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

PROSPECTUS

1,811,313 Shares

Caesars Entertainment Corporation

Common Stock

$9.00 per share

This is the initial public offering of our common stock. We are selling an aggregate of 1,811,313 shares in this offering.

Prior to this offering, there has been no public market for our common stock. The initial public offering price of our common stock is $9.00 per share. Our common stock has been approved for listing on the Nasdaq Global Select Market under the symbol CZR.

We have granted to the underwriters a 30-day option to purchase up to 271,697 additional shares from us at the initial public offering price less underwriting discounts and commissions.

Investing in our common stock involves risks. You should read the section entitled Risk Factors beginning on page 21 for a discussion of certain risks that you should consider before investing in our common stock.

	Price to Public	Underwriting Discounts and Commissions	Proceeds to Us
Per Share	$ 9.00	$ 0.63	$ 8.37
Total	$ 16,301,817.00	$ 1,141,127.19	$ 15,160,689.81

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

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

Credit Suisse		**Citigroup**
BofA Merrill Lynch		**Deutsche Bank Securities**
KeyBanc Capital Markets	**Lebenthal & Co., LLC**	**Ramirez & Co., Inc.**

Prospectus dated February 7, 2012.

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

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

Dealer Prospectus Delivery Obligation

Until March 2, 2012, all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealer s obligation to deliver a prospectus when acting as an underwriter and with respect to unsold allotments or subscriptions.

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PROSPECTUS SUMMARY

The following summary contains information about Caesars Entertainment Corporation and its common stock. It does not contain all of the information that may be important to you in making a decision to participate in the offering. For a more complete understanding of Caesars Entertainment Corporation, we urge you to read this prospectus carefully, including the sections entitled Risk Factors, Cautionary Statements Concerning Forward Looking Statements and Where You Can Find Additional Information. In connection with the reclassification of our common stock in 2010, we changed our name from Harrah s Entertainment, Inc. to Caesars Entertainment Corporation, and the name of our operating company, Harrah s Operating Company, Inc., to Caesars Entertainment Operating Company, Inc. Unless otherwise noted or indicated by the context, the term Caesars refers to Caesars Entertainment Corporation, we, us and our refer to Caesars and its consolidated subsidiaries, and CEOC refers to Caesars Entertainment Operating Company, Inc. Except for the financial statements included elsewhere in this prospectus and as stated otherwise herein, the share data set forth in this prospectus reflects a 1.742-for-one split of our common stock that we expect to effect prior to consummation of this offering.

Our Company

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

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

We have grown rapidly over the years through growth in our core operating business and through a series of strategic acquisitions that have strengthened our scale, geographic diversity and market leading position. In 1998, we completed our acquisition of Showboat, Inc., and in 1999 we purchased Rio Hotel & Casino, Inc. In 2000, we completed the purchase of Players International. During the next five years, we acquired Harveys Casino Resorts (2001), Horseshoe Gaming Holding Corp. (2004), the rights to the World Series of Poker (2004) and the Imperial Palace Hotel & Casino in Las Vegas (2005). We also acquired Caesars Entertainment, Inc. in 2005 for $9.3 billion, which was, at the time, the largest acquisition in the history of the gaming industry. In 2010, we acquired Planet Hollywood Resort and Casino, or Planet Hollywood, in Las Vegas. Additionally, we have expanded internationally, completing the acquisitions of London Clubs International plc, or London Clubs, in 2006 and Macau Orient Golf, which operates a golf course on 175 acres of prime real estate through a land concession on the Cotai strip in Macau, in 2007.

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

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

On December 19, 2006, we entered into a definitive merger agreement with Hamlet Holdings LLC, a Delaware limited liability company (Hamlet Holdings), and Hamlet Merger Inc., a Delaware corporation and a wholly owned subsidiary of Hamlet Holdings (Merger Sub). Hamlet Holdings and Merger Sub were formed and are controlled by affiliates of Apollo Global Management, LLC (Apollo) and affiliates of TPG Capital, L.P. (TPG) which we refer to as the Sponsors. Pursuant to the merger agreement, on January 28, 2008, Merger Sub merged with and into us, which we refer to as the Acquisition. Upon completion of the Acquisition, Hamlet Holdings, funds affiliated with and controlled by the Sponsors, certain co-investors and certain members of management became the owners of all of the outstanding Caesars equity interests. Following this offering and the Co-Investors Transaction (as defined below), 70.1% of Caesars outstanding common stock will be subject to an irrevocable proxy that gives Hamlet Holdings, the members of which are comprised of an equal number of individuals affiliated with each of the Sponsors, sole voting and sole dispositive power with respect such shares.

Our Industry

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

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

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

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

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

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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 not aware of another U.S. land-based casino company that owns an online gaming business. In addition, we are exploring additional online entertainment offerings that capitalize on our recognized brand names, particularly our World Series of Poker and Caesars brands. We believe that we are better positioned than our competitors to take advantage of new opportunities in the gaming industry due to our history of innovation, strong brand names and current online business, and we plan to continue to invest in developing areas of the gaming industry.

Long-dated capital structure with no near-term maturities and significant liquidity. Recent capital market transactions have improved our liquidity and maturity profile and have better positioned us to grow and create value. These transactions have included two debt-for-debt exchange offers, tender offers, open market repurchases, the issuance of new first and second lien notes, an amendment to our commercial mortgage-backed securities, or CMBS, financing (the CMBS Financing), including a two-year maturity extension, subject to

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certain conditions, and an amendment to our senior secured credit facilities pursuant to which a portion of the loan was extended by three years. Through these transactions, we have reduced the amount of our debt maturing from 2012 through 2014 from $7,000.6 million to $125.8 million. These debt maturities assume that we will exercise extension options on the CMBS Financing, moving its maturity from 2013 to 2015. We have also reduced our annual interest expense through these transactions by approximately $94.0 million. Further, these transactions have enhanced our liquidity. As of September 30, 2011, we had approximately $1.2 billion of cash and cash equivalents, excluding $544.0 million in restricted cash, and $1.1 billion available under our revolving credit facility. Although we have $22,513.6 million face value of total debt outstanding at September 30, 2011, only $45.5 million of this debt is due within the next 12 months, with minimal near-term maturities thereafter, after taking into account our exercise of the extension options with respect to the CMBS Financing and the Planet Hollywood debt. Therefore, we believe that our significant liquidity combined with our debt maturity profile positions us well to capitalize on growth opportunities and an extended rebound in the broader economy. See Risk Factors Risks Related to Our Indebtedness for a discussion of the risks concerning our indebtedness.

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

Our Business Strategy

Leverage our unique scale and proprietary loyalty programs to generate superior revenue growth and fair share. We plan to continue to aggressively leverage our nationwide distribution platform and superior marketing and technological capabilities to generate same store gaming revenue growth and cross-market play. Our Total Rewards and WINet systems include over 40 million program members with 184% growth in tracked players since 2000. Through these systems, we promote cross-market play and target our efforts and marketing expenditures on areas and customer segments that generate the highest return. This system, coupled with our vast footprint in the U.S., enables us to profitably stimulate substantial cross-market play. We offer a unique value proposition to loyal players whereby they get the best service and product in their local market, and as a reward for their loyalty, they get especially attentive and customized services in our destination markets. This two-part value proposition is unique to us and an important source of our competitive advantage. For example, a number of financial measures have improved significantly at our Planet Hollywood property since we acquired it in 2010, in large part due to our ability to stimulate cross-market play. Cross market play represents 70% and 60% of the gross gaming revenues we generate in Las Vegas and Atlantic City, respectively. The data that we collect indicates that individual customers play more with Caesars when they visit multiple properties, either during the same trip or on different occasions. Our wins per position at both destination and regional markets, as well as in our local markets, were on average 25% higher than the industry average in those markets for the first nine months of 2011. Our extensive historical knowledge and refined decision modeling procedures enable us to distribute best practices to ensure our marketing expenditures are being used to their utmost efficiency. Given our historical investments in information technology and our broad geographic footprint, we believe we have a competitive advantage with regards to stimulating revenues.

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

Maximize our core business profitability upon a rebound in net revenues. We operate businesses that have inherently low variable costs such that positive change in revenues should drive relatively large improvements in Income from Operations. A key determinant of hotel revenues is the average daily hotel rate, or ADR, that is charged. Increases in ADR would drive nearly a dollar for dollar improvement in Income from Operations and on our room base of 42,000 rooms, we anticipate that a $5 increase in ADR on an annual basis would equate to an improvement to annual Income from Operations of approximately $65 million. Our average system-wide ADR was $111 in 2007, compared to $91 during the last twelve months ended September 30, 2011. Likewise, we anticipate that a $5 improvement in spend per rated customer gaming trip would equate to an improvement to annual Income from Operations of approximately $95 million, and a $5 improvement per unrated customer gaming trip would equate to an improvement to annual Income from Operations of approximately $79 million. Average spending per rated customer gaming trip declined from $178 in 2007 to $162 during the last twelve months ended September 30, 2011. While we use 2007 as a measurement for our financial performance and the gaming industry in general, we may not attain those financial levels in the near term, or at all.

In addition to the inherently high variable margin nature of our businesses, we have and will continue to dedicate significant efforts towards positioning our business and cost structure to ensure we generate the maximum incremental profitability when core industry revenue growth returns. Over the last several years, our management team has instituted operational concepts, such as LEAN service operations and Kaizen activities (operational practices that consider work from the perspective of the customer and endeavor to provide service and product in the most efficient way possible) as well as dynamic volume based scheduling, with the intention to achieve consistently high efficiency rates. For example, our Kaizen efforts help our operations teams to identify more efficient ways to operate their respective businesses and provide direct management with the tools to monitor progress and to assist in the early identification of variances to the planned processes.

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

As of September 30, 2011, we have realized approximately $135 million in savings associated with Project Renewal. We classify initiatives that are identified and are in the process of being implemented as yet to be realized identified estimated cost savings. For the purposes of our senior secured leverage ratio under our credit agreement, this amount can be added back into the EBITDA calculation to calculate Adjusted EBITDA. As of September 30, 2011, the yet to be realized identified estimated cost savings was $202.5 million. This figure increases as new initiatives that are part of Project Renewal are identified and get implemented, and decrease as the actual results become reflected in our cost structure. See Risk Factors Risks Related to our Business We may not realize any or all of our projected cost savings, which would have the effect of reducing our LTM Adjusted EBITDA Pro Forma, which would have a negative effect on our results of operations and negatively impact our covenant calculation and could have a negative effect on our stock price on page 29 of this prospectus.

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

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

Pursue opportunities to further expand into international markets. We currently own, operate or manage 15 casino properties in international gaming markets across Europe, North America, South America and Africa. In addition, in Asia, we operate a golf course on 175 acres of prime real estate through a land concession on the Cotai strip in Macau. We believe that we remain well-positioned for international gaming growth and legalization in Asia and Europe. We are investigating various opportunities to own, operate or manage international resorts and casinos. These opportunities are at varying stages of development, such as due diligence investigations, executed confidentiality agreements, and other discussions regarding potential projects, which may or may not come to fruition. We will continue to evaluate and pursue opportunities to own, operate or manage international casinos and resorts. Our Caesars brand remains the most recognized casino brand in the world, and we plan to leverage the power of this brand, and our other brands, as we expand into international markets. In addition to international gaming opportunities, we are also actively pursuing non-gaming management, branding, and development opportunities in Asia and other parts of the world where our brands and reputation are already well-recognized assets. In 2011, we formed a group to focus on this opportunity called Caesars Global Life. In September 2011, we announced our first project, a management and branding agreement for a development, whose equity will be provided by a third party, that will be called Caesars Palace Longmu Bay. Located in Hainan, China, and at a projected cost to the owner of $470 million, it is expected to open in 2014 and will contain a 1,000-room, five-star hotel with a marina, spa, retail, gourmet dining and other amenities, including 36 holes of golf. This project will be the foundation for our expansion in China and throughout the entire Asia-Pacific region, where we expect to participate in the development of a total of 25 hotels and resorts over the next five years. See Risk Factors Risks Related to Our Business The acquisition, development and construction of new hotels, casinos and gaming and non-gaming venues and the expansion of existing ones could have an adverse effect on our business, financial condition and results of operations due to various factors, including delays, cost overruns and other uncertainties and Risk Factors Risks Related to Our Business The risks associated with international operations could reduce our profits for a discussion of the risks relating to this strategy.

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

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

Recent Events

Co-Investors Transaction

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

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

Chester Bond Offering

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

Amendment of Senior Secured Credit Facilities and Related Financing

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

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) In connection with the Co-Investors Transaction, Hamlet Holdings has agreed to cause its irrevocable proxy to be terminated with respect to 24,150,456 of the Released Shares held by certain co-investors. Following this offering and the Co-Investors Transaction, shares held by funds affiliated with and controlled by the Sponsors and their co-investors, representing 70.1% of Caesars outstanding common stock, will be subject to the irrevocable proxy that gives Hamlet Holdings, the members of which are comprised of an equal number of individuals affiliated with each of the Sponsors, sole voting and sole dispositive power with respect to such shares.

(2) Shares held by Participating Co-Investors, representing 17.9% of Caesars common stock, will be eligible for resale upon effectiveness of the registration statement of which this prospectus forms a part and will be listed on Nasdaq following this offering.

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

(4) Consists of Caesars Entertainment Operating Company, Inc. and its subsidiaries, which owned, operated and/or managed 46 of the 52 casinos for Caesars as of September 30, 2011.

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

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

Additional Information

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

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The Offering

Common stock offered	1,811,313 shares
Common stock to be outstanding immediately after this offering	125,025,500 shares
Option to purchase additional shares	We have granted to the underwriters a 30-day option to purchase up to 271,697 additional shares from us at the initial public offering price, less underwriting discounts and commissions.
Common stock voting rights	Each share of our common stock will entitle its holder to one vote.
Dividend policy	We intend to retain all future earnings, if any, for use in the operation of our business and to fund future growth. We do not anticipate paying any dividends for the foreseeable future. The decision whether to pay dividends will be made by our board of directors in light of conditions then existing, including factors such as our results of operations, financial condition and requirements, business conditions and covenants under any applicable contractual arrangements, including our indebtedness.
Use of proceeds	We estimate that the net proceeds from this offering without exercise of the option to purchase additional shares will be approximately $13.0 million after deducting the underwriting discounts and commissions and expenses at an offering price of $9.00 per share.
	We intend to use the net proceeds from this offering for general corporate purposes, including development projects and maintenance capital expenditures.
Proposed Nasdaq trading symbol	CZR
Risk factors	Please see the section entitled Risk Factors included in this prospectus for a discussion of some of the factors you should carefully consider before deciding to invest in our common stock.

Except as otherwise indicated, all information in this prospectus:

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

- does not give effect to 6,937,285 shares of our common stock issuable upon the exercise of outstanding options as of September 30, 2011, at a weighted-average exercise price of $41.37 per share, or 1,341,057 shares of common stock issuable upon the exercise of options we anticipate issuing prior to the consummation of this offering;

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

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

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

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Summary Historical Consolidated Financial Data of Caesars Entertainment Corporation

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

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

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Caesars Entertainment Corporation

Summary Historical Consolidated Financial Data

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(2) We present Property EBITDA as a supplemental measure of our performance. We define Property EBITDA as revenues less property operating expenses. Set forth below is a reconciliation of net income/(loss), our most comparable measure in accordance with GAAP, to Property EBITDA. Property EBITDA is comprised of net income/(loss) before (i) interest expense, net of interest capitalized and interest income, (ii) (benefit)/provision for income taxes, (iii) depreciation and amortization, (iv) corporate expenses and (v) certain items that we do not consider indicative of our ongoing operating performance at an operating property level. In evaluating Property EBITDA, you should be aware that in the future we may incur expenses that are the same or similar to some of the adjustments in this presentation. Our presentation of Property EBITDA should not be construed as an inference that our future results will be unaffected by unusual or unexpected items.

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Property EBITDA is a non-GAAP financial measure commonly used in our industry and should not be construed as an alternative to net income/(loss) as an indicator of operating performance or as an alternative to cash flow provided by operating activities as a measure of liquidity (as determined in accordance with GAAP). Property EBITDA, as calculated in this prospectus, may not be comparable to similarly titled measures reported by other companies within our industry. We have included Property EBITDA because our management uses Property EBITDA to measure performance and allocate resources, and we believe that Property EBITDA provides investors with additional information consistent with that used by our management.

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

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

- does not reflect the significant interest expenses, or the cash requirements necessary to service interest or principal payments, on our debt;
- does not reflect any cash requirements for the assets being depreciated and amortized that may have to be replaced in the future;
- excludes tax payments that represent a reduction in cash available to us;
- does not reflect our corporate expenses not specifically related to our properties, including, without limitation, management fees that may be paid to our sponsors;
- does not reflect our capital expenditures, future requirements for capital expenditures or contractual commitments; and
- does not reflect other amounts such as project opening costs and other items, acquisition and integration costs, and other types of costs that are excluded from management s performance measurement of its properties.

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

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

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Accordingly, we believe it is useful to provide the calculation of LTM Adjusted EBITDA Pro Forma for purposes of determining our ability to engage in these activities. We are in compliance with all the covenants under our various debt agreements. For a more detailed discussion of CEOC s covenant compliance and the required ratios, see Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Capital Resources. We also present LTM Adjusted EBITDA Pro Forma to provide investors with additional information regarding the pro forma impact of properties that are anticipated to be acquired or disposed and of yet-to-be realized savings from our cost savings initiatives.

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

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

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

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

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

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

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

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

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

See page 20 for footnotes.

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

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

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

See page 20 for footnotes.

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

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

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

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

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

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

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

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

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

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

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

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

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

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RISK FACTORS

You should carefully consider the risk factors set forth below, as well as the other information contained in this prospectus. Any of the following risks could materially and adversely affect our business, financial condition or results of operations. In such a case, you may lose all or a part of your original investment.

Risks Related to Our Indebtedness

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

We are a highly leveraged company. As of September 30, 2011, we had $22,513.6 million face value of outstanding indebtedness. Assuming constant outstanding balances and interest rates, our debt service obligation for the next twelve months is $1,737.2 million, which includes required interest payments of $1,691.7 million. These amounts do not include up to $1,140.0 million of notes that are held by HBC, all of which are deemed outstanding by CEOC but not by Caesars.

Our substantial indebtedness could:

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

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

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

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

For example, as of September 30, 2011, we had $1,080.2 million available for additional borrowing under our senior secured revolving credit facility after giving effect to $126.6 million in outstanding letters of credit

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

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

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

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

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

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

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

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

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

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

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

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

We may be unable to generate sufficient cash to service all of our indebtedness, and may be forced to take other actions to satisfy our obligations under our indebtedness that may not be successful. If we are unable to satisfy or refinance our debt obligations as they come due, we cannot assure you that your investment in our company will retain any value.

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

- our future financial and operating performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors, many of which are beyond our control;
- our future ability to borrow under our senior secured credit facilities, the availability of which depends on, among other things, our complying with the covenants in our senior secured credit facilities; and
- our ability to refinance our debt, which depends on the condition of the capital markets and our financial condition at such time.

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

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

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Risks Related to Our Business

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

The gaming industry is highly competitive and our competitors vary considerably in size, quality of facilities, number of operations, brand identities, marketing and growth strategies, financial strength and capabilities, level of amenities, management talent and geographic diversity. For example, our properties in Las Vegas compete with hotel-casinos located on and near the Las Vegas strip, such as the Wynn Las Vegas Resort, the Venetian, and the Mandalay Bay Resort & Casino. Our properties in Las Vegas also compete with casino destinations throughout the world, as well as resort facilities and vacation destinations elsewhere in the United States and around the world. We also compete with other non-gaming resorts and vacation areas, and with various other entertainment businesses. Our competitors in each market that we participate may have substantially greater financial, marketing and other resources than we do, and there can be no assurance that they will not in the future engage in aggressive pricing action to compete with us. Many of our competitors are subsidiaries or divisions of large public companies and may have greater financial and other resources than we have. Although we believe we are currently able to compete effectively in each of the various markets in which we participate, we cannot assure you that we will be able to continue to do so or that we will be capable of maintaining or further increasing our current market share. Our failure to compete successfully in our various markets could adversely affect our business, financial condition, results of operations and cash flow.

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

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

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

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

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

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

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

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

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

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

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

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

Moreover, our development and expansion projects are sometimes jointly pursued with third parties or by licensing our brands to third parties. These joint development, expansion projects or license agreements are subject to risks, in addition to those disclosed above, as they are dependent on our ability to reach and maintain agreements with third parties. For example, we made a bid with Rock Gaming LLC and other local investors for a video lottery terminal facility in Baltimore, Maryland and we can give no assurances that the bid will be awarded to us, that we will reach definitive agreements with the other parties that comprise the bid, or that the development project will be undertaken.

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

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

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

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

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

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

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

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

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

Terrorist attacks and other acts of war or hostility have created many economic and political uncertainties. For example, a substantial number of our customers for our properties in Las Vegas use air travel. On September 11, 2001, acts of terrorism occurred in New York City, Pennsylvania and Washington, D.C. As a result of these terrorist acts, domestic and international travel was severely disrupted, which resulted in a decrease in customer visits to our properties in Las Vegas. We cannot predict the extent to which disruptions in air or other forms of travel as a result of any further terrorist act, security alerts or war, uprisings, or hostilities in places such as Iraq and Afghanistan, other countries throughout the world will continue to directly or indirectly impact our business and operating results. For example, our operations in Cairo, Egypt were negatively affected from the uprising there in January 2011. As a consequence of the threat of terrorist attacks and other acts of war or hostility in the future, premiums for a variety of insurance products have increased, and some types of insurance are no longer available. Given current conditions in the global insurance markets, we are substantially underinsured for losses and interruptions caused by terrorist acts and acts of war. If any such event were to affect our properties, we would likely be adversely impacted.

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

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

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

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

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

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

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

We contribute to and participate in various multi-employer pension plans for employees represented by certain unions. We are required to make contributions to these plans in amounts established under collective bargaining agreements. We do not administer these plans and, generally, are not represented on the boards of trustees of these plans. The Pension Protection Act enacted in 2006, or the PPA, requires under-funded pension plans to improve their funding ratios. Based on the information available to us, we believe that some of the multi-employer plans to which we contribute are either critical or endangered as those terms are defined in the PPA. We cannot determine at this time the amount of additional funding, if any, we may be required to make to these plans. However, plan assessments could have an adverse impact on our results of operations or cash flows for a given period. Furthermore, under current law, upon the termination of a multi-employer pension plan, or in the event of a withdrawal by us, which we consider from time to time, or a mass withdrawal or insolvency of contributing employers, we would be required to make payments to the plan for our proportionate share of the plan s unfunded vested liabilities. Any termination of a multi-employer plan, or mass withdrawal or insolvency of contributing employers, could require us to contribute an amount under a plan of rehabilitation or surcharge assessment that would have a material adverse impact on our consolidated financial condition, results of operations and cash flows.

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

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

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

We conduct our gaming activities on a credit and cash basis at many of our properties. Any such credit we extend is unsecured. Table games players typically are extended more credit than slot players, and high-stakes players typically are extended more credit than patrons who tend to wager lower amounts. High-end gaming is more volatile than other forms of gaming, and variances in win-loss results attributable to high-end gaming may have a significant positive or negative impact on cash flow and earnings in a particular quarter. We extend credit to those customers whose level of play and financial resources warrant, in the opinion of management, an extension of credit. These large receivables could have a significant impact on our results of operations if deemed uncollectible. While gaming debts evidenced by a credit instrument, including what is commonly referred to as a marker, and judgments on gaming debts are enforceable under the current laws of the jurisdictions in which we allow play on a credit basis and judgments in such jurisdictions on gaming debts are enforceable in all states under the Full Faith and Credit Clause of the U.S. Constitution, other jurisdictions may determine that enforcement of gaming debts is against public policy. Although courts of some foreign nations will enforce

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gaming debts directly and the assets in the U.S. of foreign debtors may be reached to satisfy a judgment, judgments on gaming debts from U.S. courts are not binding on the courts of many foreign nations.

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

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

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

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

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

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

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

Beginning in the third quarter of 2008, we initiated a company-wide cost savings plan in an effort to align our expenses with current revenue levels. In addition, we embarked on Project Renewal in the fourth quarter of 2010 to identify the optimum way of structuring our business given our breadth and scale of product offerings. While these efforts have allowed us to realize substantial savings since we initiated our cost savings plan, our continued reduction efforts may fail to achieve similar or continued savings. Although we believe, as of September 30, 2011, there were $202.5 million of estimated cost savings yet-to-be realized from these initiatives, we may not realize some or all of these projected savings without impairing our revenues. Our cost savings

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plans are intended to increase our effectiveness and efficiency in our operations without impairing our revenues and margins. Our cost savings plan is subject to numerous risks and uncertainties that may change at any time, and, therefore, our actual savings may differ materially from what we anticipate. For example, cutting advertising or marketing expenses may have an unintended negative affect on our revenues. In addition, our expected savings from procurement of goods may be affected by unexpected increases in the cost of raw materials. Furthermore, because we use our projected yet-to-be realized cost savings as a pro forma adjustment to calculate our LTM Adjusted EBITDA Pro Forma provided in the Summary Historical Consolidated Financial Data of Caesars Entertainment Corporation, our actual LTM Adjusted EBITDA Pro Forma would be reduced to the extent of the cost savings we do not achieve.

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

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

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

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

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

Some of our properties are located outside the United States, and our 2006 acquisition of London Clubs has increased the percentage of our revenue derived from operations outside the United States. In addition, as we are pursuing opportunities to further expand into international markets through gaming opportunities and Caesars

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

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

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

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

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

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

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

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

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

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

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

Risks Related to this Offering

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

Prior to this offering, there has not been a public market for our common stock. We cannot predict the extent to which investor interest in us will lead to the development of an active trading market or how liquid that market might become. In addition, we are offering 1,811,313 shares in this offering (representing 1.4% of our outstanding shares), which is a smaller percentage of shares than is typical for an initial public offering. After this offering our shares may be less liquid than the shares of other newly public companies and there may be imbalances between supply and demand for our shares. As a result our share price may experience significant volatility and may not necessarily reflect the value of our expected performance. If an active trading market does not develop, you may have difficulty selling any of our common stock that you buy. Consequently, you may not be able to sell our common stock at prices equal to or greater than the price you paid in this offering.

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

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

After giving effect to this offering as if all were to occur on the date hereof, there would be 125,025,500 shares of our common stock outstanding (or 125,297,197 shares if the underwriters option to purchase additional shares is exercised in full), all of which will be the same class of voting common stock. All of the outstanding shares of our common stock will be eligible for resale under Rule 144 or Rule 701 of the Securities Act, subject to volume limitations, applicable holding period requirements and the lockup agreements described below or other contractual restrictions. The Sponsors have the ability to cause us to register the resale of its shares, and our management members who hold shares will have the ability to include their shares in such registration.

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

In connection with the Co-Investors Transaction we have filed a shelf prospectus as part of the registration statement of which this prospectus forms a part to register 22,339,143 shares of our common stock for resale on a continuous basis by the Participating Co-Investors, subject to the lockup agreements described above. We may issue shares of common stock or other securities from time to time as consideration for future acquisitions and investments or for any other reason that our board of directors, or Board, deems advisable. If any such acquisition or investment is significant, the number of shares of our common stock, or the number or aggregate principal amount, as the case may be, of other securities that we may issue may in turn be substantial. We may also grant registration rights covering those shares of common stock or other securities in connection with any such acquisitions and investments. Upon consummation of this offering, options to purchase 8,046,424 shares of common stock will be outstanding under our Management Equity Incentive Plan, assuming no changes to the plan, and warrants to purchase 120,829 shares of our common stock will be outstanding. Following the completion of this offering, we intend to file with the SEC a registration statement on Form S-8 covering the shares issuable under awards we have already granted under our Management Equity Incentive Plan and the shares reserved for issuance under our 2012 Performance Incentive Plan. Assuming effectiveness of the registration statement on Form S-8, such shares will be freely tradable though they will be subject to the lock-up arrangements and the transfer restrictions pursuant to the Management Investors Rights Agreement described herein.

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

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

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

- our operating and financial performance and prospects;
- our quarterly or annual earnings or those of other companies in our industry;
- conditions that impact demand for our products and services;
- the public s reaction to our press releases, other public announcements and filings with the SEC;

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- changes in earnings estimates or recommendations by securities analysts who track our common stock;
- market and industry perception of our success, or lack thereof, in pursuing our growth strategy;
- strategic actions by us or our competitors, such as acquisitions or restructurings;
- changes in government and environmental regulation, including gaming taxes;
- changes in accounting standards, policies, guidance, interpretations or principles;
- arrival and departure of key personnel;
- the small percentage of shares to be publicly traded after this offering;
- changes in our capital structure;
- sales of common stock by us or members of our management team;
- the expiration of contractual lockup agreements; and
- changes in general market, economic and political conditions in the United States and global economies or financial markets, including those resulting from natural disasters, terrorist attacks, acts of war and responses to such events.

In addition, in recent years, the stock market has experienced significant price and volume fluctuations. This volatility has had a significant impact on the market price of securities issued by many companies, including companies in the gaming, lodging, hospitality and entertainment industries. The changes frequently appear to occur without regard to the operating performance of the affected companies. Hence, the price of our common stock could fluctuate based upon factors that have little or nothing to do with us, and these fluctuations could materially reduce our share price.

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

After giving effect to this offering and the Co-Investors Transaction, Hamlet Holdings, the members of which are comprised of an equal number of individuals affiliated with each of the Sponsors, will beneficially own 70.1% of our common stock pursuant to an irrevocable proxy providing Hamlet Holdings with sole voting and sole dispositive power over those shares. The members of Hamlet Holdings have the power to elect all of our directors. Hamlet Holdings has the ability to vote on any transaction that requires the approval of our Board or our stockholders, including the approval of significant corporate transactions such as mergers and the sale of substantially all of our assets.

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

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

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

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

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

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

For example, under Nevada gaming laws, each person who acquires, directly or indirectly, beneficial ownership of any voting security, or beneficial or record ownership of any non-voting security or any debt security, in a public corporation which is registered with the Nevada Gaming Commission, or the Gaming Commission, may be required to be found suitable if the Gaming Commission has reason to believe that his or her acquisition of that ownership, or his or her continued ownership in general, would be inconsistent with the declared public policy of Nevada, in the sole discretion of the Gaming Commission. Any person required by the Gaming Commission to be found suitable shall apply for a finding of suitability within 30 days after the Gaming Commission s request that he or she should do so and, together with his or her application for suitability, deposit with the Nevada Gaming Control Board, or the Control Board, a sum of money which, in the sole discretion of the Control Board, will be adequate to pay the anticipated costs and charges incurred in the investigation and processing of that application for suitability, and deposit such additional sums as are required by the Control Board to pay final costs and charges. Additionally, under Ohio law, an institutional investor, which is broadly defined and includes any corporation, that holds any amount of our stock will be required to apply for and obtain a waiver of suitability determination.

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

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

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

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

The assumed initial offering price in this offering is substantially higher than the net tangible book value per share of the outstanding common stock immediately after the offering. Accordingly, based on the offering price of $9.00 per share, purchasers of common stock in this offering will experience immediate and substantial dilution of approximately $(64.36) per share in net tangible book value of the common stock after giving effect to this offering. See Dilution, including the discussion of the effects on dilution from a change in the price of this offering.

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

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

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

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

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

- the requirement that a majority of the Board consists of independent directors;
- the requirement that we have a nominating/corporate governance committee that is composed entirely of independent directors;
- the requirement that we have a compensation committee that is composed entirely of independent directors; and
- the requirement for an annual performance evaluation of the nominating/corporate governance and compensation committees.

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

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

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

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

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

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

- establishing a classified board of directors;
- establishing limitations on the removal of directors;
- permitting only an affirmative vote of at least two-thirds of the Board to fix the number of directors;
- prohibiting cumulative voting in the election of directors;
- empowering only the Board to fill any vacancy on the Board, whether such vacancy occurs as a result of an increase in the number of directors or otherwise;
- authorizing the issuance of blank check preferred stock without any need for action by stockholders;

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

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

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

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

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

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

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

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CAUTIONARY STATEMENTS CONCERNING FORWARD LOOKING STATEMENTS

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

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

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

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

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

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

access to insurance on reasonable terms for our assets;

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

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

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

- the other factors set forth under Risk Factors.

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

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MARKET AND INDUSTRY DATA AND FORECASTS

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

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

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USE OF PROCEEDS

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

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

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CAPITALIZATION

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

- on an actual basis;
- on an as adjusted basis after giving effect to this offering at an offering price of $9.00 per share and after deducting the underwriting discounts and commissions and estimated offering expenses payable by us.

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

	As of September 30, 2011	
(In millions)	Actual	As adjusted for this offering
Cash and cash equivalents[1]	$ 1,150.7	$ 1,163.7
Debt[2]:		
Revolving credit facility[3]	$	$
Term loan[4]	7,184.8	7,184.8
First lien notes	2,053.4	2,053.4
CMBS Financing	5,025.7	5,025.7
Second lien notes[5]	3,008.0	3,008.0
PHW Las Vegas senior secured loan	427.5	427.5
Linq/Octavius senior secured loan	445.7	445.7
Chester senior secured loan[6]	224.2	224.2
Subsidiary guaranteed unsecured senior debt[7]	487.2	487.2
Unsecured senior notes[8]	685.0	685.0
Other[9]	79.1	79.1
Total long-term debt, including current portion	$ 19,620.6	$ 19,620.6
Equity	1,205.9	1,218.9
Total capitalization	$ 20,826.5	$ 20,839.5

(1) Excludes restricted cash of $544.0 million.

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

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

(4) Upon the closing of the Acquisition, CEOC entered into a seven-year $7,250.0 million term loan facility, all of which was drawn at the closing of the Acquisition. The outstanding borrowings under the term loan have been increased by an incremental term loan drawn in October 2009 and $423.3 million of revolver commitments converted to extended term loans. The outstanding borrowings have been

reduced by payments made subsequent to the Acquisition. Caesars guarantees this facility, and all of the material wholly owned domestic subsidiaries of CEOC, other than Planet Hollywood, Caesars Octavius and Caesars Linq, have pledged their assets to secure this facility.

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

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

(7) Consists of $478.6 million of 10.75% Senior Notes due 2016 and $8.6 million of 10.75%/11.5% Senior PIK Toggle Notes due 2018. All of this indebtedness is guaranteed on a joint and several basis by Caesars and all of the material wholly owned domestic subsidiaries of CEOC, other than Planet Hollywood, Caesars Octavius and Caesars Linq, that have pledged their assets to secure the senior secured credit facilities.

(8) The Actual unsecured senior notes consist of the book values of the following notes: $125.2 million face value of 5.375% Senior Notes due 2013, $364.5 million face value of 5.625% Senior Notes due 2015, $153.7 million face value of 5.75% Senior Notes due 2017, $248.7 million face value of 6.5% Senior Notes due 2016, $0.6 million face value of 7% Senior Notes due 2013 and $0.2 million face value of Floating Rate Contingent Convertible Senior Notes due 2024, all of which are obligations of CEOC and guaranteed by Caesars. The aggregate face value of such notes is $892.9 million. As a result of a private placement and open market purchases, HBC holds $427.3 million face value of the outstanding 5.625% Senior Notes due 2015, $385.1 million face value of the outstanding 5.75% Senior Notes due 2017, $324.5 million face value of the outstanding 6.5% Senior Notes due 2016 and $3.1 million face value of the Senior PIK Toggle Notes due 2018. The amounts of the notes held by HBC are eliminated upon consolidation of Caesars.

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

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DILUTION

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

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

		Per Share
Initial public offering price per share		$ 9.00
Net tangible book value (deficit) before this offering	$ (55.46)	
Increase per share attributable to investors in this offering	0.10	
Pro forma net tangible book value (deficit) after this offering		$ (55.36)
Dilution per share to new investors		$ (64.36)

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

- the total number of shares of common stock purchased from us;
- the total consideration paid to us at an initial public offering price of $9.00 per share (before deducting the underwriting discount and commissions and offering expenses payable by us in connection with this offering); and
- the average price per share paid by existing shareholders and by new investors purchasing shares in this offering.

	Shares Purchased		Total Consideration (in millions)		Average Price Per Share
	Number	Percent	Amount	Percent	
Existing stockholders		%	$	%	$
Investors in the offering	1,811,313	100	16.3	100	9.00
Total	1,811,313	100%	$ 16.3	100%	$ 9.00

The above tables and calculations do not give effect to:

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

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

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

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

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

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

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SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

The following table presents our selected historical consolidated financial data as of and for the periods presented. The selected historical consolidated financial data as of December 31, 2006 and 2007 and for the periods from January 1, 2008 through January 27, 2008 (Predecessor) and from January 28, 2008 through December 31, 2008 and the years ended December 31, 2009 and 2010 (Successor) have been derived from, and should be read in conjunction with, our audited consolidated financial statements included elsewhere in this prospectus. The selected historical consolidated financial and other data for the periods for the years ended December 31, 2006 and 2007, and as of December 31, 2006, 2007 and 2008 have been derived from our audited consolidated financial statements not included in this prospectus. The selected historical financial information as of September 30, 2011 and for the nine month periods ended September 30, 2010 and 2011, are derived from, and should be read in conjunction with, our unaudited consolidated condensed financial statements included elsewhere in this prospectus. The summary historical consolidated financial information as of September 30, 2010 has been derived from our unaudited consolidated condensed financial statements not included in this prospectus. Except as otherwise described herein, our interim unaudited financial statements have been prepared on a basis consistent with our annual audited financial statements and, in the opinion of management, include all adjustments, consisting of normal recurring accruals, considered necessary for a fair presentation of such data. Except as otherwise specified in the table below, the per share data included in this selected historical financial data does not reflect the 1.742-for-one split of our common stock that we expect to effect prior to consummation of this offering.

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

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Caesars Entertainment Corporation

Selected Historical Consolidated Financial Data

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

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

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

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

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

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DIVIDEND POLICY

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

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MANAGEMENT S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

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

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

Regional Aggregation

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

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

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

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

Consolidated Operating Results

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

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

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

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

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

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

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

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

Our revenues for the nine months ended September 30, 2011 were down compared with the nine months ended September 30, 2010. The decline was due to the factors causing the decline in trips discussed above. These

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declines were partially mitigated by steadily improving fundamentals in the Las Vegas region and the full nine-month impact of Planet Hollywood, which was acquired in February 2010.

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

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

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

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

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

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

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

Revenues for the year ended December 31, 2009 declined as compared to 2008 as a result of reduced trips and spend per trip due to the impact of the recession on customers discretionary spending, as well as reduced aggregate demand, which impacted average daily room rates. The earnings impact of the declines in revenue in 2009 as compared to 2008 was partially offset by company-wide cost savings initiatives that began in the third quarter of 2008. The year ended December 31, 2008 included charges of $5,489.6 million related to impairment of goodwill and other non-amortizing intangible assets, and expenses incurred in connection with the Acquisition, primarily

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related to accelerated vesting of employee stock options, stock appreciation rights (SARs) and restricted stock, and higher interest expense. Offsetting a portion of these costs in 2008 were net gains on the early extinguishments of debt and proceeds received from the settlement of insurance claims related to hurricane damage in 2005.

Regional Operating Results

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

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

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

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

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

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

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

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

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

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Las Vegas Region

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

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

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

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

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

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

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

Atlantic City Region

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

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

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

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

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

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Louisiana/Mississippi Region

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

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

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

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

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

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

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Iowa/Missouri Region

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

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

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

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

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

Illinois/Indiana Region

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

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

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

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

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

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

Other Nevada Region

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

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

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

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

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

Managed and International

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

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

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

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

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

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

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

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

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

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

Other Factors Affecting Net Income

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

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

Corporate Expense

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

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

Write-downs, reserves and recoveries

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

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

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

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

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

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

Impairment of intangible assets

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

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

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

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

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

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

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

Acquisition and integration costs

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

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

Amortization of intangible assets

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

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

Interest Expense

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

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

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

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

(Gains)/losses on early extinguishments of debt

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

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

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

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

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

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

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

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

Other income

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

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

Income tax (benefit)/provision

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

Income tax benefit for the year ended December 31, 2010 was primarily attributable to tax benefits associated with operating losses, partially offset by the non-deductibility of the impairment charges on goodwill and international income taxes. In 2009, income tax expense was primarily attributable to the tax impact of gains on early extinguishments of debt and the non-deductibility of the impairment charges on goodwill and other non-amortizing intangible assets. Refer to note 12 to our audited consolidated financial statements, included elsewhere in this prospectus for more information.

Other items

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

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Liquidity and Capital Resources

Cost Savings Initiatives

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

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

Capital Spending and Development

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

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

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

Liquidity

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

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

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

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

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

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

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

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

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

Capital Resources

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

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

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

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then in effect is scheduled to mature prior to the second extended maturity date, the borrowers shall have obtained new or extended interest rate cap agreements extending the agreement through the second extended maturity date and (v) the borrowers shall have paid a 50 bps extension fee in respect of such extension.

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

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

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

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

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Guarantees of Third-Party Debt and Other Obligations and Commitments

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

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

(a) In addition to the contractual obligations disclosed in this table, we have unrecognized tax benefits that, based on uncertainties associated with the items, we are unable to make reasonably reliable estimates of the period of potential cash settlements, if any, with taxing authorities. See note 9 to our unaudited consolidated financial statements and note 12 to our audited consolidated financial statements included elsewhere in this prospectus.

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

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

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

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

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

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

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

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

Competitive Pressures

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

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

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

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

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Significant Accounting Policies and Estimates

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

We consider accounting estimates to be critical accounting policies when:

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

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

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

Property and Equipment

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

Goodwill and Other Intangible Assets

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

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

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

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

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

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

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

Total Rewards Point Liability Program

Our customer loyalty program, Total Rewards, offers incentives to customers who gamble at certain of our casinos throughout the United States. Under the program, customers are able to accumulate, or bank, reward credits over time that they may redeem at their discretion under the terms of the program. The reward credit balance will be forfeited if the customer does not earn a reward credit over the prior six-month period. As a result of the ability of the customer to bank the reward credits, we accrue the expense of reward credits, after consideration of estimated forfeitures (referred to as breakage), as they are earned. The value of the cost to provide reward credits is expensed as the reward credits are earned and is included in Casino expense on our Consolidated Statements of Operations. To arrive at the estimated cost associated with reward credits, estimates and assumptions are made regarding incremental costs of the benefits, breakage rates and the mix of goods and services for which reward credits will be redeemed. We use historical data to assist in the determination of estimated accruals.

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

Allowance for Doubtful Accounts

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

Self-Insurance Accruals

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

Income Taxes

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

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

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

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

Derivative Instruments

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

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

Quantitative and Qualitative Disclosure About Market Risk

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

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

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

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

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

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

(1) Expires in 2015.

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

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

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

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

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INDUSTRY

Introduction

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

US Commercial Casino Gaming

($ in billions)

Source: 2011 AGA Survey of Casino Entertainment.

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

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

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

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

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

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United States Commercial Gaming Industry

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

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

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

($ in billions)

Source: 2011 AGA Survey of Casino Entertainment.

Las Vegas

Las Vegas is the largest and most prominent gaming market in the U.S. with 176 licensed casinos, 126,786 nonrestricted slot machines, 4,440 licensed tables and $8.9 billion of gaming revenue in 2010 for Clark County. Las Vegas 148,935 hotel rooms consistently exhibit occupancy rates in the 80% 90% range and are home to 18 of the 25 largest hotels in the world. During the past 10-15 years, Las Vegas has successfully focused on attracting more than just gamblers as operators have invested in non-gaming amenities. As a result, Las Vegas has become one of the nation s most popular convention destinations and draws travelers attracted to the city s fine dining, shopping, and entertainment, as well as the gaming facilities. The city drew 36.4 million and 37.3 million visitors in 2009 and 2010, respectively.

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

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Las Vegas Hotel Room Supply and Visitation

(1990 LTM (8/30/2011))

Source: LVCVA.

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

Las Vegas Visitation Growth

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

Source: LVCVA.

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

(1) newer, larger and more diverse resorts

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(2) greater focus on the convention market and

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

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

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

Las Vegas Strip Gaming Revenue Growth

(Y-o-Y growth)

Source: Nevada Gaming Control Board.

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

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Trends in Las Vegas Continue to Improve

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

Atlantic City

Atlantic City first legalized gaming in 1976 and is now the second largest gaming market in the U.S. Home to 11 casinos and approximately 27,000 slots, the Atlantic City market benefits from attractive demographics with 45 million adults within a 300 mile radius. 2010 brought 29.3 million visitors, according to the South Jersey Transportation Authority.

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

Due to the introduction of competitive gaming options in the northeast region of the U.S. and the recent global economic recession, Atlantic City gaming revenues have fallen to approximately $3.3 billion as of November 30, 2011. Several recent trends have negatively impacted Atlantic City properties. In 2004, Pennsylvania passed legislation to legalize slot machines at seven horse racing tracks, five independent slot parlors and two resort slot parlors, and in July 2010 table games were introduced. Currently, ten facilities are open in Pennsylvania. Three of these casinos are in the Philadelphia area, with one additional scheduled to open in 2012.

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

Competition from Pennsylvania and New York, and the national economy, severely affected the Atlantic City market in 2008 and continued through 2010. While this downward trend in gaming revenues continued through September 2011, gaming revenue achieved year-over-year positive growth in December 2011. We expect gaming revenues in Atlantic City to further stabilize as gaming expansion in the Mid-Atlantic region slows, and the Atlantic City Partnership, with the support of the New Jersey state government, focuses on four key areas to encourage future growth in the city: safety, marketing, regulatory reform and the Community Redevelopment Investment Act.

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

Regional Markets

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

Regional Gaming Revenue Growth

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

Source: State Gaming Control Boards.

Gaming Revenue Growth in Regional Markets Where We Operate

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

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

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

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

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

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

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

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

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BUSINESS

Overview

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

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

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

Description of Business

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

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

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

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

Our Atlantic City casinos, Harrah s Resort Atlantic City, Showboat Atlantic City, Caesars Atlantic City and Bally s Atlantic City, draw customers primarily from the Philadelphia metropolitan area, New York and New Jersey. In general, our Atlantic City properties generate a considerable percentage of our net revenue. Specifically, three of our top six revenue generating properties are located in Atlantic City. However, margins at these properties generally are lower than those of our properties located in other markets. If we were able to improve our margins at our Atlantic City properties by 3% to match the margins of operations at our next lowest regional market, this would result in $45 million incremental growth in income from operations.

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

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On January 20, 2012, we received notice that the minority owners have elected to exercise their put rights under an operating agreement with one of our wholly-owned subsidiaries. As a result, effective as of January 22, 2012, we are required to purchase from the minority owners ninety percent of their interest in Harrah s Chester. We expect to consummate this purchase in early February 2012. Upon consummation, we will have a 99.5% ownership interest in this property.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

We also own Macau Orient Golf, which operates a golf course on 175 acres of prime real estate through a land concession on the Cotai strip in Macau.

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

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

Our Competitive Strengths

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

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

Superior business model based on nationwide customer database and loyalty program. Our strategy is to generate same store gaming revenue growth and cross-market play, which we define as play by a guest in one of our properties outside the home market of their primary gaming property, through superior marketing and technological capabilities in combination with our nationwide casino network. The systems that we use to generate our same store gaming revenue growth and cross-market play consist of proprietary tools including Total Rewards and the WINet database. We believe these marketing tools, coupled with the industry s broadest geographic reach and all time high customer satisfaction scores during the quarter ended September 30, 2011, provide us with a significant competitive advantage that enables us to efficiently market our products to a large and recurring customer base, and generate profitable revenue growth.

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

Leading innovator in the gaming industry. We have a proven record of innovation, including revolutionizing our industry s approach to marketing with the introduction of our Total Rewards loyalty program in 1997 and applying this program nationwide and across multiple brands. We believe that our industry will continue to evolve into additional areas of gaming and entertainment, including online gaming, and we have expended resources designed to put us on the forefront of these areas. We are not aware of another U.S. land-based casino company that owns an online gaming business. In addition, we are exploring additional online entertainment offerings that capitalize on our recognized brand names, particularly our World Series of Poker and Caesars brands. We believe that we are better positioned than our competitors to take advantage of new opportunities in the gaming industry due to our history of innovation, strong brand names and current online business, and we plan to continue to invest in developing areas of the gaming industry.

Long-dated capital structure with no near-term maturities and significant liquidity. Recent capital market transactions have improved our liquidity and maturity profile and have better positioned us to grow and create value. These transactions have included two debt-for-debt exchange offers, tender offers, open market repurchases, the issuance of new first and second lien notes, an amendment to our CMBS Financing, including a two-year maturity extension, subject to certain conditions, and an amendment to our senior secured credit facilities pursuant to which a portion of the loan was extended by three years. Through these transactions, we have reduced the amount of our debt maturing from 2012 through 2014 from $7,000.6 million to $125.8 million. These debt maturities assume that we will exercise extension options on the CMBS Financing, moving its maturity from 2013 to 2015. We have also reduced our annual interest expense through these transactions by approximately $94.0 million. Further, these transactions have enhanced our liquidity. As of September 30, 2011, we had approximately $1.2 billion of cash and cash equivalents, excluding $544.0 million in restricted cash, and $1.1 billion available under our revolving credit facility. Although we have $22,513.6 million face value of total debt outstanding at September 30, 2011, only $45.5 million of this debt is due within the next 12 months, with minimal near-term maturities thereafter, after taking into account our exercise of the extension options with respect to the CMBS Financing and the Planet Hollywood debt. Therefore, we believe that our significant liquidity combined with our debt maturity profile positions us well to capitalize on growth opportunities and an extended rebound in the broader economy. See Risk Factors Risks Related to Our Indebtedness for a discussion of the risks concerning our indebtedness.

Experienced and highly motivated management team with proven track record. Our management team, led by CEO Gary W. Loveman, has built Caesars into an industry leader by geographically diversifying our operations and introducing technology-based tools to loyalty programs. A former associate professor at the Harvard University Graduate School of Business Administration, Mr. Loveman joined us as Chief Operating

Officer in 1998 and drew on his extensive background in retail marketing and service-management to enhance Total Rewards. Mr. Loveman has been named Best CEO in the gaming and lodging industry by Institutional Investor magazine four times. In addition, our senior management operations team has an average of 27 years of industry experience. Other senior management team members possess significant experience in government and a variety of consumer industries. In addition, a significant portion of our management team s compensation is in the form of equity and stock options, the value of which depends on our overall results and motivates our senior management to focus on maximizing our long-term earnings and equity value.

Our Business Strategy

Leverage our unique scale and proprietary loyalty programs to generate superior revenue growth and fair share. We plan to continue to aggressively leverage our nationwide distribution platform and superior marketing and technological capabilities to generate same store gaming revenue growth and cross-market play. Our Total Rewards and WINet systems include over 40 million program members with 184% growth in tracked players since 2000. Through these systems, we promote cross-market play and target our efforts and marketing expenditures on areas and customer segments that generate the highest return. This system, coupled with our vast footprint in the U.S., enables us to profitably stimulate substantial cross-market play. We offer a unique value proposition to loyal players whereby they get the best service and product in their local market, and as a reward for their loyalty, they get especially attentive and customized services in our destination markets. This two-part value proposition is unique to us and an important source of our competitive advantage. For example, a number of financial measures have improved significantly at our Planet Hollywood property since we acquired it in 2010, in large part due to our ability to stimulate cross-market play. Cross-market play represents 70% and 60% of the gross gaming revenues we generate in Las Vegas and Atlantic City, respectively. The data that we collect indicates that individual customers play more with Caesars when they visit multiple properties, either during the same trip or on different occasions. Our wins per position at both destination and regional markets, as well as in our local markets, were on average 25% higher than the industry average in those markets for the first nine months of 2011. Our extensive historical knowledge and refined decision modeling procedures enable us to distribute best practices to ensure our marketing expenditures are being used to their utmost efficiency. Given our historical investments in information technology and our broad geographic footprint, we believe we have a competitive advantage with regards to stimulating revenues.

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

Maximize our core business profitability upon a rebound in net revenues. We operate businesses that have inherently low variable costs such that positive change in revenues should drive relatively large improvements in Income from Operations. A key determinant of hotel revenues is the ADR that is charged. Increases in ADR would drive nearly a dollar for dollar improvement in Income from Operations and on our room base of 42,000 rooms, we anticipate that a $5 increase in ADR on an annual basis would equate to an improvement to annual Income from Operations of approximately $65 million. Our average system-wide ADR was $111 in 2007, compared to $91 during the last twelve months ended September 30, 2011. Likewise, we anticipate that a $5 improvement per rated customer gaming trip would equate to an improvement to annual Income from Operations of approximately $95 million, and a $5 improvement in spend per unrated customer gaming trip would equate to an improvement to annual Income from Operations of approximately $79 million. Average spending per rated customer gaming trip declined from $178 in 2007 to $162 during the last twelve months ended September 30, 2011. While we use 2007 as a measurement for our financial performance and the gaming industry in general, we may not attain those financial levels in the near term, or at all.

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In addition to the inherently high variable margin nature of our businesses, we have and will continue to dedicate significant efforts towards positioning our business and cost structure to ensure we generate the maximum incremental profitability when core industry revenue growth returns. As of September 30, 2011, we have achieved a 17% reduction in our full time equivalent labor force, which refers to the aggregate hours worked by our employees assuming a standard eight-hour day, and a 22% increased efficiency in the ratio of occupied rooms in our properties per each full time equivalent employee. For example, the reduction of four hours per week for ten employees yields a reduction of one full time equivalent employee in our labor force per week. Over the last several years, our management team has instituted operational concepts, such as LEAN service operations, Kaizens, and dynamic volume based scheduling, with the intention to achieve consistently high efficiency rates. For example, our Kaizen efforts help our operations teams to identify more efficient ways to operate their respective businesses and provide direct management with the tools to monitor progress and to assist in the early identification of variances to the planned processes.

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

As of September 30, 2011, we have realized approximately $135 million in savings associated with Project Renewal. We classify initiatives that are identified and are in the process of being implemented as yet to be realized identified estimated cost savings. For the purposes of our senior secured leverage ratio under our credit agreement, this amount can be added back into the EBITDA calculation to calculate Adjusted EBITDA. As of September 30, 2011, the yet to be realized identified estimated cost savings was $202.5 million. This figure increases as new initiatives that are part of Project Renewal are identified and get implemented, and decrease as the actual results become reflected in our cost structure. See Risk Factors Risks Related to our Business We may not realize any or all of our projected cost savings, which would have the effect of reducing our LTM Adjusted EBITDA Pro Forma, which would have a negative effect on our results of operations and negatively impact our covenant calculation and could have a negative effect on our stock price on page 29 of this prospectus.

Pursue opportunistic domestic acquisitions and development opportunities. We believe our brand portfolio and recognition, coupled with the power of the Total Rewards loyalty program uniquely positions us to capitalize on expansion into underdeveloped regional markets or to pursue opportunistic acquisitions of distressed assets. We intend to pursue these acquisitions from time to time. We believe our operating expertise and network synergies enable us to create value above and beyond what other operators can provide. Our geographically broad-based experience gives us a superior understanding of a property s revenue potential and enables us to be the optimal partner or purchaser for select assets. For example, we executed a definitive agreement in December 2010 with Rock Gaming LLC to jointly develop, and for us to manage, two of four authorized casinos in the state of Ohio, Horseshoe Cleveland and Horseshoe Cincinnati. As part of our investment, we agreed to contribute Thistledown

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

Pursue opportunities to further expand into international markets. We currently own, operate or manage 15 casino properties in international gaming markets across Europe, North America, South America and Africa. In addition, in Asia, we operate a golf course on 175 acres of prime real estate through a land concession on the Cotai strip in Macau. We believe that we remain well-positioned for international gaming growth and legalization in Asia and Europe. We are investigating various opportunities to own, operate or manage international resorts and casinos. These opportunities are at varying stages of development, such as due diligence investigations, executed confidentiality agreements, and other discussions regarding potential projects, which may or may not come to fruition. We will continue to evaluate and pursue opportunities to own, operate or manage international casinos and resorts. Our Caesars brand remains the most recognized casino brand in the world, and we plan to leverage the power of this brand, and our other brands, as we expand into international markets. For example, the Macau and Singapore gaming markets generated approximately $33.0 billion and $4.2 billion in gross gaming revenues, respectively, for the twelve months ended November 2011. In addition to international gaming opportunities, we are also actively pursuing non-gaming management, branding, and development opportunities in Asia and other parts of the world where our brands and reputation are already well-recognized assets. Demand in China s luxury hotel segment grew 27% in 2010 compared to 2009. In order to accommodate such rapid growth, we estimate that the supply of hotel rooms in China would need to grow 800% to match comparable U.S. hotel supply. In 2011, we formed a group to focus on this opportunity called Caesars Global Life. In September 2011, we announced our first project, a management and branding agreement for a development, whose equity will be provided by a third party, that will be called Caesars Palace Longmu Bay. Located in Hainan, China, and at a projected cost to the owner of $470 million, it is expected to open in 2014 and will contain a 1,000-room, five-star hotel with a marina, spa, retail, gourmet dining and other amenities, including 36 holes of golf. This project will be the foundation for our expansion in China and throughout the entire Asia-Pacific region, where we expect to participate in the development of a total of 25 hotels and resorts over the next five years. See Risk Factors Risks Related to Our Business The acquisition, development and construction of new hotels, casinos and gaming and non-gaming venues and the expansion of existing ones could have an adverse effect on our business, financial condition and results of operations due to various factors, including delays, cost overruns and other uncertainties and Risk Factors Risks Related to Our Business The risks associated with international operations could reduce our profits for a discussion of the risks relating to this strategy.

Continue to grow our online business. Our globally recognized World Series of Poker and Caesars brands and our dedicated online gaming management team position us to take advantage of opportunities in the global online gaming market and to continue to develop the infrastructure to support larger scale real money online gaming as it becomes legalized and licensed in new jurisdictions. In late 2009, we launched our real money World Series of Poker and Caesars-branded poker, bingo and casino online sites in the United Kingdom. We also have alliances with online gaming providers in Italy and France. As part of our online strategy, we will continue to expand our online real money gaming offerings in legally compliant jurisdictions and offer for fun online gaming options in those and other jurisdictions. In May 2011, we purchased a majority stake in Playtika Ltd., or Playtika, a social games company located in Israel, and in December 2011, purchased the remaining outstanding shares of Playtika. Playtika develops social games for Facebook and other social networking websites and mobile games. Playtika s Slotomania is the second most popular casino game application on Facebook with approximately 1.8 million daily active users. In addition, we will continue to expand our World Series of Poker tournaments to international jurisdictions where we believe there is a likelihood of legalization of online gaming, in order to grow the brand s awareness. We believe that the expansion of online gaming offerings for real money, for-fun and social and mobile games will benefit our land-based portfolio due to further brand enhancement, customer acquisition in new channels, and marketing arrangements including incorporating our Total Rewards and cash-back for points programs into our online gaming offerings.

We believe that additional jurisdictions will legalize online gaming due to consumer demand, a broader understanding of the need to regulate the industry and to generate income through taxes on gaming revenue. As such, we support of efforts to regulate the online gaming industry to ensure that consumers are protected. We believe that the potential for online gaming is substantial and believe that we will command, at a minimum, our fair share in any legal jurisdiction. An H2 Gaming Capital study conducted in 2010 projects that the global online gaming market will grow to $36 billion in revenues by 2012. We believe that the largest opportunity in online gaming in the near term is the legalization of online poker in the United States. Congressional leaders are becoming more aware of the acute need to regulate internet poker, to put in place consumer protections and law enforcement safeguards and to allow U.S. companies to provide these services to Americans. The Internet Gambling Regulation, Consumer Protection and Enforcement Act (HR 2267), currently being deliberated by Congress, contemplates the legalization of online gaming in the United States. If enacted, estimates suggest, as shown on the next chart, that the U.S. online poker market will grow substantially during the next seven years given historical growth rates in active users.

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

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

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

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

Sales and Marketing

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

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

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

Patents and Trademarks

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

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

We hold the following trademarks used in this document: Harrah ®s, Caesars®, Grand Casino℠, Bally ®s, Flamingo®, Paris®, Caesars Palace®, Rio®, Showboat®, Bill ®s, Harveys®, Total Rewards®, Bluffs Run®,

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Louisiana Downs®, Reward Credits®, Horseshoe®, Seven Stars®, Tunica Roadhouse℠ and World Series of Poker®. Trademark rights are perpetual provided that the mark remains in use by us. In addition, we hold trademark licenses for Planet Hollywood® used in connection with the Planet Hollywood Resort & Casino in Las Vegas, NV, which will expire on February 19, 2045, and for Imperial Palace used in connection with the Imperial Palace Las Vegas hotel and casino, which will expire on December 23, 2012. We consider all of these marks, and the associated name recognition, to be valuable to our business.

Competition

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

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

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

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

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

Developments and Acquisitions

Las Vegas. In July 2007, we announced plans for an expansion and renovation of Caesars Palace Las Vegas. We deferred completion of the planned 662-room hotel tower, the Octavius Tower, due to economic conditions impacting the Las Vegas tourism sector. We completed other aspects of the project in 2009 as planned, including the mid-summer 2009 opening of an additional 110,000 square feet of meeting and convention space, three 10,000 square foot villas and an expanded pool and garden area. We opened the remaining rooms and suites in the Octavius Tower in January 2012. The total capital expenditures for the project, including the Octavius Tower, were approximately $650 million.

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

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

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

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

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

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

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

Employee Relations

We have approximately 70,000 employees through our various subsidiaries. Approximately 28,000 employees are covered by collective bargaining agreements with certain of our subsidiaries, relating to certain casino, hotel and restaurant employees at certain of our properties. Most of our employees covered by collective bargaining agreements are located at our properties in Las Vegas and Atlantic City. Our collective bargaining agreements with employees located at our Atlantic City properties expire at various times throughout 2014 and 2016 and our collective bargaining agreements with our employees located at our Las Vegas properties expire at various times throughout 2012 and 2013.

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Properties

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

Summary of Property Information

Property	Type of Casino	Casino Space Sq. Ft.[(a)]	Slot Machines[(a)]	Table Games[(a)]	Hotel Rooms and Suites[(a)]
Atlantic City, New Jersey					
Harrah s Atlantic City	Land-based	177,000	2,870	170	2,590
Showboat Atlantic City	Land-based	120,100	2,600	110	1,330
Bally s Atlantic City	Land-based	167,200	3,300	210	1,760
Caesars Atlantic City	Land-based	140,800	2,350	180	1,140
Las Vegas, Nevada					
Harrah s Las Vegas	Land-based	90,600	1,400	110	2,530
Rio	Land-based	117,300	1,110	90	2,520
Caesars Palace	Land-based	134,600	1,390	160	3,090
Paris Las Vegas	Land-based	95,300	1,080	90	2,920
Bally s Las Vegas	Land-based	66,200	1,020	60	2,810
Flamingo Las Vegas[(b)]	Land-based	91,000	1,340	150	3,350
Imperial Palace	Land-based	118,000	780	50	2,640
Bill s Gamblin Hall & Saloon	Land-based	42,525	370	50	200
Hot Spot Oasis	Land-based	1,000	15		
Planet Hollywood Resort and Casino	Land-based	108,900	1,160	90	2,500
Laughlin, Nevada					
Harrah s Laughlin	Land-based	56,000	880	30	1,510
Reno, Nevada					