27.4	(43.1)	6.2	(36.9)	3.6%	N/M
Operating margin	4.7%	(0.8)%	(58.4)%	11.0%	(50.4)%	5.5 pts	49.6 pts
Operating margin before impairment charges	6.0%	6.0%	(9.9)%	11.0%	(7.5)%		13.5 pts

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

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

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

Table of Contents**Other Factors Affecting Net Income**

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

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

Corporate expense decreased in 2010 from the comparable period in 2009 due primarily to expenses incurred in connection with our April 2009 debt exchange transaction that did not recur during 2010 and reduced expense associated with incentive compensation, partially offset by increased labor-related expenses for year ended December 31, 2010 when compared with the same period of 2009.

Corporate expense increased in 2009 from 2008 due to certain non-capitalizable expenses related to the debt exchange offer and other advisory services, partially offset by the continued realization of cost-savings initiatives that began in the third quarter of 2008.

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Write-downs, reserves and recoveries

Given the nature of the transactions included within write-downs, reserves and recoveries, these amounts are not expected to be comparable from year-to-year, nor are the amounts expected to follow any particular trend.

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

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

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

Write-downs, reserves and recoveries in 2009 of \$107.9 million increased when compared with \$20.9 million in 2008. Included in the amounts for 2008 are insurance proceeds related to the 2005 hurricanes totaling \$185.4 million. Prior to these insurance proceeds, write-downs, reserves and recoveries for 2008 were \$206.3 million. Amounts incurred in 2009 for remediation costs were \$39.3 million, a decrease of \$25.6 million from similar costs in 2008. We recorded \$59.3 million in impairment charges for long-lived tangible assets during 2009, an increase of \$19.7 million when compared to 2008. The majority of the 2009 charge was related to our Company's office building in Memphis, Tennessee due to the relocation to Las Vegas, Nevada of those corporate functions formerly performed at that location. We recorded \$34.8 million in charges related to efficiency projects that were also a result of the relocation.

Also during 2009, associated with its closure and ultimate liquidation, we wrote off the assets and liabilities on one of our London Club properties. Because the assets and liabilities were in a net liability position, a pre-tax gain of \$9.0 million was recognized in the fourth quarter of 2009. The recognized gain was partially offset by charges related to other projects. 2009 also included a reversal of an accrual for approximately \$30 million due to a judgment against us that was vacated in third quarter of 2009. This amount was previously charged to write-downs, reserves and recoveries in 2006 and was reversed accordingly upon the vacated judgment.

Impairment of intangible assets

During the fourth quarter of each year, we perform annual assessments for impairment of goodwill and other intangible assets that are not subject to amortization as of September 30. We perform assessments for impairment of goodwill and other non-amortizing intangible assets more frequently if impairment indicators exist.

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

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

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

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

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

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

Acquisition and integration costs

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

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

Amortization of intangible assets

Amortization of intangible assets was lower in 2010 when compared to 2009 due to lower intangible asset balances as a result of certain contract rights being fully amortized during 2009.

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

Interest Expense

Interest expense decreased \$23.6 million for the nine months ended September 30, 2011, compared to the same period in 2010. Interest expense is reported net of capitalized interest of \$12.3 million and \$1.1 million for the nine months ended September 30, 2011 and 2010, respectively. The majority of the capitalized interest in 2011 relates to the construction that resumed on the Octavius Tower at Caesars Palace Las Vegas. Prior to the consideration of capitalized interest, interest expense decreased by \$12.4 million for the nine months ended September 30, 2011, compared to the same period in 2010 due to changes in fair values of derivative instruments,

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the impact of 2011 swap amendments and lower outstanding debt levels during the nine-month period when compared to the same period in 2010. The decrease was partially offset by additional amortization of deferred losses frozen in Accumulated Other Comprehensive Loss, or AOCL, and additional interest expense associated with new debt issuances. Interest expense for the nine months ended September 30, 2011, as a result of interest rate swap agreements and interest rate cap agreements, includes (i) \$74.3 million of gains due to measured ineffectiveness and amounts excluded from effectiveness testing for derivatives designated as hedging instruments; (ii) \$11.9 million of expense due to changes in fair value for derivatives not designated as hedging instruments; and (iii) \$59.8 million of expense due to amortization of deferred losses frozen in AOCL.

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

Interest expense declined by \$272.1 million in the year ended December 31, 2009 compared to the same period in 2008 primarily due to lower debt levels resulting from debt exchanges completed in April 2009 and December 2008 and debt purchases on the open market during 2009. Interest expense for 2009, as a result of interest rate swap agreements and interest rate cap agreement, was (i) reduced \$7.6 million due to measured ineffectiveness; (ii) increased \$3.8 million due to amortization of deferred losses frozen in AOCL; and (iii) increased \$12.1 million due to losses originally deferred in AOCL and subsequently reclassified to interest expense associated with hedges for which the forecasted future transactions were no longer probable of occurring. At December 31, 2009, our variable-rate debt, excluding \$5,810.0 million of variable-rate debt for which we entered into interest rate swap agreements, represented approximately 37% of our total debt, while our fixed-rate debt was approximately 63% of our total debt.

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

(Gains)/losses on early extinguishments of debt

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

Pre-tax gains on early extinguishments of debt were \$115.6 million in the year ended December 31, 2010. In the fourth quarter of 2009, we purchased \$948.8 million of face value of CMBS Loans for \$237.2 million. Pursuant to the terms of the CMBS Amendment, we agreed to pay lenders selling CMBS Loans during the fourth quarter of 2009 an additional \$47.4 million for their loans previously sold. This additional liability was recorded as a pre-tax loss on early extinguishment of debt during the first quarter of 2010 and was paid during the fourth quarter of 2010.

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

In June 2010, we purchased \$46.6 million face value of CMBS Loans for \$22.6 million, recognizing a pre-tax net gain on the transaction of \$23.3 million during the second quarter of 2010. In September 2010, in connection with the execution of an amendment to our CMBS Financing (as more fully discussed in *Liquidity and Capital Resources* below), we purchased \$123.8 million face value of CMBS Loans for \$37.1 million and recognized a pre-tax gain on the transaction of \$77.4 million, net of deferred finance charges.

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

Pre-tax gains on early extinguishments of debt of \$4,965.5 million in the year ended December 31, 2009 related to multiple debt transactions initiated throughout the year, including (i) the exchange of \$3,648.8 million principal amount of new 10% second-priority senior secured notes due in 2018 for \$5,470.1 million aggregate principal amount of outstanding debt with maturity dates ranging from 2010 to 2018; (ii) the purchase of \$1,601.5 million principal amount of outstanding debt through tender offers or open market purchases; and (iii) the early retirement of \$948.8 million principal amount of CMBS Loans represented discounts related to the exchange of certain outstanding debt for new debt in the second quarter, CMBS debt repurchases in the fourth quarter, and purchases of certain of our debt in the open market during 2009. The gains were partially offset by the write-off of market value premiums and unamortized debt issue costs.

Pre-tax gains on early extinguishments of debt of \$742.1 million in 2008 represented discounts related to the exchange of certain debt for new debt and purchases of certain of our debt in connection with an exchange offer in December 2008 and in the open market. The gains were partially offset by the write-off of market value premiums and unamortized deferred financing costs.

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

Other income

Other income for all periods presented included interest income on the cash surrender value of life insurance policies.

As a result of the cancellation of our debt investment in certain predecessor entities of PHW Las Vegas in exchange for the equity of PHW Las Vegas, we recognized a gain of \$7.1 million to adjust our investment to reflect the estimated fair value of consideration paid for the acquisition. This gain is reflected in Other income, including interest income, in our consolidated statement of operations for the year ended December 31, 2010. In addition, other income for all periods presented included insurance policy proceeds related to our deferred compensation plan.

Income tax (benefit)/provision

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

Income tax benefit for the year ended December 31, 2010 was primarily attributable to tax benefits associated with operating losses, partially offset by the non-deductibility of the impairment charges on goodwill

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and international income taxes. In 2009, income tax expense was primarily attributable to the tax impact of gains on early extinguishments of debt and the non-deductibility of the impairment charges on goodwill and other non-amortizing intangible assets. Refer to note 12 to our audited consolidated financial statements, included elsewhere in this prospectus for more information.

Other items

Discontinued operations for 2008 reflects insurance proceeds of \$87.3 million, after taxes, representing the final funds received that were in excess of the net book value of the impacted assets and costs and expenses that were reimbursed under our business interruption claims for a 2005 hurricane that caused damage to our Grand Casino Gulfport property.

Liquidity and Capital Resources

Cost Savings Initiatives

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

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

Capital Spending and Development

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

Our planned development projects, if they go forward, will require, individually and in the aggregate, significant capital commitments and, if completed, may result in significant additional revenues. The commitment of capital, the timing of completion and the commencement of operations of development projects are contingent upon, among other things, negotiation of final agreements and receipt of approvals from the appropriate political and regulatory bodies. We must also comply with covenants and restrictions set forth in our debt agreements. Our capital spending for the nine months ended September 30, 2011 totaled \$196.8 million, which includes an increase of \$31.9 million of construction payables. Estimated total capital expenditures for 2011, including 2011 expenditures associated with Project Linq and Project Octavius, are expected to be between \$280.0 million and \$350.0 million.

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

Liquidity

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

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

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

We are a highly leveraged company and a significant amount of our liquidity needs are for debt service. As of September 30, 2011, we had \$19,620.6 million book value of indebtedness outstanding and cash paid for interest for the nine months ended September 30, 2011 was \$1,071.0 million.

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

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

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

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

During 2010, in conjunction with filing our 2009 tax return, we implemented several accounting method changes for tax purposes including a method change to deduct currently certain repairs and maintenance expenditures which had been previously capitalized. As a result of the combination of the tax accounting method changes with our net operating loss, we reported a taxable loss for 2009 of \$1,248.9 million. Of this loss, \$170.9 million was carried back to the 2008 tax year to offset federal taxable income recognized and tax payable from that year. In addition, under a new tax law, we elected to extend our loss carryback period. As a result, \$630.3 million of the 2009 taxable loss was carried back to 2006. We received an income tax refund of \$220.8 million, net of interest due on the 2008 tax payable, in the fourth quarter 2010.

Capital Resources

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

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

Assuming extensions permitted under the CMBS Financing and the PHW Las Vegas senior secured loan discussed in note 5 to our unaudited consolidated condensed financial statements included elsewhere in this prospectus, the majority of our debt is due in 2015 and beyond. Payments of short-term debt obligations and other commitments are expected to be made from operating cash flows and from borrowings under our established debt programs. Long-term obligations are expected to be paid through operating cash flows, refinancing of debt, joint venture partners or, if necessary, additional debt offerings.

As described in detail in note 5 to our unaudited consolidated condensed financial statements included elsewhere in this prospectus, certain of our borrowings have covenants and requirements that include, among other things, the maintenance of specific levels of financial ratios. Failure to comply with these covenants can result in limiting our long-term growth prospects by hindering our ability to incur future indebtedness or grow through acquisitions.

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

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The Eastern Band of Cherokee Indians renewed our management agreement for Harrah's Cherokee in North Carolina via an amendment (the Cherokee amendment) that includes a seven year term. The Cherokee amendment was approved by the National Indian Gaming Commission in September 2011. Our aggregate monthly commitment for the minimum guaranteed payments pursuant to the contracts for the three managed Indian-owned facilities did not change and extends for periods of up to 85 months from September 30, 2011. The aggregate commitment for the minimum guaranteed payments pursuant to the Cherokee amendment is \$84.0 million over the contract term.

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

Competitive Pressures

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

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

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

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

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Significant Accounting Policies and Estimates

We prepare our financial statements in conformity with GAAP. Certain of our accounting policies, including the estimated lives assigned to our assets, the determination of bad debt, asset impairment, fair value of guarantees and self-insurance reserves, the purchase price allocations made in connection with our acquisitions/merger and the calculation of our income tax liabilities, require that we apply significant judgment in defining the appropriate assumptions for calculating financial estimates. By their nature, these judgments are subject to an inherent degree of uncertainty. Our judgments are based on our historical experience, terms of existing contracts, observance of trends in the industry, information provided by our customers and information available from other outside sources, as appropriate. Actual results may differ from our estimates. For a summary of our significant accounting policies, please refer to the notes to our audited consolidated financial statements included elsewhere in this prospectus. Significant changes to our accounting policies and any new accounting pronouncements are further discussed in note 1, and note 2, respectively, to our unaudited consolidated condensed financial statements as of September 30, 2011, included elsewhere in this prospectus.

We consider accounting estimates to be critical accounting policies when:

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

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

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

Property and Equipment

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

Goodwill and Other Intangible Assets

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

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

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

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

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

We determine estimated fair value of a reporting unit as a function, or multiple, of EBITDA combined with estimated future cash flows discounted at rates commensurate with our capital structure and the prevailing borrowing rates within the casino industry in general. We determine the estimated fair values of our intangible assets by using the relief from royalty and excess earnings methods under the income approach.

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

Total Rewards Point Liability Program

Our customer loyalty program, Total Rewards, offers incentives to customers who gamble at certain of our casinos throughout the United States. Under the program, customers are able to accumulate, or bank, reward credits over time that they may redeem at their discretion under the terms of the program. The reward credit balance will be forfeited if the customer does not earn a reward credit over the prior six-month period. As a result of the ability of the customer to bank the reward credits, we accrue the expense of reward credits, after consideration of estimated forfeitures (referred to as breakage), as they are earned. The value of the cost to provide reward credits is expensed as the reward credits are earned and is included in Casino expense on our

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Consolidated Statements of Operations. To arrive at the estimated cost associated with reward credits, estimates and assumptions are made regarding incremental costs of the benefits, breakage rates and the mix of goods and services for which reward credits will be redeemed. We use historical data to assist in the determination of estimated accruals.

In addition to reward credits, customers at certain of our properties can earn points based on play that are redeemable in cash (cash-back points). In 2007, certain of our properties introduced a modification to the cash-back program whereby points are redeemable in playable credits at slot machines where, after one play-through, the credits can be cashed out. We accrue the cost of cash-back points and the modified program, after consideration of estimated breakage, as they are earned. The cost is recorded as contra-revenue and included in Casino promotional allowances on our Consolidated Statements of Operations.

Allowance for Doubtful Accounts

We reserve an estimated amount for receivables that may not be collected. Methodologies for estimating allowance for doubtful accounts range from specific reserves to various percentages applied to aged receivables. Historical collection rates are considered, as are customer relationships, in determining specific reserves. As with many estimates, management must make judgments about potential actions by third parties in establishing and evaluating our reserves for allowance for doubtful accounts.

Self-Insurance Accruals

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

Income Taxes

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

The effect on the income tax provision and deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. We have previously provided a valuation allowance on foreign tax credits, certain foreign and state net operating losses (NOLs), and other deferred foreign and state tax assets. Certain foreign and state NOLs and other deferred foreign and state tax assets were not deemed realizable because they are attributable to subsidiaries that are not expected to produce future earnings.

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We adopted the new accounting requirements regarding uncertain income tax positions on January 1, 2007. We classify reserves for tax uncertainties within *Accrued expenses* and *Deferred credits and other* in our Consolidated Balance Sheets, separate from any related income tax payable or deferred income taxes. Reserve amounts for uncertain tax positions relate to any potential income tax liabilities resulting from uncertain tax positions, as well as potential interest or penalties associated with those liabilities.

We file income tax returns, including returns for our subsidiaries, with federal, state, and foreign jurisdictions. We are under regular and recurring audit by the Internal Revenue Service (*IRS*) on open tax positions, and it is possible that the amount of the liability for unrecognized tax benefits could change during the next twelve months.

Derivative Instruments

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

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

Quantitative and Qualitative Disclosure About Market Risk

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, foreign currency exchange rates and commodity prices. Our primary exposure to market risk is interest rate risk associated with our debt. We attempt to limit our exposure to interest rate risk by managing the mix of our debt between fixed-rate and variable-rate obligations. Of our \$22,513.6 million total face value of debt at September 30, 2011, we have entered into interest rate swap agreements to fix the interest rate on \$5,750.0 million of variable rate debt, and \$7,705.1 million of debt remains subject to variable interest rates, of which \$5,549.2 million is subject to interest rate cap agreements.

We use interest rate swaps to manage the mix of our debt between fixed and variable rate instruments. As of September 30, 2011, we have entered into eight interest rate swap agreements for notional amounts totaling \$5,750.0 million. The difference to be paid or received under the terms of the interest rate swap agreements is accrued as interest rates change and recognized as an adjustment to interest expense for the related debt. Changes in the variable interest rates to be paid or received pursuant to the terms of the interest rate swap agreements will have a corresponding effect on future cash flows.

In addition to the swap agreements, we entered into an interest rate cap agreement for a notional amount of \$6,500.0 million at a LIBOR cap rate of 4.5% and an interest rate cap agreement for a notional amount of \$554.3 million at a LIBOR cap rate of 5.0%. Assuming a constant outstanding balance for our variable rate debt for the next twelve months, a hypothetical 1% increase in interest rates would increase interest expense for the next twelve months by approximately \$60 million. At September 30, 2011, the weighted average USD LIBOR rate on our variable rate debt was approximately 0.241%. A hypothetical reduction of this rate to 0% would decrease interest expense for the next twelve months by approximately \$15 million.

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

The table below provides information as of September 30, 2011, about our financial instruments that are sensitive to changes in interest rates, including debt obligations and interest rate swaps. For debt obligations, the table presents principal cash flows and related weighted average interest rates by maturity dates. Principal amounts are used to calculate the payments to be exchanged under the related agreement(s) and weighted average variable rates are based on implied forward rates in the yield curve as of September 30, 2011.

	2011	2012	2013	2014	2015	Thereafter	Total	FMV
(\$ in millions)								
Long-term debt								
Fixed rate	\$ 9.1	\$ 34.9	\$ 158.6	\$ 28.6	\$ 5,566.6	\$ 10,184.0	\$ 15,981.8	\$ 12,505.5
Average interest rate	7.3%	7.6%	5.8%	7.7%	3.7%	9.5%	7.5%	
Variable rate	\$ 2.5	\$ 10.0	\$ 10.0	\$ 10.0	\$ 5,559.2	\$ 940.1	\$ 6,531.8	\$ 4,844.6
Average interest rate	9.5%	9.5%	9.5%	9.5%	4.2%	9.5%	4.2%	
Interest Rate Derivatives								
Interest rate swaps								
Variable to fixed	\$	\$	\$	\$	\$ 5,750.0	\$	\$ 5,750.0	\$ (354.8)
Average pay rate	3.3%	3.3%	3.3%	3.3%	3.3%		3.3%	
Average receive rate	0.3%	0.5%	0.6%	0.7%	0.9%		0.6%	
Interest rate cap	\$ 554.3	\$	\$ 6,500.0	\$	\$	\$	\$ 7,054.3	\$ 0.3

As of December 31, 2010 and 2009, our long-term variable rate debt reflects borrowings under our senior secured credit facilities provided to us by a consortium of banks with a total capacity of \$8,435.1 million and \$8,465.1 million, respectively. The interest rates charged on borrowings under these facilities are a function of LIBOR. As such, the interest rates charged to us for borrowings under the facilities are subject to change as LIBOR changes.

Foreign currency translation gains and losses were not material to our results of operations for the nine months ended September 30, 2011 and 2010, the year ended December 31, 2010, and 2009, the Successor period from January 28, 2008 through December 31, 2008, nor the Predecessor period from January 1, 2008 through January 27, 2008. Our only material ownership interests in businesses in foreign countries are London Clubs, Macau Orient Golf and an approximate 95% ownership of a casino in Uruguay. Therefore, we have not been subject to material foreign currency exchange rate risk from the effects that exchange rate movements of foreign currencies would have on our future operating results or cash flows.

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

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INDUSTRY

Introduction

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

US Commercial Casino Gaming

(\$ in billions)

Source: 2011 AGA Survey of Casino Entertainment.

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

Liberalization of existing and new jurisdictions. Domestically, several states are in the process of either liberalizing existing gaming offerings or legalizing gaming activities where they are currently illegal. These locations are generally regional in nature and should increase overall gaming spending and open up new opportunities for ownership and management of casinos. For example, in 2010, Pennsylvania began allowing table games in casinos and in Ohio a voter referendum in November 2009 amended the state constitution to allow casinos in four cities.

Limited supply expansion in established gaming markets. We estimate there will be limited supply introduced into established markets in the foreseeable future, in part due to limited availability of construction financing and the limited number of available licenses in certain jurisdictions. The lack of additional supply being introduced should provide stability for established enterprises and lead to increased revenues and profit. For example, in the Las Vegas market there are no planned large-scale casino projects expected to open in the near term.

Favorable travel industry trends. Our industry is heavily dependent upon both the leisure and business traveler. The trends in both of these areas have turned positive since 2010, as evidenced by increasing hotel occupancy, visitor counts and convention space booking.

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

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United States Commercial Gaming Industry

Casino gambling was first legalized in the U.S. by the State of Nevada in 1931. Since then, the industry has grown to 438 commercial casinos in 15 states with \$30.9 billion of gross gaming revenue, according to the American Gaming Association, or AGA. Additionally, according to the AGA, the relatively recent development of Tribal gaming establishments has created another 456 gaming operations across 28 states. According to Casino City’s North American Gaming Almanac, there are over 735,000 slots and 28,000 table games (including poker) in the U.S., including Tribal casinos.

Historically, the U.S. gaming industry was predominately located in two cities, Las Vegas, NV and Atlantic City, NJ. In 2010, the Las Vegas Strip and Atlantic City generated \$9.4 billion of revenue and accounted for approximately 30% of the total commercial casino revenues in the U.S. However, as casinos have gained more recognition as a key source of entertainment, jobs, and income, and as the demand for gaming has increased, there has been an increased proliferation of gaming in other regional markets. The following chart shows total revenues in the top 10 casino markets in the U.S. for 2010:

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

(\$ in billions)

Source: 2011 AGA Survey of Casino Entertainment.

Las Vegas

Las Vegas is the largest and most prominent gaming market in the U.S. with 176 licensed casinos, 124,306 nonrestricted slot machines, 4,419 licensed tables and \$8.9 billion of gaming revenue in 2010 for Clark County. Las Vegas’ 148,935 hotel rooms consistently exhibit occupancy rates in the 80% – 90% range and are home to 18 of the 25 largest hotels in the world. During the past 10-15 years, Las Vegas has successfully focused on attracting more than just gamblers as operators have invested in non-gaming amenities. As a result, Las Vegas has become one of the nation’s most popular convention destinations and draws travelers attracted to the city’s fine dining, shopping, and entertainment, as well as the gaming facilities. The city drew 36.4 million and 37.3 million visitors in 2009 and 2010, respectively.

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

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Las Vegas Hotel Room Supply and Visitation

(1990 LTM (8/30/2011))

Source: LVCVA.

During 2010 and the first half of 2011, visitation trends have been improving and LTM visitation (as of 8/30/2011) of 38.5 million is approaching the 2007 peak. Hotel occupancy rates have also improved from 83.5% in 2010 to 88.1% 2011 (YTD occupancy rates as of August).

Las Vegas Visitation Growth

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

Source: LVCVA.

Lower room rates and airfares have drawn leisure travelers and improved the attractiveness of Las Vegas for conventions. This has been the primary generator of recent visitation growth in the market. As the Strip has continued to evolve there has been a substantial shift in revenue mix, with an increased focus on non-gaming amenities. Industry analysts believe that there are three primary influences for this shift in recent years:

- (1) newer, larger and more diverse resorts

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(2) greater focus on the convention market and

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

As the total room inventory in Las Vegas has grown via the increasing presence of mega-resorts, there has been a corresponding impact in non-gaming revenues. According to Nevada State Gaming Control Board Nevada Gaming Abstract, while gaming revenues have continued to grow in terms of absolute dollars, from \$2.3 billion in 1990 to \$5.8 billion in 2010 (4.7% compound annual growth rate, or CAGR), the percentage of total Strip casino-hotel resort revenues represented by gaming (casino) has declined substantially over the past 18 years, from 58% of total revenues in 1990 to just 44.9% in 2010.

Las Vegas gaming revenues have been gaining momentum in 2010 and 2011. Excluding baccarat due to volatility, gaming revenues have grown 5.8%, 6.8% and 2.1% in the first, second and third quarter of 2011, respectively.

Las Vegas Strip Gaming Revenue Growth

(Y-o-Y growth)

Source: Nevada Gaming Control Board.

Las Vegas continues to be an intensely competitive market with continued increases in new development and expansions. In April 2005, Wynn Resorts opened the first new resort on the Strip since 1999. Along with Wynn's opening, several other competitors have opened new resorts over the last several years. In early 2008, the Las Vegas Sands opened an adjacent property to the Venetian Resort and Casino, named the Palazzo. Wynn Resorts also completed a new property adjacent to Wynn Las Vegas, called Encore, which opened in late 2008. In December 2009, MGM Resorts International opened CityCenter, a multi-use property on 67 acres of land on the Strip between Bellagio and Monte Carlo. Deutsche Bank opened the Cosmopolitan, a new hotel-casino situated between the Bellagio and CityCenter, in December 2010. However, there are no planned large-scale casino projects expected to open in the near term.

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

Atlantic City

Atlantic City first legalized gaming in 1976 and is now the second largest gaming market in the U.S. Home to 11 casinos and over 26,000 slots, the Atlantic City market benefits from attractive demographics with 45 million adults within a 300 mile radius. 2010 brought 29.3 million visitors, according to the South Jersey Transportation Authority.

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

Due to the introduction of competitive gaming options in the northeast region of the U.S. and the recent global economic recession, Atlantic City gaming revenues have fallen to \$3.6 billion as of 2010. Several recent trends have negatively impacted Atlantic City properties. In 2004, Pennsylvania passed legislation to legalize slot machines at seven horse racing tracks, five independent slot parlors and two resort slot parlors, and in July 2010 table games were introduced. Currently, ten facilities are open in Pennsylvania. Three of these casinos are in the Philadelphia area, with one additional scheduled to open in 2012.

Additionally, in 2007 Atlantic City enacted a smoking ban on 75% of the gaming floor space. Revenues have been impacted in the periods following the enactment, in some cases, dramatically.

Competition from Pennsylvania and New York, and the national economy, severely affected the Atlantic City market in 2008 and continued through 2010. We expect the recent declines in Atlantic City to stabilize as gaming expansion in the Mid-Atlantic region slows, and the Atlantic City Partnership, with the support of the New Jersey state government, focuses on four key areas to encourage future growth in the city: safety, marketing, regulatory reform and the Community Redevelopment Investment Act.

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

Regional Markets

Regional gaming markets have grown from \$21.9 billion in 2008 to \$23.1 billion today (LTM September 2011) as states continue to liberalize gaming regulations in order to generate increased economic growth and capture tax revenues. Customers are visiting these locations more often due to both their close proximity and as an alternative form of entertainment. States with (or expected to have) regional commercial gaming properties include Colorado, Illinois, Indiana, Iowa, Louisiana, Maryland, Michigan, Mississippi, Missouri, Pennsylvania, South Dakota, West Virginia, Delaware, Florida, Ohio and New York.

Regional Gaming Revenue Growth

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

Source: State Gaming Control Boards.

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Recently, several states have considered expanding gaming. In 2004, Pennsylvania passed legislation to legalize slot machines and in July 2010 table games were introduced. Ohio authorized full-scale casino gaming in November 2009 by passing an amendment to the Ohio Constitution that allows casino gaming in specific locations in Cleveland, Cincinnati, Columbus and Toledo. Four casinos are under construction, including two Caesars managed properties (Horseshoe Cincinnati and Horseshoe Cleveland), and all are expected to open by 2013. In June 2011, the Ohio General Assembly passed a bill that would allow the state's seven racetracks to apply for a \$50 million video lottery terminal license. This bill also allows racetracks in the state to relocate with the approval of the State Racing Commission.

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

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

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

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

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

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BUSINESS

Overview

We are the world's most diversified casino-entertainment provider and the most geographically diverse U.S. casino-entertainment company. Our business is primarily conducted through a wholly owned subsidiary, Caesars Entertainment Operating Company, Inc., or CEOC, although certain material properties are not owned by CEOC. As of September 30, 2011, we owned, operated or managed, through various subsidiaries, 52 casinos in 12 U.S. states and seven countries. The vast majority of these casinos operate in the United States and England, primarily under the Caesars, Harrah's and Horseshoe brand names in the United States. Our casino entertainment facilities include 33 land-based casinos, 12 riverboat or dockside casinos, three managed casinos on Indian lands in the United States, one managed casino in Canada, one casino combined with a greyhound racetrack, one casino combined with a thoroughbred racetrack and one casino combined with a harness racetrack. Our 33 land-based casinos include one in Uruguay, nine in England, one in Scotland, two in Egypt and one in South Africa. As of September 30, 2011, our facilities had an aggregate of approximately three million square feet of gaming space and approximately 42,000 hotel rooms. Our industry-leading customer loyalty program, Total Rewards, has over 40 million members. We use the Total Rewards System to market promotions and to generate customer play across our network of properties. In addition, we own an online gaming business, providing for real money casino, bingo and poker games in the United Kingdom, alliances with online gaming providers in Italy and France, play for fun offerings in other jurisdictions, social games on Facebook and other social media websites, and mobile application platforms. We also own and operate the World Series of Poker tournament and brand.

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

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

Description of Business

We have established a rich history of industry leading growth and expansion since we commenced casino operations in 1937. We own or manage casino entertainment facilities in more areas throughout the United States than any other participant in the casino industry. In addition to casinos, our facilities typically include hotel and convention space, restaurants and non-gaming entertainment facilities. Set forth below are our net revenues and Property EBITDA by region for the twelve months ended September 30, 2011:

In southern Nevada, Harrah's Las Vegas, Rio All-Suite Hotel & Casino, Caesars Palace, Bally's Las Vegas, Flamingo Las Vegas, Paris Las Vegas, Imperial Palace Hotel & Casino, Bill's Gamblin' Hall & Saloon and Hot

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Spot Oasis are located in Las Vegas, and draw customers from throughout the United States. On February 19, 2010, we acquired the Planet Hollywood in Las Vegas. Harrah's Laughlin is located near both the Arizona and California borders and draws customers primarily from the southern California and Phoenix metropolitan areas and, to a lesser extent, from throughout the U.S. via charter aircraft.

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

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

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

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

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

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

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

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

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

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

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

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

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

Harrah's Cherokee Casino and Hotel, which we manage for the Eastern Band of Cherokee Indians on their reservation in Cherokee, North Carolina under a management contract that expires in November 2018. Harrah's Cherokee draws customers from eastern Tennessee, western North Carolina, northern Georgia and South Carolina; and

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

We own and operate Bluegrass Downs, a harness racetrack located in Paducah, Kentucky, Thistledown Racetrack, a thoroughbred racing facility in Cleveland, Ohio, and own a one-half interest in Turfway Park LLC, which is the owner of the Turfway Park thoroughbred racetrack in Boone County, Kentucky. Turfway Park LLC owns a minority interest in Kentucky Downs LLC, which is the owner of the Kentucky Downs racetrack located in Simpson County, Kentucky. We own and operate Thistledown Racetrack which we acquired on July 28, 2010 and agreed as part of our venture with Rock Gaming, LLC in Ohio, to contribute Thistledown Racetrack to the venture subject to certain criteria.

We also own and operate the World Series of Poker tournaments, and we license trademarks for a variety of products and businesses related to this brand. We also own an online gaming business, providing for real money casino, bingo and poker in the United Kingdom, alliances with online gaming providers in Italy and France, play for fun poker offerings in other jurisdictions, social games on Facebook and other social media websites and mobile application platforms. We intend to offer real money gaming in legally compliant jurisdictions going forward.

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

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

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

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Our Competitive Strengths

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

One of the industry's largest operators with leading market positions in numerous jurisdictions. We are one of the world's largest gaming companies (as measured by net revenues and individual casinos) and the most geographically diverse U.S. casino operator. As of September 30, 2011, we owned, managed or operated 52 casinos in 12 U.S. states and seven countries. In addition, our casino properties operate as market leaders, having the #1 or #2 market share, based on revenue, in almost every major U.S. gaming market, including Las Vegas, the largest gaming market in the U.S. We use our scale and market leading position, in combination with our proprietary marketing technology and customer loyalty programs, to foster revenue growth and encourage repeat business.

Superior business model based on nationwide customer database and loyalty program. Our strategy is to generate same store gaming revenue growth and cross-market play, which we define as play by a guest in one of our properties outside the home market of their primary gaming property, through superior marketing and technological capabilities in combination with our nationwide casino network. The systems that we use to generate our same store gaming revenue growth and cross-market play consist of proprietary tools including Total Rewards and the WINet database. We believe these marketing tools, coupled with the industry's broadest geographic reach, provide us with a significant competitive advantage that enables us to efficiently market our products to a large and recurring customer base, and generate profitable revenue growth.

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

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

Long-dated capital structure with no near-term maturities and significant liquidity. Recent capital market transactions have improved our liquidity and maturity profile and have better positioned us to grow and create value. These transactions have included two debt-for-debt exchange offers, tender offers, open market repurchases, the issuance of new first and second lien notes, an amendment to our CMBS Financing, including a two-year maturity extension, subject to certain conditions, and an amendment to our senior secured credit facilities pursuant to which a portion of the loan was extended by three years. Through these transactions, we have reduced the amount of our debt maturing through the remainder of 2011 from \$1,503.0 million to zero and the amount of our term debt maturing from 2011 through 2014 from \$8,504.0 million to \$125.8 million. These debt maturities assume that we will exercise extension options on the CMBS Financing and also exercise extension options on \$517.7 million of Planet Hollywood debt, moving its maturity from December 2011 to

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April 2015. We have also reduced our annual interest expense through these transactions by approximately \$94.0 million. Further, these transactions have enhanced our liquidity. As of September 30, 2011, we had approximately \$1.2 billion of cash and cash equivalents, excluding \$544.0 million in restricted cash, and \$1.1 billion available under our revolving credit facility. With minimal near-term maturities and significant liquidity, we believe that we are well positioned to capitalize on growth opportunities and an extended rebound in the broader economy.

Experienced and highly motivated management team with proven track record. Our management team, led by CEO Gary Loveman, has built Caesars into an industry leader by geographically diversifying our operations and introducing technology-based tools to loyalty programs. A former associate professor at the Harvard University Graduate School of Business Administration, Mr. Loveman joined us as Chief Operating Officer in 1998 and drew on his extensive background in retail marketing and service-management to enhance Total Rewards. Mr. Loveman has been named Best CEO in the gaming and lodging industry by Institutional Investor magazine four times. In addition, our senior management operations team has an average of 27 years of industry experience. Other senior management team members possess significant experience in government and a variety of consumer industries. In addition, a significant portion of our management team's compensation is in the form of equity and stock options, the value of which depends on our overall results and motivates our senior management to focus on maximizing our long-term earnings and equity value.

Our Business Strategy

Leverage our unique scale and proprietary loyalty programs to generate superior revenue growth and fair share. We plan to continue to aggressively leverage our nationwide distribution platform and superior marketing and technological capabilities to generate same store gaming revenue growth and cross-market play. Our Total Rewards and WINet systems include over 40 million program members with 185% growth in tracked players since 2000. Through these systems, we promote cross-market play and target our efforts and marketing expenditures on areas and customer segments that generate the highest return. This system, coupled with our vast footprint in the U.S., enables us to profitably stimulate substantial cross-market play. We offer a unique value proposition to loyal players whereby they get the best service and product in their local market, and as a reward for their loyalty, they get especially attentive and customized services in our destination markets. This two-part value proposition is unique to us and an important source of our competitive advantage. For example, a number of financial measures have improved significantly at our Planet Hollywood property since we acquired it in 2010, in large part due to our ability to stimulate cross-market play. Cross-market play represents 70% and 60% of the gross gaming revenues we generate in Las Vegas and Atlantic City, respectively. The data that we collect indicates that individual customers play more with Caesars when they visit multiple properties, either during the same trip or on different occasions. Our wins per position at both destination and regional markets, as well as in our local markets, were significantly higher than the industry average in those markets for the first nine months of 2011. Our extensive historical knowledge and refined decision modeling procedures enable us to distribute best practices to ensure our marketing expenditures are being used to their utmost efficiency. Given our historical investments in information technology and our broad geographic footprint, we believe we have a competitive advantage with regards to stimulating revenues.

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

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

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Income from Operations and EBITDA. A key determinant of hotel revenues is the ADR that is charged. Increases in ADR would drive nearly a dollar for dollar improvement in Income from Operations and 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 Income from Operations and EBITDA of approximately \$65 million. Our average system-wide ADR was \$111 in 2007, compared to \$91 during the last twelve months ended September 30, 2011. Likewise, we anticipate that a \$5 improvement per rated customer gaming trip would equate to an improvement to annual Income from Operations and EBITDA of approximately \$95 million, and a \$5 improvement in spend per unrated customer gaming trip would equate to an improvement to annual Income from Operations and EBITDA of approximately \$79 million. Average spending per rated customer gaming trip declined from \$178 in 2007 to \$162 during the last twelve months ended September 30, 2011. While we use 2007 as a measurement for our financial performance and the gaming industry in general, we may not attain those financial levels in the near term, or at all.

In addition to the inherently high variable margin nature of our businesses, we have and will continue to dedicate significant efforts towards positioning our business and cost structure to ensure we generate the maximum incremental profitability when core industry revenue growth returns. Over the last several years, our management team has instituted operational concepts, such as LEAN service operations, Kaizens, and dynamic volume based scheduling, with the intention to ensure we are operating at consistently high efficiency rates. Additionally, we consolidated activities, refined our target marketing efforts, and drove procurement efficiencies. Moreover, we have achieved these cost savings while achieving record customer satisfaction levels since the cost savings initiatives were implemented. To further ensure that our operating structure is designed in the most effective and efficient way, in the fourth quarter of 2010, we embarked on a reorganization we refer to as

Project Renewal. We are targeting \$400 million of savings from Project Renewal, not all of which is included in the identified estimated cost savings. Our management team was challenged to review all of our key decision making procedures and lines of business and to identify the optimum way of structuring them given our breadth and scale of product offerings. As a result of the process, in the third quarter of 2011, we designed a unique shared services organization that will enable more efficient decision making and sharing of best practices. This organization includes business analytics, meetings and conventions, retail, database marketing, VIP marketing, our flight program, and other key areas of our operations. We anticipate that our company will have a permanently lower cost structure and will benefit from greater concentration of specified talent and quicker decision making. We will continue to make progress on Project Renewal and anticipate reaching a full implementation run rate at the end of the second quarter of 2012. As of September 30, 2011, \$202.5 million of identified estimated cost savings from these initiatives remained to be realized. 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 intend to pursue these acquisitions from time to time. We believe our operating expertise and network synergies enable us to create value above and beyond what other operators can provide. Our geographically broad-based experience gives us a superior understanding of a property's revenue potential and enables us to be the optimal partner or purchaser for select assets. For example, we executed a definitive agreement in December 2010 with Rock Gaming, LLC to jointly develop, and for us to manage, two of four authorized casinos in the state of Ohio, Horseshoe Cleveland and Horseshoe Cincinnati. The venture obtained financing for the casinos in August 2011 and we expect Horseshoe Cleveland to open in March 2012 and Horseshoe Cincinnati to open in the second quarter of 2013. Commencement of operations of Horseshoe Cleveland and Horseshoe Cincinnati is subject to the receipt of gaming licenses. Along with Rock Gaming, LLC and local investors in Maryland, in September 2011, a Caesars led group submitted a bid for a license to develop a video lottery terminal facility in Baltimore. Completion of the Baltimore license bid is subject to a number of conditions, including, without limitation, the negotiation of definitive documentation, receipt of required regulatory approvals, receipt of acceptable financing, and other terms and conditions. We believe there will be expansion opportunities in newly created U.S. regional markets due to continued legalization of gaming in new jurisdictions. Further, we believe that due to the continued global economic downturn, there will be opportunities to acquire assets at attractive

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valuations, such as our 2010 acquisition of Planet Hollywood, due to the fragmented nature of our industry and the benefits inherent in our scale. See **Risk Factors Risks Related to Our Business** The acquisition, development and construction of new hotels, casinos and gaming and non-gaming venues and the expansion of existing ones could have an adverse effect on our business, financial condition and results of operations due to various factors, including delays, cost overruns and other uncertainties and **Risk Factors Risks Related to Our Business** We may not realize all of the anticipated benefits of current or potential future acquisitions for a discussion of the risks relating to pursuing development and expansion opportunities.

Pursue opportunities to further expand into international markets. We currently own, operate or manage 15 casino properties in international gaming markets across Europe, North America, South America and Africa. In addition, in Asia, we 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. We are investigating various opportunities to own, operate or manage international resorts and casinos. These opportunities are at varying stages of development, such as due diligence investigations, executed confidentiality agreements, and other discussions regarding potential projects, which may or may not come to fruition. We will continue to evaluate and pursue opportunities to own, operate or manage international casinos and resorts. Our Caesars brand remains the most recognized casino brand in the world, and we plan to leverage the power of this brand, and our other brands, as we expand into international markets. In addition to international gaming opportunities, we are also actively pursuing non-gaming management, branding, and development opportunities in Asia and other parts of the world where our brands and reputation are already well-recognized assets. In 2011, we formed a group to focus on this opportunity called Caesars Global Life. In September 2011, we announced our first project, a management and branding agreement for a development, whose equity will be provided by a third party, that will be called Caesars Palace Longmu Bay. Located in Hainan, China, and at a projected cost to the owner of \$470 million, it is expected to open in 2014 and will contain a 1,000-room, five-star hotel with a marina, spa, retail, gourmet dining and other amenities, including 36 holes of golf. This project will be the foundation for our expansion in China and throughout the entire Asia-Pacific region, where we expect to participate in the development of a total of 25 hotels and resorts over the next five years. See **Risk Factors Risks Related to Our Business** The acquisition, development and construction of new hotels, casinos and gaming and non-gaming venues and the expansion of existing ones could have an adverse effect on our business, financial condition and results of operations due to various factors, including delays, cost overruns and other uncertainties and **Risk Factors Risks Related to Our Business** The risks associated with international operations could reduce our profits for a discussion of the risks relating to this strategy.

Continue to grow our online business. Our globally recognized World Series of Poker and Caesars brands and our dedicated online gaming management team position us to take advantage of opportunities in the global online gaming market and to continue to develop the infrastructure to support larger scale real money online gaming as it becomes legalized and licensed in new jurisdictions. In late 2009, we launched our real money World Series of Poker and Caesars-branded poker, bingo and casino online sites in the United Kingdom. We also have alliances with online gaming providers in Italy and France. As part of our online strategy, we will continue to expand our online real money gaming offerings in legally compliant jurisdictions and offer for fun online gaming options in those and other jurisdictions. In May 2011, we purchased a majority stake in Playtika Ltd., or Playtika, a social games company located in Israel. Playtika develops social games for Facebook and other social networking websites and mobile games. In addition, we will continue to expand our World Series of Poker tournaments to international jurisdictions where we believe there is a likelihood of legalization of online gaming, in order to grow the brand's awareness. We believe that the expansion of online gaming offerings for real money, for-fun and social and mobile games, will benefit our land-based portfolio due to further brand enhancement, customer acquisition in new channels, and marketing arrangements including incorporating our Total Rewards and cash-back for points programs into our online gaming offerings.

We believe that additional jurisdictions will legalize online gaming due to consumer demand, a broader understanding of the need to regulate the industry and to generate income through taxes on gaming revenue. As such, we support of efforts to regulate the online gaming industry to ensure that consumers are protected.

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We believe that the potential for online gaming is substantial and believe that we will command, at a minimum, our fair share in any legal jurisdiction. An H2 Gaming Capital study conducted in 2010 projects that the global online gaming market will grow to \$36 billion in revenues by 2012. We believe that the largest opportunity in online gaming in the near term is the legalization of online poker in the United States. Congressional leaders are becoming more aware of the acute need to regulate internet poker, to put in place consumer protections and law enforcement safeguards and to allow U.S. companies to provide this services to Americans.

We plan to proliferate the World Series of Poker brand, and to acquire customers across a number of interactive channels. We continue to be among the leaders in iTunes app downloads with over six million downloads to date. Also, in July 2010, we launched a play for fun site, accessible through WSOP.com, which allows players to learn and play poker for fun and to win seats at the World Series of Poker land-based events. Therefore, by combining the smartphone, internet download and social network platforms, we are positioned to leverage our brands and offline assets to build a database of users which should reasonably be in the millions of players.

Sales and Marketing

We believe that our North American distribution system of casino entertainment facilities provides us the ability to capture a disproportionate share of our customers' entertainment wallet when they travel among markets, which is core to our cross-market strategy. In addition, we have several critical multi-property markets like Las Vegas, Atlantic City and Tunica, and we have seen increased revenue from customers visiting multiple properties in the same market. We believe our industry-leading customer loyalty program, Total Rewards, in conjunction with our distribution system, allows us to capture a growing share of our customers' entertainment budget and compete more effectively.

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

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

Patents and Trademarks

The development of intellectual property is part of our overall business strategy, and we regard our intellectual property to be an important element of our success. While our business as a whole is not substantially dependent on any one patent or combination of several of our patents or other intellectual property, we seek to establish and maintain our proprietary rights in our business operations and technology through the use of patents, copyrights, trademarks and trade secret laws. We file applications for and obtain patents, copyrights and trademarks in the United States and in foreign countries where we believe filing for such protection is appropriate. We also seek to maintain our trade secrets and confidential information by nondisclosure policies and through the use of appropriate confidentiality agreements. We have obtained thirty-two patents in the United States and ten patents in other countries. Our U.S. patents have patent terms that variously expire between 2011 and 2030.

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We have not applied for patents or the registration of all of our technology or trademarks, as the case may be, and may not be successful in obtaining the patents and trademarks that we have applied for. Despite our efforts to protect our proprietary rights, parties may infringe our patents and use information that we regard as proprietary and our rights may be invalidated or unenforceable. The laws of some foreign countries do not protect proprietary rights to as great an extent as do the laws of the United States. In addition, others may be able independently to develop substantially equivalent intellectual property.

We hold the following trademarks used in this document: Harrah[®], Caesars[®], Grand CasinoSM, Bally[®], Flamingo[®], Paris[®], Caesars Palace[®], Rio[®], Showboat[®], Bill[®], Harveys[®], Total Rewards[®], Bluffs Run[®], Louisiana Downs[®], Reward Credits[®], Horseshoe[®], Seven Stars[®], Tunica RoadhouseSM and World Series of Poker[®]. Trademark rights are perpetual provided that the mark remains in use by us. In addition, we hold trademark licenses for Planet Hollywood[®] used in connection with the Planet Hollywood Resort & Casino in Las Vegas, NV, which will expire on February 19, 2045, and for Imperial Palace used in connection with the Imperial Palace Las Vegas hotel and casino, which will expire on December 23, 2012. We consider all of these marks, and the associated name recognition, to be valuable to our business.

Competition

We own, operate or manage land-based, dockside, riverboat and Indian casino facilities in most U.S. casino entertainment jurisdictions. We also own, operate or manage properties in Canada, the United Kingdom, South Africa, Egypt and Uruguay. We compete with numerous casinos and casino hotels of varying quality and size in the market areas where our properties are located. We also compete with other non-gaming resorts and vacation areas, and with various other entertainment businesses. The casino entertainment business is characterized by competitors that vary considerably by their size, quality of facilities, number of operations, brand identities, marketing and growth strategies, financial strength and capabilities, level of amenities, management talent and geographic diversity.

In most markets, we compete directly with other casino facilities operating in the immediate and surrounding market areas. In some markets, we face competition from nearby markets in addition to direct competition within our market areas.

In recent years, with fewer new markets opening for development, competition in existing markets has intensified. Many casino operators, including us, have invested in expanding existing facilities, developing new facilities, and acquiring established facilities in existing markets, such as our acquisition of Caesars Entertainment, Inc. in 2005 and Planet Hollywood in 2010, our renovated and expanded facility in Hammond, Indiana and our expansion at Caesars Palace. This expansion of existing casino entertainment properties, the increase in the number of properties and the aggressive marketing strategies of many of our competitors has increased competition in many markets in which we compete, and this intense competition can be expected to continue.

The expansion of casino entertainment into new markets, such as the expansion of tribal casino opportunities in New York and California and the approval of gaming facilities in Pennsylvania and Florida present competitive issues for us which have had a negative impact on our financial results.

The casino entertainment industry is also subject to political and regulatory uncertainty. See Management's Discussion and Analysis of Financial Condition and Results of Operations Consolidated Operating Results and Regional Operating Results.

Developments and Acquisitions

Las Vegas. In July 2007, we announced plans for an expansion and renovation of Caesars Palace Las Vegas. We announced that we will defer completion of the planned 662-room hotel tower, the Octavius Tower, due to current economic conditions impacting the Las Vegas tourism sector, and it is currently scheduled to open in

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January 2012. We completed other aspects of the project in 2009 as planned, including the mid-summer 2009 opening of an additional 110,000 square feet of meeting and convention space, three 10,000 square foot villas and an expanded pool and garden area. The total capital expenditures for the project, including the Octavius Tower, is expected to be approximately \$650 million.

On February 19, 2010, we completed the acquisition of the Planet Hollywood Resort and Casino located in Las Vegas, Nevada. Planet Hollywood is adjacent to Paris Las Vegas and gives us seven contiguous resorts on the east side of the Las Vegas Strip.

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

Ohio. On September 15, 2009, we announced that the United States Bankruptcy Court for the District of Delaware had approved an agreement for the sale of Thistledown Racetrack from Magna Entertainment Corp. to CEOC. The closing of the sale was subject to the satisfaction of certain conditions and receipt of all required regulatory approvals. The conditions to closing were never satisfied, and the agreement was never consummated. As a result the agreement was terminated by the seller on May 17, 2010.

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

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

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

Macau. In September 2007, we acquired a company with the right to operate a golf course located on 175 acres on the Cotai adjacent to one of two border crossings into Macau from China. Since the acquisition, we have undertaken a redesign of the golf course and opened a Butch Harmon School of Golf at the facility. We have largely completed renovations of the existing clubhouse to add certain amenities, meeting facilities, and a restaurant.

Employee Relations

We have approximately 70,000 employees through our various subsidiaries. Approximately 27,000 employees are covered by collective bargaining agreements with certain of our subsidiaries, relating to certain casino, hotel and restaurant employees at certain of our properties. Most of our employees covered by collective bargaining agreements are located at our properties in Las Vegas and Atlantic City. Our collective bargaining agreements with employees located at our Atlantic City properties expire at various times throughout 2011 and 2016 and our collective bargaining agreements with our employees located at our Las Vegas properties expire at various times between 2011 and 2013.

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The following table sets forth information about our casino entertainment facilities as of September 30, 2011, unless otherwise noted:

Summary of Property Information

Property	Type of Casino	Casino Space Sq. Ft.^(a)	Slot Machines^(a)	Table Games^(a)	Hotel Rooms and Suites^(a)
<i>Atlantic City, New Jersey</i>					
Harrah's Atlantic City	Land-based	177,000	2,870	170	2,590
Showboat Atlantic City	Land-based	120,100	2,600	110	1,330
Bally's Atlantic City	Land-based	167,200	3,300	210	1,760
Caesars Atlantic City	Land-based	140,800	2,350	180	1,140
<i>Las Vegas, Nevada</i>					
Harrah's Las Vegas	Land-based	90,600	1,400	110	2,530
Rio	Land-based	117,300	1,110	90	2,520
Caesars Palace	Land-based	134,600	1,390	160	3,090
Paris Las Vegas	Land-based	95,300	1,080	90	2,920
Bally's Las Vegas	Land-based	66,200	1,020	60	2,810
Flamingo Las Vegas ^(b)	Land-based	91,000	1,340	150	3,350
Imperial Palace	Land-based	118,000	780	50	2,640
Bill's Gamblin' Hall & Saloon	Land-based	42,525	370	50	200
Hot Spot Oasis	Land-based	1,000	15		
Planet Hollywood Resort and Casino	Land-based	108,900	1,160	90	2,500
<i>Laughlin, Nevada</i>					
Harrah's Laughlin	Land-based	56,000	880	30	1,510
<i>Reno, Nevada</i>					
Harrah's Reno	Land-based	41,600	810	40	930
<i>Lake Tahoe, Nevada</i>					
Harrah's Lake Tahoe	Land-based	57,500	820	70	510
Harveys Lake Tahoe	Land-based	71,500	780	70	740
<i>Chicago, Illinois area</i>					
Harrah's Joliet (Illinois) ^(g)	Dockside	38,900	1,140	30	200
Horseshoe Hammond (Indiana)	Dockside	108,200	3,100	150	
<i>Metropolis, Illinois</i>					
Harrah's Metropolis	Dockside	31,000	1,160	30	260
<i>Southern Indiana</i>					
Horseshoe Southern Indiana	Dockside	86,600	1,790	110	500
<i>Council Bluffs, Iowa</i>					
Harrah's Council Bluffs	Dockside	28,000	800	30	250
Horseshoe Council Bluffs ^(d)	Greyhound racing facility and land-based casino	78,800	1,790	70	
<i>Tunica, Mississippi</i>					
Horseshoe Tunica	Dockside	63,000	1,500	80	510
Harrah's Tunica	Dockside	136,000	1,380	60	1,360
Tunica Roadhouse Hotel & Casino ^(e)	Dockside	31,000	760	30	130

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

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- (a) Approximate.
- (b) Information includes O Shea s Casino which is adjacent to this property.
- (c) We have an 80% ownership interest in and manage this property.
- (d) The property is owned by us, leased to the operator, and managed by us for the operator for a fee pursuant to an agreement that expires in October 2024. This information includes the Bluffs Run greyhound racetrack that operates at the property.
- (e) Prior to December 2009, this property operated under the Sheraton Tunica name.
- (f) We own a 49% share of a joint venture that owns a 150-room hotel located near the property.
- (g) We have approximately 95% ownership interest in and manage this property.
- (h) Managed.
- (i) We have a 50% interest in Windsor Casino Limited, which operates this property. The Province of Ontario owns the complex.
- (j) We have a 70% interest in and manage this property.

Legal Proceedings

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

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GAMING REGULATORY OVERVIEW

General

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

Establish and maintain responsible accounting practices and procedures;

Maintain effective controls over their financial practices, including establishment of minimum procedures for internal fiscal affairs and the safeguarding of assets and revenues;

Maintain systems for reliable record keeping;

File periodic reports with gaming regulators; and

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

Adopt rules and regulations under the implementing statutes;

Make appropriate investigations to determine if there has been any violation of laws or regulations;

Enforce gaming laws and impose disciplinary sanctions for violations, including fines and penalties;

Review the character and fitness of participants in gaming operations and make determinations regarding their suitability or qualification for licensure;

Grant licenses for participation in gaming operations;

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

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

Establish and collect fees and/or taxes.

Licensing and Suitability Determinations

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

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administrative proceeding requirements, the gaming regulators have the authority to deny any application or limit, condition, restrict, revoke or suspend any license, registration, finding of suitability or approval, or fine any person licensed, registered or found suitable or approved, for any cause deemed reasonable by the gaming authorities. Criteria used in determining whether to grant a license or finding of suitability, while varying between jurisdictions, generally include consideration of factors such as:

The financial stability, integrity and responsibility of the applicant, including whether the operation is adequately capitalized in the jurisdiction and exhibits the ability to maintain adequate insurance levels;

The quality of the applicant's casino facilities;

The amount of revenue to be derived by the applicable jurisdiction through operation of the applicant's gaming facility;

The applicant's practices with respect to minority hiring and training; and

The effect on competition and general impact on the community.

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

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

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

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

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

Moreover, in many jurisdictions, any of our stockholders or holders of our debt securities may be required to file an application, be investigated, and qualify or have his, her or its suitability determined. For example, under Nevada gaming laws, each person who acquires, directly or indirectly, beneficial ownership of any voting security, or beneficial or record ownership of any non-voting security or any debt security in a public corporation which is registered with the Nevada Gaming Commission, or the Gaming Commission, such as Caesars may be required to be found suitable if the Gaming Commission has reason to believe that his or her acquisition of that ownership, or his or her continued ownership in general, would be inconsistent with the declared public policy of Nevada, in the sole discretion of the Gaming Commission. Any person required by the Gaming Commission to be found suitable shall apply for a finding of suitability within 30 days after the Gaming Commission's request that he or she should do so and, together with his or her application for suitability, deposit with the Nevada Gaming Control Board, or the Gaming Board, a sum of money which, in the sole discretion of the Gaming Board, will be adequate to pay the anticipated costs and charges incurred in the investigation and processing of that application for suitability, and deposit such additional sums as are required by the Gaming Board to pay final costs and charges.

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

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

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

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

pay that person any dividend or interest upon our voting securities;

allow that person to exercise, directly or indirectly, any voting right conferred through securities held by that person;

pay remuneration in any form to that person for services rendered or otherwise; or

fail to pursue all lawful efforts to require such unsuitable person to relinquish his voting securities including, if necessary, the immediate purchase of said voting securities for cash at fair market value.

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

pay to the unsuitable person any dividend, interest or any distribution whatsoever;

recognize any voting right by the unsuitable person in connection with those securities;

pay the unsuitable person remuneration in any form; or

make any payment to the unsuitable person by way of principal, redemption, conversion exchange, liquidation or similar transaction. Certain jurisdictions impose similar restrictions in connection with debt securities and retain the right to require holders of debt securities to apply for a license or otherwise be found suitable by the gaming authority.

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

of the actual cost of the investment or the value of the securities on

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the date the trust became operative. If the security holder is ultimately found unqualified, the trustee is required to sell the securities and to distribute the proceeds of the sale to the applicant in an amount not exceeding the lower of the actual cost of the investment or the value of the securities on the date the trust became operative and to distribute the remaining proceeds to the state. If the security holder is found qualified, the trust agreement will be terminated.

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

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

Violations of Gaming Laws

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

Reporting and Recordkeeping Requirements

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

Review and Approval of Transactions

Substantially all material loans, leases, sales of securities and similar financing transactions by us and our subsidiaries must be reported to, or approved by, gaming authorities. Neither we nor any of our subsidiaries may make a public offering of securities without the prior approval of certain gaming authorities if the securities or

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the proceeds therefrom are intended to be used to construct, acquire or finance gaming facilities in such jurisdictions, or to retire or extend obligations incurred for such purposes. Such approval, if given, does not constitute a recommendation or approval of the investment merits of the securities subject to the offering. Changes in control through merger, consolidation, stock or asset acquisitions, management or consulting agreements, or otherwise, require prior approval of gaming authorities, and in some cases require payment of a change in control fee. For example in Pennsylvania, a change in control is an acquisition of more than 20% of the ownership interests of a gaming licensee or its parent company by one person/entity or a group or persons/entities acting in concert, and the acquirer of the ownership interests would be required to qualify for licensure and could be required to pay a new license fee of up to \$50.0 million. Entities seeking to acquire control of us or one of our subsidiaries must satisfy gaming authorities with respect to a variety of stringent standards prior to assuming control. Gaming authorities may also require controlling stockholders, officers, directors and other persons having a material relationship or involvement with the entity proposing to acquire control, to be investigated and licensed as part of the approval process relating to the transaction.

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

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

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

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

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

License Fees and Gaming Taxes

We pay substantial license fees and taxes in many jurisdictions, including the counties, cities, and any related agencies, boards, commissions, or authorities, in which our operations are conducted, in connection with

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our casino gaming operations, computed in various ways depending on the type of gaming or activity involved. Depending upon the particular fee or tax involved, these fees and taxes are payable either daily, monthly, quarterly or annually. License fees and taxes are based upon such factors as: