HARRAHS OPERATING CO INC
Form S-1
November 25, 2009
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As filed with the Securities and Exchange Commission on November 25, 2009

Registration No. 333-

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-1

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

HARRAH S ENTERTAINMENT, INC.

(Exact name of registrant as specified in its charter)

DELAWARE	**7993**	**62-1411755**
(State or other jurisdiction of Incorporation or organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification No.)**

One Caesars Palace Drive

Las Vegas, NV 89109

(702) 407-6000

(Address, including zip code, and telephone number, including

area code, of Registrant s Principal Executive Offices)

HARRAH S OPERATING COMPANY, INC.

(Exact name of registrant as specified in its charter)

DELAWARE	**7993**	**75-1941623**
(State or other jurisdiction of Incorporation or organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification No.)**

One Caesars Palace Drive

Las Vegas, NV 89109

(702) 407-6000

(Address, including zip code, and telephone number, including area code, of Registrant s principal executive offices)

Michael D. Cohen, Esq.

Vice President and Corporate Secretary

Harrah s Entertainment, Inc.

One Caesars Palace Drive

Las Vegas, NV 89109

(702) 407-6000

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

With a copy to:

Monica K. Thurmond, Esq.

O Melveny & Myers LLP

7 Times Square

New York, New York 10036

(212) 326-2000

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

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

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

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

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

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

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

(Calculation Table continued on next page)

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

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(Continued from previous page)

CALCULATION OF REGISTRATION FEE

Title of each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Note	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee
10.00% Second-Priority Senior Secured Notes due 2015	$22,206,000	100%	$22,206,000	$1,239
Guarantee of 10.00% Second-Priority Senior Secured Notes due 2015(2)				(3)
10.00% Second-Priority Senior Secured Notes due 2018	$31,765,000	100%	$31,765,000	$1,772
Guarantee of 10.00% Second-Priority Senior Secured Notes due 2018(2)				(3)
10.00% Second-Priority Senior Secured Notes due 2018	$291,146,000	100%	$291,146,000	$16,246
Guarantee of 10.00% Second-Priority Senior Secured Notes due 2018(2)				(3)
5.625% Senior Notes due 2015	$398,894,000	100%	$398,894,000	$22,258
Guarantee of 5.625% Senior notes due 2015(2)				(3)
6.50% Senior Notes due 2016	$224,520,000	100%	$224,520,000	$12,528
Guarantee of 6.50% Senior Notes due 2016(2)				(3)
5.75% Senior Notes due 2017	$335,561,000	100%	$335,561,000	$18,724
Guarantee of 5.75% Senior Notes due 2017(2)				(3)

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(a) under the Securities Act of 1933, as amended (the Securities Act).

(2) Harrah s Entertainment, Inc. unconditionally guarantees the 10.00% Second-Priority Senior Secured Notes due 2015, the 10.00% Second-Priority Senior Secured Notes due 2018(1); the 10.00% Second-Priority Senior Secured Notes due 2018(2), the 5.625% Senior Notes due 2015, the 6.50% Senior Notes due 2016 and the 5.75% Senior Notes due 2017 on a senior unsecured basis.

(3) Pursuant to Rule 457(n) of the rules and regulations under the Securities Act, no separate fee for the guarantee is payable.

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

Subject to Completion, dated November 25, 2009

PRELIMINARY PROSPECTUS

Harrah s Operating Company, Inc.

$22,206,000 10.00% Second-Priority Senior Secured Notes due 2015

$31,765,000 10.00% Second-Priority Senior Secured Notes due 2018

$291,146,000 10.00% Second-Priority Senior Secured Notes due 2018

$398,894,000 5.625% Senior Notes due 2015

$224,520,000 6.50% Senior Notes due 2016

$335,561,000 5.75% Senior Notes due 2017

This prospectus covers resales by holders of: (i) the 10.00% Second-Priority Senior Secured Notes due 2015 issued by Harrah s Operating Company, Inc. (HOC) on December 24, 2008 (the 2015 Second Lien Notes); (ii) the 10.00% Second-Priority Senior Secured Notes due 2018 issued by HOC on December 24, 2008 (the 2018(1) Second Lien Notes); (iii) the 10.00% Second-Priority Senior Secured Notes due 2018 issued by HOC on April 15, 2009 (the 2018(2) Second Lien Notes); (iv) the 5.625% Senior Notes due 2015 (the 2015 Senior Notes); (v) the 6.50% Senior Notes due 2016 (the 2016 Senior Notes); and (vi) the 5.75% Senior Notes due 2017 (the 2017 Senior Notes). We refer to the 2015 Second Lien Notes, the 2018(1) Second Lien Notes and 2018(2) Second Lien Notes collectively as the Second Lien Notes. We refer to the 2015 Senior Notes, the 2016 Senior Notes and the 2017 Senior Notes collectively as the Senior Notes. We refer to the Second Lien Notes and the Senior Notes offered in this prospectus collectively as the notes.

The 2015 Second Lien Notes mature on December 15, 2015, and the 2018(1) Second Lien Notes and 2018(2) Second Lien Notes mature on December 15, 2018. Interest on each series of the Second Lien Notes is payable in cash on June 15 and December 15 and accrues at a rate of 10.00% per annum. The 2015 Senior Notes mature on June 1, 2015, the 2016 Senior Notes mature on June 1, 2016, and the 2017 Senior Notes mature on October 1, 2017. Interest on the 2015 Senior Notes is payable in cash on June 1 and December 1 and accrues at a rate of 5.625% per annum. Interest on the 2016 Senior Notes is payable in cash on June 1 and December 1 and accrues at a rate of 6.50% per annum. Interest on the 2017 Senior Notes is payable in cash on April 1 and October 1 and accrues at a rate of 5.75% per annum.

At any time prior to December 15, 2012, HOC may redeem, in whole or in part, the 2015 Second Lien Notes at a price equal to 100% of the principal amount of the 2015 Second Lien Notes redeemed plus accrued and unpaid interest to the redemption date and a make-whole premium. Thereafter, HOC may redeem the 2015 Second Lien Notes, in whole or in part, at the redemption prices set forth in this prospectus. At any time prior to December 15, 2013, HOC may redeem, in whole or in part, the 2018(1) Second Lien Notes, in whole or in part, at a price equal to 100% of the principal amount of the 2018(1) Second Lien Notes redeemed plus accrued and unpaid interest to the redemption date and a make-whole premium and/or the 2018(2) Second Lien Notes, in whole or in part, at a price equal to 100% of the principal amount of the 2018(2) Second Lien Notes redeemed plus accrued and unpaid interest to the redemption date and a make-whole premium. Thereafter, HOC may redeem the 2018(1) Second Lien Notes and/or the 2018(2) Second Lien Notes, in whole or in part, at the redemption prices set forth in this prospectus. In addition, on or prior to December 15, 2011, HOC may redeem up to 35% of the aggregate principal amount of the 2015 Second Lien Notes, the 2018(1) Second Lien Notes and/or the 2018(2) Second Lien Notes with the net cash proceeds from certain equity offerings at the redemption prices set forth in this prospectus. At any time prior to their respective maturity dates, HOC may redeem, in whole or in part, any series of the Senior Notes at a price equal to 100% of the principal amount of such series of Senior Notes redeemed plus accrued and unpaid interest to the redemption date and a make-whole premium.

The notes are senior indebtedness of HOC, rank pari passu in right of payment with all of its existing and future senior indebtedness of HOC, are senior in right of payment to all of its existing and future subordinated indebtedness of HOC and are effectively subordinated in right of payment to all of the existing and future indebtedness and liabilities of its subsidiaries (in the case of the Senior Notes) and its subsidiaries that are not Subsidiary Pledgors (in the case of the Second Lien Notes). In addition, the Senior Notes are effectively subordinated to any senior secured indebtedness of HOC or Harrah s Entertainment, including the Second Lien Notes, as well as HOC s senior secured credit facilities and first lien notes, in each case to the extent of the assets securing such indebtedness. The notes are irrevocably and unconditionally guaranteed by Harrah s Entertainment.

The Second Lien Notes will be secured by second-priority liens on certain assets of HOC and each wholly owned, domestic subsidiary of HOC that is a subsidiary pledgor with respect to the senior secured credit facilities (the Subsidiary Pledgors). The liens are junior in priority to the liens on substantially the same collateral securing the senior secured credit facilities and the first lien notes and to all other permitted prior liens, including liens securing certain derivative obligations and cash management obligations. While the collateral securing the senior secured credit facilities and the first lien notes includes the equity interests of HOC and substantially all of HOC s domestic subsidiaries and first-tier foreign subsidiaries, the collateral securing the Second Lien Notes does not include securities and other equity interests of HOC or its subsidiaries.

We have not applied, and do not intend to apply, for listing of the notes on any national securities exchange or automated quotation system.

HOC will not receive any proceeds from the resale of the notes hereunder.

See Risk Factors beginning on page 23 of this prospectus for a discussion of certain risks that you should consider before participating in these exchange offers.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is , 2009.

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We have not authorized anyone to give you any information or to make any representations about us or the transactions we discuss in this prospectus other than those contained in this prospectus. If you are given any information or representations about these matters that is not discussed in this prospectus, you must not rely on that information. This prospectus is not an offer to sell or a solicitation of an offer to buy securities anywhere or to anyone where or to whom we are not permitted to offer or sell securities under applicable law. The delivery of this prospectus does not, under any circumstances, mean that there has not been a change in our affairs since the date of this prospectus. Subject to our obligation to amend or supplement this prospectus as required by law and the rules of the Securities and Exchange Commission (the SEC) the information contained in this prospectus is correct only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of these securities.

The notes may not be offered or sold in or into the United Kingdom by means of any document except in circumstances that do not constitute an offer to the public within the meaning of the Public Offers of Securities Regulations 1995. All applicable provisions of the Financial Services and Markets Act 2000 must be complied with in respect of anything done in relation to the notes in, from or otherwise involving or having an effect in the United Kingdom.

The notes have not been and will not be qualified under the securities laws of any province or territory of Canada. The notes are not being offered or sold, directly or indirectly, in Canada or to or for the account of any resident of Canada in contravention of the securities laws of any province or territory thereof.

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PROSPECTUS SUMMARY

The following summary contains information about Harrah s Entertainment, Inc., Harrah s Operating Company, Inc. and the notes. It does not contain all of the information that may be important to you in making a decision to participate in the offering. For a more complete understanding of Harrah s Entertainment, Inc., Harrah s Operating and the notes, we urge you to read this prospectus carefully, including the sections entitled Risk Factors, Forward Looking Statements and Where You Can Find More Information. Unless otherwise noted or indicated by the context, the terms Harrah s, HET and Harrah s Entertainment refer to Harrah s Entertainment, Inc., and we, us and our refer to Harrah s Entertainment, Inc. and its consolidated subsidiaries, and Harrah s Operating or HOC refers to Harrah s Operating Company, Inc.

As of September 30, 2009, Harrah s Entertainment owned or managed 52 casinos through its subsidiaries. In connection with the financing of the Acquisition described under The Acquisition Transactions, six casinos were spun or transferred out of HOC to entities that are side-by-side with HOC. See The Acquisition Transactions CMBS Transactions. In addition, in connection with the Acquisition Transactions, London Clubs and its subsidiaries became subsidiaries of HOC. See The Acquisition Transactions London Clubs Transfer. HOC has remained a direct, wholly owned subsidiary of Harrah s Entertainment and as of September 30, 2009 owned or managed 46 of our 52 casinos. Notwithstanding these spin-offs and transfers, management of Harrah s Entertainment continues to manage all of the properties of HOC and those held by its sister subsidiaries as one company, but HOC is not entitled to receive any direct contribution or proceeds from its sister subsidiaries operations. Harrah s Entertainment will guarantee the exchange notes; the CMBS Borrowers (as defined) will not. As a result, you should see the financial and pro forma financial information of Harrah s Entertainment as well as pro forma financial information of HOC to give a meaningful and complete presentation of the CMBS Transactions and the London Clubs Transfer, among others.

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Our Company

Harrah s Entertainment, Inc., a Delaware corporation, is one of the largest casino entertainment providers in the world. As of September 30, 2009, we owned or managed, through various subsidiaries, 52 casinos in six countries, but primarily in the United States and the United Kingdom. HOC owned or managed 46 of these casinos. Our casino entertainment facilities operate primarily under the Harrah s, Caesars and Horseshoe brand names in the United States. Our casino entertainment facilities include 33 land-based casinos, 12 riverboat or dockside casinos, three managed casinos on Indian lands in the United States, one managed casino in Canada, one combination greyhound racetrack and casino, one combination thoroughbred racetrack and casino and one harness racetrack and casino. Our 33 land-based casinos include one in Uruguay, eleven in the United Kingdom, two in Egypt and one in South Africa. As of September 30, 2009, our facilities have an aggregate of approximately three million square feet of gaming space and approximately 39,000 hotel rooms. We have a customer loyalty program, Total Rewards, which has over 40 million members, that we use for marketing promotions and to generate play by our customers when they travel among our markets in the United States and Canada. We also own and operate the World Series of Poker tournament and brand.

Our History

Harrah s Entertainment commenced its casino operations in 1937 and became a publicly listed company in 1971. Two years later, it became the first gaming company to be listed on the New York Stock Exchange (NYSE). In 1980, Harrah s Entertainment was acquired by Holiday Inns, Inc. and was delisted from the NYSE. In 1995, Harrah s Entertainment again became a stand-alone company and resumed trading on the NYSE.

Harrah s Entertainment has grown through a series of strategic acquisitions that have strengthened its scale, geographic diversity and leading market positions. In 1998, it completed its acquisition of Showboat, Inc. and in 1999, it purchased Rio Hotel & Casino, Inc. In 2000, it completed the purchase of Players International. During the next five years, Harrah s Entertainment 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). Harrah s Entertainment also acquired Caesars Entertainment, Inc. in 2005, which, at $9.3 billion, was the largest merger in the history of the gaming industry and secured Harrah s Entertainment s position as the world s largest casino company. Additionally, Harrah s Entertainment has expanded internationally, completing the acquisitions of London Clubs International plc (London Clubs) in 2006 and Macau Orient Golf in 2007.

In order to generate same store gaming revenue growth (defined as annual gaming revenue growth for properties held by us throughout the year) and cross-market play (defined as play by a guest in a property outside the home market of their primary gaming property) among its casinos, in 1997, Harrah s Entertainment launched the Total Rewards program, which allows customers to earn benefits by playing at most Harrah s Entertainment casinos, as well as WINet (Winner s Information Network), the industry s first sophisticated nationwide customer database. Total Rewards was the first technology-based customer relationship management strategy implemented in the gaming industry and has been an effective tool used by management to enhance overall operating results.

The Acquisition

On December 19, 2006, Harrah s Entertainment entered into a definitive merger agreement with Hamlet Holdings LLC, a Delaware limited liability company (Hamlet Holdings), and Hamlet Acquisition Inc., a Delaware corporation and a wholly owned subsidiary of Hamlet Holdings (Merger Sub). Hamlet Holdings and Merger Sub were formed and are controlled by affiliates of Apollo Global Management, LLC (Apollo) and TPG Capital, LP (TPG and, together with Apollo, the Sponsors). Pursuant to the merger agreement, on January 28, 2008, Merger Sub merged with and into Harrah s Entertainment, and each share of Harrah s Entertainment s common stock issued and outstanding immediately prior to the effective time of the merger, was converted into the right to receive $90.00 in cash, which, when taken together with the net settlement of outstanding options, stock appreciation rights, restricted stock and restricted stock units, represents merger consideration of $17,375 million in the aggregate. We refer to the merger and payment of merger consideration 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 equity interests of Harrah s Entertainment. Hamlet Holdings, the members of which are comprised of an equal number of individuals affiliated with each of the Sponsors, holds all of the voting common stock of Harrah s Entertainment. The voting common stock does not have any economic rights. Funds affiliated with and controlled by the Sponsors, their co-investors and members of management each hold non-voting common stock and non-voting preferred stock.

For more information regarding the Acquisition, including the financing thereof, see The Acquisition Transactions.

Recent Events

Tender Offers and Incremental Loans

On October 22, 2009, HOC completed cash tender offers (the 2010/2011 Tender Offers) for certain of its outstanding debt securities with maturities in 2010 and 2011. HOC purchased $4.5 million of its 5.500% senior notes due 2010, $17.2 million of its 7.875% senior subordinated notes due 2010, $19.6 million of its 8.000% senior notes due 2011 and $4.2 million of its 8.125% senior subordinated notes due 2011 for an aggregate consideration of approximately $44.5 million. In connection with the 2010/2011 Tender Offers, HOC borrowed $1 billion of new term loans under its senior secured credit facilities pursuant to an incremental amendment (the Incremental Loans). A portion of the net proceeds of the Incremental Loans were used to purchase the notes validly tendered and not validly withdrawn pursuant to the 2010/2011 Tender Offers.

CMBS Loan Purchases

On October 22, 2009, Harrah s Entertainment entered into purchase and sale agreements with certain lenders to acquire mezzanine loans under its commercial mortgage-backed securities financing. Harrah s Entertainment will purchase these loans using up to an aggregate amount of $250 million of cash, at a purchase price of between 25 and 30 cents per $1.00 principal amount of such loans, depending on certain circumstances. Any loan purchased by Harrah s Entertainment in such purchases will be cancelled.

The Sponsors

Apollo

Apollo is a leading global alternative asset manager with offices in New York, Los Angeles, London, Singapore, Frankfurt, Luxembourg and Mumbai. As of September 30, 2009, Apollo has assets under management in excess of $41 billion in private equity, hedge funds, distressed debt and mezzanine funds invested across a core group of industries where Apollo has considerable knowledge and resources.

TPG

TPG manages one of the world s leading private investment firms with approximately $45 billion of assets under management as of September 30, 2009. The firm was founded in 1992 and is led by David Bonderman and James G. Coulter. Through its global buyout platform, TPG Capital, the firm generally makes significant investments in companies through acquisitions and restructurings across a broad range of industries throughout North America, Europe, Asia and Australia.

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Organizational Structure

The chart below is a summary of the organizational structure of Harrah s Entertainment and HOC and illustrates their long-term debt.

Corporate Structure

(1) The members of Hamlet Holdings are Leon Black, Joshua Harris and Marc Rowan, each of whom is affiliated with Apollo, and David Bonderman, James Coulter and Jonathan Coslet, each of whom is affiliated with TPG. Each member holds approximately 17% of the limited liability company interests of Hamlet Holdings.

(2) HET currently guarantees all of the debt securities set forth above and the senior secured credit facilities. In addition, it has provided a payment guarantee of the operating leases under the CMBS Facilities (as defined in The Acquisition Transactions). The guarantee by HET of the obligations under all of the debt of HOC set forth above and the notes is structurally subordinated to the CMBS Facilities.

(3) Includes captive insurance subsidiaries and Harrah s BC, Inc. (HBC).

(4) Upon the closing of the Acquisition, we entered into the senior secured credit facilities, which include a $2,000 million revolving credit facility that was reduced to $1,630 million due to debt retirements subsequent to the closing of the Acquisition. At September 30, 2009, on an adjusted basis after giving effect to the Incremental Loans, $1,433 million of additional borrowing capacity is available under our revolving credit facility, with an additional $162 million committed to back letters of credit, all of which is secured on a first priority basis.

(5) Excludes Senior Notes currently held by HBC.

(6) The CMBS Borrowers and their respective subsidiaries do not guarantee, or pledge their assets as security for, the notes, the senior secured credit facilities or any other indebtedness of HOC and are not directly liable for any obligations thereunder.

(7) Each of the wholly owned domestic subsidiaries of HOC that pledged its assets to secure the senior secured credit facilities has also pledged its assets to secure the Second Lien Notes. The equity interests of HOC and of HOC s subsidiaries that have been pledged to secure HOC s obligations under its senior secured credit facilities and the first lien notes have not been pledged to secure HOC s obligations under the Second Lien Notes.

(8) Includes $230 million senior secured term loan entered into in August 2009 by Chester Downs and Marina, LLC, which is not a subsidiary of Pledgor.

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Summary of the Terms of the Notes

The following summary highlights the material information regarding the notes contained elsewhere in this prospectus. We urge you to read this entire prospectus, including the Risk Factors section and the consolidated financial statements and related notes.

Issuer	Harrah s Operating Company, Inc.
2015 Second Lien Notes	$214,800,000 aggregate principal amount of our 10.00% Second-Priority Senior Secured Notes due 2015, of which $22,206,000 are offered hereby.
Maturity Date	The 2015 Second Lien Notes will mature on December 15, 2015.
Interest Rate	Interest on the 2015 Second Lien Notes is payable in cash and accrues at a rate of 10.00% per annum.
Interest Payment Date	June 15 and December 15.
Collateral	The 2015 Second Lien Notes are secured by a second priority security interest in the collateral granted to the collateral agent for the benefit of the holders of the notes and other future parity lien debt that may be issued in compliance with the terms of the indenture governing the 2015 Second Lien Notes. These liens are junior in priority to the liens on substantially the same collateral securing the senior secured credit facilities and the first lien notes and to all other permitted prior liens, including liens securing certain hedging obligations and cash management obligations. The liens securing first priority lien obligations are held by the collateral agent under the senior secured credit facilities.

The collateral securing the 2015 Second Lien Notes is substantially all of Harrah s Operating s and the Subsidiary Pledgor s property and assets that secure the senior secured credit facilities, which excludes: (i) any property or assets owned by any foreign subsidiaries, (ii) certain real property and vessels, (iii) any vehicles, (iv) cash, deposit accounts and securities accounts (to the extent that a lien thereon must be perfected by any action other than the filing of customary financing statements), (v) subject to limited exceptions, any assets or any right, title or interest in any license, contract or agreement to the extent that taking a security interest in any of them would violate any applicable law or regulation (including gaming regulations) or any enforceable contractual obligation binding on the assets or would violate the terms of any such license, contract or agreement, and (vi) certain other limited exclusions. While the collateral securing the senior secured credit facilities and the first lien notes includes the equity interests of Harrah s Operating and substantially all of Harrah s Operating s domestic subsidiaries and first-tier foreign subsidiaries, the collateral securing the 2015 Second Lien Notes does not include securities and other equity interests of Harrah s Operating or its subsidiaries. For more information, see Description of 2015

	Second Lien Notes and 2018(1) Second Lien Notes Security for the Notes.
Intercreditor Agreement	The trustee and the collateral agent under the indenture governing the 2015 Second Lien Notes and representatives of the first priority lien obligations are parties to an intercreditor agreement as to the relative priorities of their respective security interests in Harrah s Operating s and Subsidiary Pledgors assets securing the 2015 Second Lien Notes and first priority lien obligations and certain other matters relating to the administration of security interests. The terms of the intercreditor agreement are set forth under Description of 2015 Second Lien Notes and 2018(1) Second Lien Notes Security for the Notes.
Ranking	The 2015 Second Lien Notes:

- are senior indebtedness of Harrah s Operating;
- rank pari passu in right of payment with all existing and future senior indebtedness of Harrah s Operating;
- are senior in right of payment to all existing and future subordinated indebtedness of Harrah s Operating; and
- are effectively subordinated in right of payment to all existing and future indebtedness and liabilities of subsidiaries of Harrah s Operating that are not Subsidiary Pledgors.

The 2015 Second Lien Notes have the benefit of a security interest in the collateral that is second in priority behind the senior secured credit facilities and the first lien notes, subject to permitted prior liens and exceptions described under Description of 2015 Second Lien Notes and 2018(1) Second Lien Notes Security for the Notes. Although none of HOC s subsidiaries guarantee the 2015 Second Lien Notes, all of HOC s domestic wholly owned subsidiaries that pledge their assets and property to secure the loans under the senior secured credit facilities, the first lien notes and other first priority lien obligations, if any, are Subsidiary Pledgors with respect to the 2015 Second Lien Notes, and their assets and property secure the 2015 Second Lien Notes to the extent described under Description of 2015 Second Lien Notes and 2018(1) Second Lien Notes Security for the Notes.

Guarantee	The 2015 Second Lien Notes are irrevocably and unconditionally guaranteed by Harrah s Entertainment.
Optional Redemption	Harrah s Operating may redeem the 2015 Second Lien Notes, in whole or part, at any time prior to December 15, 2012 at a price equal to 100% of the principal amount of the 2015 Second Lien Notes redeemed plus accrued and unpaid interest to the redemption date and a make-whole premium, as described in Description of 2015 Second Lien Notes and 2018(1) Second Lien Notes Optional Redemption.

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Harrah s Operating may redeem the 2015 Second Lien Notes, in whole or in part, on or after December 15, 2012 at the redemption prices set forth under Description of 2015 Second Lien Notes and 2018(1) Second Lien Notes Optional Redemption.

Optional Redemption After Certain Equity Offerings	At any time (which may be more than once) before December 15, 2011, Harrah s Operating may choose to redeem up to 35% of the principal amount of the 2015 Second Lien Notes at a redemption price equal to 110.00% of the face amount thereof with the net proceeds of one or more equity offerings to the extent such net cash proceeds are received by or contributed to Harrah s Operating and so long as at least 50% of the aggregate principal amount of the 2015 Second Lien Notes issued remains outstanding afterwards. See Description of 2015 Second Lien Notes and 2018(1) Second Lien Notes Optional Redemption.
Mandatory Redemption	If the 2015 Second Lien Notes would otherwise constitute applicable high yield discount obligations within the meaning of Section 163(i)(1) of the Internal Revenue Code of 1986, as amended (the Code), at the end of each accrual period ending after the fifth anniversary of the 2015 Second Lien Notes issuance (each an AHYDO redemption date), we will be required to redeem for cash a portion of each applicable 2015 Second Lien Note then outstanding equal to the Mandatory Principal Redemption Amount (such redemption, a Mandatory Principal Redemption). The redemption price for the portion of each 2015 Second Lien Note redeemed pursuant to Mandatory Principal Redemption will be 100% of the principal amount of such portion plus any accrued interest thereon on the date of redemption. The Mandatory Principal Redemption Amount means the portion of a 2015 Second Lien Note that must be required to be redeemed to prevent such 2015 Second Lien Note from being treated as an applicable high yield discount obligation within the meaning of Section 163(i)(1) of the Code. No partial redemption or repurchase of the 2015 Second Lien Notes prior to the AHYDO redemption date pursuant to any other provision of the indenture alters our obligation to make the Mandatory Principal Redemption with respect to any 2015 Second Lien Notes that remain outstanding on an AHYDO redemption date.
Change of Control	If Harrah s Operating experiences a change of control (as defined in the indentures governing the notes), Harrah s Operating will be required to make an offer to repurchase the 2015 Second Lien Notes at a price equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of repurchase. See Description of 2015 Second Lien Notes and 2018(1) Second Lien Notes Change of Control.

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Certain Covenants	We issued the 2015 Second Lien Notes and the 2018(1) Second Lien Notes under a single indenture, which contains covenants limiting Harrah s Operating s ability and the ability of its subsidiaries to:

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

The covenants are subject to a number of important limitations and exceptions. In addition, the restrictive covenants do not apply to Harrah s Entertainment. See Description of 2015 Second Lien Notes and 2018(1) Second Lien Notes. Certain covenants will cease to apply to the 2015 Second Lien Notes for so long as such notes have investment grade ratings from both Moody s Investors Service, Inc. and Standard & Poor s.

2018(1) Second Lien Notes	$847,621,000 aggregate principal amount of 10.00% Second-Priority Senior Secured Notes due 2018, of which $31,765,000 are offered hereby.
Maturity Date	The 2018(1) Second Lien Notes will mature on December 15, 2018.
Interest Rate	Interest on the 2018(1) Second Lien Notes is payable in cash and accrues at a rate of 10.00% per annum.
Interest Payment Date	June 15 and December 15.
Collateral	The 2018(1) Second Lien Notes are secured by a second priority security interest in the collateral granted to the collateral agent for the benefit of the holders of the notes and other future parity lien debt that may be issued in compliance with the terms of the indenture governing the 2018(1) Second Lien Notes. These liens are junior in priority to

the liens on substantially the same collateral securing the senior secured credit facilities and the first lien notes and to all other permitted prior liens, including liens securing certain hedging obligations and cash management obligations. The liens securing first priority lien obligations are held by the collateral agent under the senior secured credit facilities.

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The collateral securing the 2018(1) Second Lien Notes is substantially all of Harrah s Operating s and the Subsidiary Pledgor s property and assets that secure the senior secured credit facilities, which excludes: (i) any property or assets owned by any foreign subsidiaries, (ii) certain real property and vessels, (iii) any vehicles, (iv) cash, deposit accounts and securities accounts (to the extent that a lien thereon must be perfected by any action other than the filing of customary financing statements), (v) subject to limited exceptions, any assets or any right, title or interest in any license, contract or agreement to the extent that taking a security interest in any of them would violate any applicable law or regulation (including gaming regulations) or any enforceable contractual obligation binding on the assets or would violate the terms of any such license, contract or agreement, and (vi) certain other limited exclusions. While the collateral securing the senior secured credit facilities and the first lien notes includes the equity interests of Harrah s Operating and substantially all of Harrah s Operating s domestic subsidiaries and first-tier foreign subsidiaries, the collateral securing the 2018(1) Second Lien Notes does not include securities and other equity interests of Harrah s Operating or its subsidiaries. For more information, see Description of 2015 Second Lien Notes and 2018(1) Second Lien Notes Security for the Notes.

Intercreditor Agreement	The trustee and the collateral agent under the indenture governing the 2015 Second Lien Notes and the representatives of the first priority lien obligations entered into an intercreditor agreement as to the relative priorities of their respective security interests in Harrah s Operating s and Subsidiary Pledgors assets securing the 2015 Second Lien Notes and the first priority lien obligations facilities and certain other matters relating to the administration of security interests. The terms of the intercreditor agreement are set forth under Description of 2015 Second Lien Notes and 2018(1) Second Lien Notes Security for the Notes.
Ranking	The 2018(1) Second Lien Notes:

- are senior indebtedness of Harrah s Operating;
- rank pari passu in right of payment with all existing and future senior indebtedness of Harrah s Operating;
- are senior in right of payment to all existing and future subordinated indebtedness of Harrah s Operating; and
- are effectively subordinated in right of payment to all existing and future indebtedness and liabilities of subsidiaries of Harrah s Operating that are not Subsidiary Pledgors.

The 2018(1) Second Lien Notes have the benefit of a security interest in the collateral that is second in priority behind the senior secured credit facilities and the first lien notes, subject to permitted prior liens and exceptions described under Description of 2015 Second Lien

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	Notes and 2018(1) Second Lien Notes Security for the Notes. Although none of HOC s subsidiaries guarantee the 2018(1) Second Lien Notes, all of HOC s domestic wholly owned subsidiaries that pledge their assets and property to secure the loans under the senior secured credit facilities, the first lien notes and other first priority lien obligations, if any, are Subsidiary Pledgors with respect to the 2018(1) Second Lien Notes, and their assets and property secure the 2018(1) Second Lien Notes to the extent described under Description of 2015 Second Lien Notes and 2018(1) Second Lien Notes Security for the Notes.
Guarantee	The 2018(1) Second Lien Notes are irrevocably and unconditionally guaranteed by Harrah s Entertainment.
Optional Redemption	Harrah s Operating may redeem the 2018(1) Second Lien Notes, in whole or part, at any time prior to December 15, 2013 at a price equal to 100% of the principal amount of the 2018(1) Second Lien Notes redeemed plus accrued and unpaid interest to the redemption date and a make-whole premium, as described in Description of 2015 Second Lien Notes and 2018(1) Second Lien Notes Optional Redemption.

Harrah s Operating may redeem the 2018(1) Second Lien Notes, in whole or in part, on or after December 15, 2013 at the redemption prices set forth under Description of 2015 Second Lien Notes and 2018(1) Second Lien Notes Optional Redemption.

Optional Redemption After Certain Equity Offerings	At any time (which may be more than once) before December 15, 2011, Harrah s Operating may choose to redeem up to 35% of the principal amount of the 2018(1) Second Lien Notes at a redemption price equal to 110.00% of the face amount thereof with the net proceeds of one or more equity offerings to the extent such net cash proceeds are received by or contributed to Harrah s Operating and so long as at least 50% of the aggregate principal amount of the 2018(1) Second Lien Notes issued remains outstanding afterwards. See Description of 2015 Second Lien Notes and 2018(1) Second Lien Notes Optional Redemption.
Mandatory Redemption	If the 2018(1) Second Lien Notes would otherwise constitute applicable high yield discount obligations within the meaning of Section 163(i)(1) of the Internal Revenue Code of 1986, as amended (the Code), at the end of each accrual period ending after the fifth anniversary of the 2018(1) Second Lien Notes issuance (each an AHYDO redemption date), we will be required to redeem for cash a portion of each applicable 2018(1) Second Lien Note then outstanding equal to the Mandatory Principal Redemption Amount (such redemption, a Mandatory Principal Redemption). The redemption price for the portion of each 2018(1) Second Lien Note redeemed pursuant to a Mandatory Principal Redemption will be

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	100% of the principal amount of such portion plus any accrued interest thereon on the date of redemption. The Mandatory Principal Redemption Amount means the portion of a 2018(1) Second Lien Note that must be required to be redeemed to prevent such 2018(1) Second Lien Note from being treated as an applicable high yield discount obligation within the meaning of Section 163(i)(1) of the Code. No partial redemption or repurchase of the 2018(1) Second Lien Notes prior to the AHYDO redemption date pursuant to any other provision of the indenture alters our obligation to make the Mandatory Principal Redemption with respect to any 2018(1) Second Lien Notes that remain outstanding on an AHYDO redemption date.
Change of Control	If Harrah s Operating experiences a change of control (as defined in the indentures governing the notes), Harrah s Operating will be required to make an offer to repurchase the 2018(1) Second Lien Notes at a price equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of repurchase. See Description of 2015 Second Lien Notes and 2018(1) Second Lien Notes Change of Control.
Certain Covenants	We issued the 2015 Second Lien Notes and the 2018(1) Second Lien Notes under a single indenture, which contains covenants limiting Harrah s Operating ability and the ability of its subsidiaries to: incur additional debt or issue certain preferred shares; pay dividends on or make distributions in respect of its capital stock or make other restricted payments; make certain investments; sell certain assets; create liens on certain assets to secure debt; consolidate, merge, sell or otherwise dispose of all or substantially all of its assets; enter into certain transactions with its affiliates; and designate its subsidiaries as unrestricted subsidiaries. The covenants are subject to a number of important limitations and exceptions. In addition, the restrictive covenants do not apply to Harrah s Entertainment. See Description of 2015 Second Lien Notes and 2018(1) Second Lien Notes. Certain covenants will cease to apply to the 2015 Second Lien Notes for so long as such notes have investment grade ratings from both Moody s Investors Service, Inc. and Standard & Poor s.

2018(2) Second Lien Notes	$3,705,498,000 aggregate principal amount of 10.00% Second-Priority Senior Secured Notes due 2018, of which $291,146,000 are offered hereby.
Maturity Date	The 2018(2) Second Lien Notes will mature on December 15, 2018.

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Interest Rate	Interest on the 2018(2) Second Lien Notes is payable in cash and accrues at a rate of 10.00% per annum.
Interest Payment Date	June 15 and December 15.
Collateral	The 2018(2) Second Lien Notes are secured by a second priority security interest in the collateral granted to the collateral agent for the benefit of the holders of the notes and other future parity lien debt that may be issued in compliance with the terms of the indenture governing the 2018(2) Second Lien Notes. These liens are junior in priority to the liens on substantially the same collateral securing the senior secured credit facilities and the first lien notes and to all other permitted prior liens, including liens securing certain hedging obligations and cash management obligations. The liens securing first priority lien obligations are held by the collateral agent under the senior secured credit facilities.

The collateral securing the 2018(2) Second Lien Notes is substantially all of Harrah s Operating s and the Subsidiary Pledgor s property and assets that secure the senior secured credit facilities, which excludes: (i) any property or assets owned by any foreign subsidiaries, (ii) certain real property and vessels, (iii) any vehicles, (iv) cash, deposit accounts and securities accounts (to the extent that a lien thereon must be perfected by any action other than the filing of customary financing statements), (v) subject to limited exceptions, any assets or any right, title or interest in any license, contract or agreement to the extent that taking a security interest in any of them would violate any applicable law or regulation (including gaming regulations) or any enforceable contractual obligation binding on the assets or would violate the terms of any such license, contract or agreement, and (vi) certain other limited exclusions. While the collateral securing the senior secured credit facilities and the first lien notes includes the equity interests of Harrah s Operating and substantially all of Harrah s Operating s domestic subsidiaries and first-tier foreign subsidiaries, the collateral securing the 2018(2) Second Lien Notes does not include securities and other equity interests of Harrah s Operating or its subsidiaries. For more information, see Description of 2018(2) Second Lien Notes Security for the Notes.

Intercreditor Agreement	The trustee and the collateral agent under the indenture governing the 2018(2) Second Lien Notes and representatives of the first priority lien obligations entered into a joinder to the intercreditor agreement, dated as of December 24, 2008, as to the relative priorities of their respective security interests in Harrah s Operating s and Subsidiary Pledgors assets securing the 2018(2) Second Lien Notes and the first priority lien obligations and certain other matters relating to the administration of security interests. The terms of the intercreditor agreement are set forth under Description of 2018(2) Second Lien Notes Security Documents and Intercreditor Agreement.

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Ranking	The 2018(2) Second Lien Notes: are senior indebtedness of Harrah s Operating; rank pari passu in right of payment with all existing and future senior indebtedness of Harrah s Operating; are senior in right of payment to all existing and future subordinated indebtedness of Harrah s Operating; and are effectively subordinated in right of payment to all existing and future indebtedness and liabilities of subsidiaries of Harrah s Operating that are not Subsidiary Pledgors.

The 2018(2) Second Lien Notes have the benefit of a security interest in the collateral that is second in priority behind the senior secured credit facilities and the first lien notes, subject to permitted prior liens and exceptions described under Description of 2018(2) Second Lien Notes Security for the Notes. Although none of HOC s subsidiaries guarantee the 2018(2) Second Lien Notes, all of HOC s domestic wholly owned subsidiaries that pledge their assets and property to secure the loans under the senior secured credit facilities, the first lien notes and other first priority lien obligations, if any, are Subsidiary Pledgors with respect to the 2018(2) Second Lien Notes, and their assets and property secure the 2018(2) Second Lien Notes to the extent described under Description of 2018(2) Second Lien Notes Security for the Notes.

Guarantee	The 2018(2) Second Lien Notes are irrevocably and unconditionally guaranteed by Harrah s Entertainment, subject to certain limitations. See Description of 2018(2) Second Lien Notes Parent Guarantee.
Optional Redemption	Harrah s Operating may redeem the 2018(2) Second Lien Notes, in whole or part, at any time prior to December 15, 2013 at a price equal to 100% of the principal amount of the Second Lien Notes redeemed plus accrued and unpaid interest to the redemption date and a make-whole premium, as described in Description of 2018(2) Second Lien Notes Optional Redemption. Harrah s Operating may redeem the 2018(2) Second Lien Notes, in whole or in part, on or after December 15, 2013 at the redemption prices set forth under Description of 2018(2) Second Lien Notes Optional Redemption.
Optional Redemption after Certain Equity Offerings and Mandatory Redemption	At any time (which may be more than once) before December 15, 2011, Harrah s Operating may choose to redeem up to 35% of the principal amount of 2018(2) Second Lien Notes at a redemption price equal to 110.00% of the face amount thereof with the net proceeds of one or more equity offerings to the extent such net cash proceeds are received by or contributed to Harrah s Operating and so long as at least 50% of the aggregate principal amount of the 2018(2) Second Lien Notes s outstanding afterwards. See Description of 2018(2) Second Lien Notes Optional Redemption.

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Change of Control	If Harrah s Operating experiences a change of control (as defined in the indentures governing the notes), Harrah s Operating will be required to make an offer to repurchase the 2018(2) Second Lien Notes at a price equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of repurchase. See Description of 2018(2) Second Lien Notes Change of Control.
Certain Covenants	We issued the 2018(2) Second Lien Notes under an indenture that contains covenants limiting Harrah s Operating s ability and the ability of its subsidiaries to: incur additional debt or issue certain preferred shares; pay dividends on or make distributions in respect of its capital stock or make other restricted payments; make certain investments; sell certain assets; create liens on certain assets to secure debt; consolidate, merge, sell or otherwise dispose of all or substantially all of its assets; enter into certain transactions with its affiliates; and designate its subsidiaries as unrestricted subsidiaries. The covenants are subject to a number of important limitations and exceptions. In addition, the restrictive covenants do not apply to Harrah s Entertainment. See Description of 2018(2) Second Lien Notes. Certain covenants will cease to apply to 2018(2) Second Lien Notes for so long as such notes have investment grade ratings from both Moody s Investors Service, Inc. and Standard & Poor s.
2015 Senior Notes	$791,767,000 aggregate principal amount of 5.625% Senior Notes due 2015, of which $398,894,000 are offered hereby.
Maturity Date	The 2015 Senior Notes will mature on June 1, 2015.
Interest Rate	Interest on the 2015 Senior Notes is payable in cash and accrues at a rate of 5.625% per annum.

Interest Payment Dates	June 1, and December 1.
Ranking	The 2015 Senior Notes are unsecured senior obligations of Harrah s Operating and:

- rank equally and ratably with all existing and future unsecured and unsubordinated debt of Harrah s Operating;
- rank senior to all existing and any future subordinated debt of Harrah s Operating;

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	are effectively subordinated to any secured debt of Harrah s Operating and Harrah s Entertainment, including the First Lien Notes, the Second Lien Notes and the senior secured credit facilities; and
	are effectively subordinated to all existing and future debt and other liabilities of Harrah s Operating s subsidiaries.
Parent Guarantee	The 2015 Senior Notes are irrevocably and unconditionally guaranteed by Harrah s Entertainment, subject to certain limitations. See Description of 2015 Senior Notes Guarantee of Notes.
Optional Redemption	Harrah s Operating may redeem some or all of the 2015 Senior Notes at any time prior to their maturity at the redemption price described in the Description of 2015 Senior Notes Optional Redemption section.
Covenants	The indenture governing the 2017 Senior Notes contains covenants that limit our ability and our subsidiaries ability to:
	enter into certain sale and lease-back transactions;
	incur liens on our assets to secure debt;
	merge or consolidate with another company; and
	transfer or sell substantially all of our assets.

For more details, see the Additional Covenants of Harrah s Operating and Merger, Consolidation or Sale of Assets sections under the heading Description of 2015 Senior Notes in this prospectus.

2016 Senior Notes	$573,165,000 aggregate principal amount of 6.50% Senior Notes due 2016, of which $224,520,000 are offered hereby.
Maturity Date	The 2016 Senior Notes will mature on June 1, 2016.
Interest Rate	Interest on the 2016 Senior Notes is payable in cash and accrues at a rate of 6.50% per annum.
Interest Payment Dates	June 1 and December 1.

Ranking	The 2016 Senior Notes are unsecured senior obligations of Harrah s Operating and:

- rank equally and ratably with all existing and future unsecured and unsubordinated debt of Harrah s Operating;
- rank senior to all existing and any future subordinated debt of Harrah s Operating;
- are effectively subordinated to any secured debt of Harrah s Operating and Harrah s Entertainment, including the First Lien Notes, the Second Lien Notes and the senior secured credit facilities; and

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	are effectively subordinated to all existing and future debt and other liabilities of Harrah s Operating s subsidiaries.
Parent Guarantee	The 2016 Senior Notes are irrevocably and unconditionally guaranteed by Harrah s Entertainment, subject to certain limitations. See Description of 2016 Senior Notes Guarantee of Notes.
Optional Redemption	Harrah s Operating may redeem some or all of the 2016 Senior Notes at any time prior to their maturity at the redemption price described in the Description of 2016 Senior Notes Optional Redemption section.
Covenants	The indenture governing the 2016 Senior Notes contains covenants that limit our ability and our subsidiaries ability to: enter into certain sale and lease-back transactions; incur liens on our assets to secure debt; merge or consolidate with another company; and transfer or sell substantially all of our assets.

For more details, see the Additional Covenants of Harrah s Operating and Merger, Consolidation or Sale of Assets sections under the heading Description of 2016 Senior Notes in this prospectus.

2017 Senior Notes	$538,759,000 aggregate principal amount of 5.75% Senior Notes due 2017, of which $335,561,000 are offered hereby.
Maturity Date	The 2017 Senior Notes will mature on October 1, 2017.
Interest Rate	Interest on the 2017 Senior Notes is payable in cash and accrues at a rate of 5.75% per annum.
Interest Payment Dates	April 1 and October 1.
Ranking	The 2017 Senior Notes are unsecured senior obligations of Harrah s Operating and: rank equally and ratably with all existing and future unsecured and unsubordinated debt of Harrah s Operating;

rank senior to all existing and any future subordinated debt of Harrah s Operating;

are effectively subordinated to any secured debt of Harrah s Operating and Harrah s Entertainment, including the First Lien Notes, the Second Lien Notes and the senior secured credit facilities; and

are effectively subordinated to all existing and future debt and other liabilities of Harrah s Operating s subsidiaries.

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Parent Guarantee	The 2017 Senior Notes are irrevocably and unconditionally guaranteed by Harrah s Entertainment, subject to certain limitations. See Description of 2017 Senior Notes Guarantee of Notes.
Optional Redemption	Harrah s Operating may redeem some or all of the 2017 Senior Notes at any time prior to their maturity at the redemption price described in the Description of 2017 Senior Notes Optional Redemption section.
Covenants	The indenture governing the 2017 Senior Notes contains covenants that limit our ability and our subsidiaries ability to:

- enter into certain sale and lease-back transactions;
- incur liens on our assets to secure debt;
- merge or consolidate with another company; and
- transfer or sell substantially all of our assets.

For more details, see the Additional Covenants of Harrah s Operating and Merger, Consolidation or Sale of Assets sections under the heading Description of 2017 Senior Notes in this prospectus.

Use of Proceeds

The net proceeds from the sale of the securities by this prospectus will be received by the selling security holders. Harrah s Operating will not receive any of the proceeds from any sale by any selling security holder of the securities covered by this prospectus.

Book-Entry Form

The notes were issued in book-entry form and are represented by permanent global certificates deposited with, or on behalf of, The Depository Trust Company (DTC) and registered in the name of a nominee of DTC. Beneficial interests in any of the securities are shown on, and transfers are effected only through, records maintained by DTC or its nominee and any such interest may not be exchanged for certificated securities, except in limited circumstances.

Risk Factors

See Risk Factors and the other information in this prospectus for a discussion of the factors you should carefully consider before deciding to invest in the notes.

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Additional Information

Our principal executive offices are located at One Caesars Palace Drive, Las Vegas, Nevada 89109, and our telephone number is (702) 407-6000. The address of our internet site is http://www.harrahs.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 herein.

Summary Historical Consolidated

and Unaudited Pro Forma Consolidated Financial Data

of Harrah s Entertainment, Inc.

The following table presents our summary historical and pro forma financial information as of and for the periods presented. The summary historical financial information as of December 31, 2006, 2007 and 2008 and for each of the years in the two-year period ended December 31, 2007, and the periods from January 1, 2008 through January 27, 2008 and from January 28, 2008 through December 31, 2008, have been derived from, and should be read in conjunction with, our audited consolidated financial statements included elsewhere in this prospectus. The summary historical financial information as of September 30, 2009 and for the nine months ended September 30, 2009 and the period from January 28, 2008 through September 30, 2008 are derived from, and should be read in conjunction with, our unaudited condensed consolidated financial statements included elsewhere in this prospectus, and, except as otherwise described herein, have been prepared on a basis consistent with our annual audited financial statements and, in the opinion of management, include all adjustments, consisting of normal recurring accruals, considered necessary for a fair presentation of such data.

The summary unaudited pro forma consolidated financial data for the year ended December 31, 2008 is based on our audited financial statements appearing elsewhere in this prospectus and gives effect to the Transactions as if they had occurred on January 1, 2008. See The Acquisition Transactions. The pro forma adjustments are based upon available information and certain assumptions that are factually supportable and that we believe are reasonable. The summary unaudited pro forma consolidated financial data are for informational purposes only and do not purport to represent what the actual consolidated results of operations or the consolidated financial position of Harrah s Operating or Harrah s Entertainment actually would have been if the CMBS Transactions, the London Clubs Transfer or the other Transactions had occurred at any given date, nor are they necessarily indicative of future consolidated results of operations or consolidated financial position.

Please refer to Unaudited Pro Forma Condensed Consolidated Financial Information of Harrah s Entertainment, Inc., Selected Historical Consolidated Financial Data, Management s Discussion and Analysis of Financial Condition and Results of Operations and our financial statements and notes thereto included elsewhere in this prospectus. The audited consolidated financial statements as of December 31, 2008 and 2007 and for each of the years in the two-year period ended December 31, 2007, and the periods from January 1, 2008 through January 27, 2008, and from January 28, 2008 through December 31, 2008, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm.

Effective January 1, 2009, we adopted Accounting Standards Codification (ASC) 810-10-65-1 (formerly Statement of Financial Accounting Standards (SFAS) No. 160), Non-controlling Interests in Consolidated Financial Statements an amendment of ARB No. 51. The adoption of ASC 810-10-65-1 did not have a material impact on our financial condition, results of operations or cash flows. However, it did impact the presentation and disclosure of non-controlling (minority) interests in our consolidated financial statements. As a result of the presentation and disclosure requirements of ASC 810-10-65-1, we are required to reflect the change in presentation and disclosure for all periods presented within future filings.

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Harrah s Entertainment, Inc.

Summary Historical Consolidated Financial Information

	Historical						Pro Forma[1]
	Predecessor			Successor			
(Dollars in millions)	2006	2007	Jan. 1, 2008 through Jan. 27, 2008	Jan. 28, 2008 through Sept. 30, 2008	Jan. 28, 2008 through Dec. 31, 2008	Nine Months Ended Sept. 30, 2009	Year Ended Dec. 31, 2008
Revenues							
Casino	$ 7,868.6	$ 8,831.0	$ 614.6	$ 5,653.2	$ 7,476.9	$ 5,444.8	$ 8,091.5
Food and beverage	1,577.7	1,698.8	118.4	1,160.2	1,530.2	1,129.3	1,648.6
Rooms	1,240.7	1,353.6	96.4	894.2	1,174.5	817.8	1,270.9
Management fees	89.1	81.5	5.0	45.8	59.1	43.5	64.1
Other	611.0	695.9	42.7	462.4	624.8	447.9	667.5
Less: casino promotional allowances	(1,713.2)	(1,835.6)	(117.0)	(1,127.3)	(1,498.6)	(1,075.0)	(1,615.6)
Net revenues	9,673.9	10,825.2	760.1	7,088.5	9,366.9	6,808.3	10,127.0
Operating Expenses							
Direct							
Casino	3,902.6	4,595.2	340.6	3,037.1	4,102.8	2,968.0	4,443.4
Food and beverage	697.6	716.5	50.5	486.1	639.5	451.1	690.0
Rooms	256.6	266.3	19.6	179.4	236.7	160.4	256.3
Property general and administrative and other	2,206.8	2,421.7	178.2	1,619.0	2,143.0	1,518.3	2,321.2
Depreciation and amortization	667.9	817.2	63.5	452.4	626.9	516.8	679.5
Project opening costs	20.9	25.5	0.7	26.3	28.9	2.9	29.6
Write-downs, reserves and recoveries	62.6	(59.9)	4.7	(61.8)	16.2	78.6	20.9
Impairment of intangible assets	20.7	169.6			5,489.6	1,625.7	5,489.6
(Income)/loss in non-consolidated affiliates	(3.6)	(3.9)	(0.5)	1.3	2.1	1.3	1.6
Corporate expense	177.5	138.1	8.5	95.9	131.8	111.7	139.2
Merger and integration costs	37.0	13.4	125.6	23.1	24.0	0.3	149.6
Amortization of intangible assets	70.7	73.5	5.5	119.2	162.9	131.7	184.0
Total operating expenses	8,117.3	9,173.2	796.9	5,978.0	13,604.4	7,566.8	14,404.9
Income/(loss) from operations	1,556.6	1,652.0	(36.8)	1,110.5	(4,237.5)	(758.5)	(4,277.9)
Interest expense, net of interest capitalized	(670.5)	(800.8)	(89.7)	(1,469.4)	(2,074.9)	(1,404.7)	(2,277.5)
(Losses)/gains on early extinguishments of debt	(62.0)	(2.0)		(203.9)	742.1	4,279.2	742.1
Other income, including interest income	10.7	43.3	1.1	18.7	35.2	23.2	36.3
Income/(loss) from continuing operations before income taxes	834.8	892.5	(125.4)	(544.1)	(5,535.1)	2,139.2	(5,777.0)
(Provision)/benefit for income taxes	(295.6)	(350.1)	26.0	147.7	360.4	(1,590.8)	427.3
Income/(loss) from continuing operations, net of tax	$ 539.2	$ 542.4	$ (99.4)	$ (396.4)	$ (5,174.7)	$ 548.4	$ (5,349.7)
Other Financial Data							
Capital expenditures	$ 2,548.3	$ 1,462.2	$ 120.1	$ 1,001.2	$ 1,204.2	$ 411.9	$ 1,324.3
Ratio of earnings to fixed charges[2]	2.2x	2.1x				2.5x	
Balance Sheet Data							
Cash and cash equivalents	$ 799.6	$ 710.0		$ 1,005.9	$ 650.5	$ 948.2	$ 650.5
Working capital	(610.2)	(126.1)		(167.9)	(536.4)	(118.9)	(536.4)
Total assets	22,284.9	23,357.7		37,012.3	31,048.6	29,230.5	31,048.6
Total debt	12,089.9	12,440.4		24,214.2	23,208.9	19,342.4	23,208.9
Total stockholders equity/(deficit)	6,123.5	6,679.1		3,666.2	(1,360.8)	(1,080.7)	(1,360.8)

(1) Includes pro forma adjustments for (i) the Acquisition; and (ii) the Financing.

(2) For purposes of computing the ratio of earnings to fixed charges, earnings consist of income before income taxes plus fixed charges and non-controlling interests, excluding equity in undistributed earnings of less-than-50%-owned investments. Fixed charges include interest, amortization of debt expense, discount or premium related to indebtedness and such portion of rental expense we deem to be representative of interest. Our earnings were insufficient to cover our fixed charges by $122.5 million, $501.0 million and $5.5 billion for the Predecessor period from January 1, 2008 through January 27, 2008, the Successor period from January 28, 2008 through September 30, 2008 and the Successor period from January 28, 2008 through December 31, 2008, respectively. On a pro forma basis, after giving effect to the pro forma adjustments for (i) the Acquisition; and (ii) the Financing, our earnings were insufficient to cover our fixed charges by $5.7 billion for the year ended December 31, 2008.

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Summary Pro Forma Consolidated Financial Data

of Harrah s Operating Company, Inc.

The following unaudited pro forma condensed consolidated financial data has been developed by applying pro forma adjustments to the historical audited consolidated financial statements of Harrah s Entertainment and subsidiaries. Set forth below is summary unaudited pro forma consolidated financial data of Harrah s Operating and its consolidated subsidiaries for the fiscal years ended December 31, 2006 and 2007, for the periods from January 1, 2008 through January 27, 2008, January 28 through September 30, 2008 and January 28, 2008 through December 31, 2008, and for the nine months ended September 30, 2009.

Note that we have presented pro forma financial information for both Harrah s Entertainment, Inc., as parent guarantor, and Harrah s Operating, the issuer of the notes. We believe that the additional unaudited pro forma financial information for Harrah s Operating (which has been derived from Harrah s Entertainment audited historical financial statements) as the issuer of the notes provides a meaningful presentation for investors to consider given other operations and activities of Harrah s Entertainment that are not included in the credit of Harrah s Operating, including the separate real estate financing by other subsidiaries of Harrah s Entertainment. The CMBS Financing described herein is not a direct obligation of Harrah s Operating.

The summary unaudited pro forma condensed consolidated financial data for the fiscal years ended December 31, 2006 and 2007, the periods from January 1, 2008 through January 27, 2008, from January 28, 2008 through September 30, 2008, from January 28, 2008 through December 31, 2008, and for the nine months ended September 30, 2009, have been prepared to give effect to the CMBS Transactions as if they had occurred on January 1, 2006. The summary unaudited pro forma consolidated financial data for the fiscal year ended December 31, 2008 have been prepared to give effect to the London Clubs Transfer from December 2006 (when the acquisition of London Clubs by Harrah s Entertainment was completed) and the remaining Transactions (including the CMBS Transactions) as if they had occurred on January 1, 2007, in the case of the summary unaudited pro forma consolidated statement of operations data. The pro forma adjustments are based upon available information and certain assumptions that are factually supportable and that we believe are reasonable. The summary unaudited pro forma consolidated financial data are for informational purposes only and do not purport to represent what the actual consolidated results of operations or the consolidated financial position of Harrah s Operating or Harrah s Entertainment actually would have been if the CMBS Transactions, the London Clubs Transfer or the other Transactions had occurred at any given date, nor are they necessarily indicative of future consolidated results of operations or consolidated financial position.

Harrah s Operating has not historically reported financial information on a stand-alone basis. Accordingly, the financial information presented herein for Harrah s Operating has been prepared on an unaudited pro forma basis. The pro forma financial information has been derived from Harrah s Entertainment financial statements for the relevant periods, as adjusted to remove the historical financial information of all subsidiaries of and account balances at Harrah s Entertainment that are not components of Harrah s Operating.

The summary unaudited pro forma consolidated financial data should be read in conjunction with The Acquisition Transactions, Unaudited Pro Forma Condensed Consolidated Financial Information of Harrah s Operating Company, Inc., Management s Discussion and Analysis of Financial Condition and Results of Operations and our financial statements and notes thereto included elsewhere in this prospectus.

Effective January 1, 2009, we adopted ASC 810-10-65-1. The adoption of ASC 810-10-65-1 did not have a material impact on our financial condition, results of operations or cash flows. However, it did impact the presentation and disclosure of non-controlling (minority) interests in our consolidated financial statements. As a result of the presentation and disclosure requirements of ASC 810-10-65-1, we are required to reflect the change in presentation and disclosure for all periods presented within future filings.

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Harrah s Operating Company, Inc.

Summary Pro Forma Consolidated Financial Information

Pro Forma for the CMBS Transactions and London Clubs Transfer[1]

(Dollars in millions)	Predecessor 2006	2007	Jan. 1, 2008 through Jan. 27, 2008	Successor Jan. 28, 2008 through Sept. 30, 2008	Jan. 28, 2008 through Dec. 31, 2008	Nine Months Ended Sept. 30, 2009	Pro Forma[1] Year Ended Dec. 31, 2008
Revenues							
Casino	$ 6,194.7	$ 7,082.8	498.2	$ 4,501.1	$ 5,962.6	$ 4,397.1	$ 6,460.8
Food and beverage	978.6	1,076.9	77.3	733.4	971.6	716.8	1,048.9
Rooms	719.4	791.7	56.0	518.8	684.2	485.8	740.2
Management fees	89.1	81.5	5.0	45.8	59.1	43.5	64.1
Other	406.0	453.1	28.0	380.0	520.9	367.0	548.9
Less: casino promotional allowances	(1,249.9)	(1,342.2)	(87.0)	(814.2)	(1,080.7)	(768.5)	(1,167.7)
Net revenues	7,137.9	8,143.8	577.5	5,364.9	7,117.7	5,241.7	7,695.2
Operating Expenses							
Direct							
Casino	3,147.6	3,780.7	285.2	2,494.3	3,376.3	2,469.8	3,661.5
Food and beverage	394.2	415.4	30.3	282.2	371.4	259.5	401.7
Rooms	142.3	146.3	10.7	97.7	128.7	88.5	139.4
Property general and administrative and other	1,672.2	1,812.5	141.7	1,246.4	1,650.9	1,159.4	1,792.6
Depreciation and amortization	492.3	612.4	47.5	340.4	473.6	396.3	521.1
Project opening costs	20.7	23.6	0.7	25.0	27.6	2.7	28.3
Write-downs, reserves and recoveries	77.3	(82.4)	0.2	(108.9)	(60.1)	50.3	(59.9)
Impairment of intangible assets		169.6			3,745.2	1,166.6	3,745.2
(Income)/loss on interests in non-consolidated affiliates	(3.6)	(4.0)	(0.5)	1.2	2.0	(0.9)	1.5
Corporate expense	89.1	99.1	(26.2)	88.5	106.3	56.3	80.1
Merger and integration costs	37.0	13.4	125.6	23.1	24.0	0.3	149.6
Amortization of intangible assets	70.2	73.0	5.5	79.4	108.2	87.0	113.7
Total operating expenses	6,139.3	7,059.6	620.7	4,569.3	9,954.1	5,735.8	10,574.8
Income/(loss) from operations	998.6	1,084.2	(43.2)	795.6	(2,836.4)	(494.1)	(2,879.6)
Interest expense, net of interest capitalized	(670.5)	(800.8)	(89.7)	(1,208.2)	(1,704.3)	(1,245.0)	(1,794.0)
(Losses)/gains on early extinguishments of debt	(62.0)	(2.0)		(203.9)	742.1	3,931.4	742.1
Other income, including interest income	14.1	47.3	5.1	15.5	29.6	22.4	34.7
Income/(loss) from continuing operations before income taxes	280.2	328.7	(127.8)	(601.0)	(3,769.0)	2,214.7	(3,896.8)
(Provision)/benefit for income taxes	(99.9)	(152.6)	21.6	186.7	378.5	(1,480.8)	400.1
Income/(loss) from continuing operations, net of tax	$ 180.3	$ 176.1	$ (106.2)	$ (414.3)	$ (3,390.5)	$ 733.9	$ (3,496.7)
Other Financial Data							
Capital expenditures	$ 2,250.2	$ 1,072.6	$ 93.0	$ 864.2	$ 1,051.7	$ 389.6	$ 1,144.7
Ratio of earnings to fixed charges[2]	1.4x	1.4x				2.8x	
Balance Sheet Data							
Cash and cash equivalents				$ 782.9	$ 447.4	$ 599.8	$ 447.4
Working capital				(179.5)	(539.6)	(248.7)	(539.6)
Total assets				25,996.5	21,932.3	20,603.8	21,932.3

Total debt	17,713.8	16,708.5	13,417.8	16,708.5
Total stockholders equity/(deficit)	3,135.9	(95.4)	605.4	(95.4)

(1) Includes pro forma adjustments only for the CMBS Transactions and the London Clubs Transfer. Does not reflect any adjustments for the Acquisition, the Financing, or any of the other Acquisition Transactions, or the 2010/2011 Tender Offers or Incremental Loans.

(2) For the purpose of computing the pro forma ratio of earnings to fixed charges, earnings consist of income before income taxes plus fixed charges and non-controlling interests, excluding equity in undistributed earnings of less-than-50%-owned investments. Fixed charges include interest, amortization of debt expense, discount or premium related to indebtedness and such portion of rental expense we deem to be representative of interest. Our earnings were insufficient to cover our fixed charges by $125.0 million, $558.5 million and $3.7 billion for the Predecessor period from January 1, 2008 through January 27, 2008 and the Successor period from January 28, 2008 through September 30, 2008 and the Successor period from January 28, 2008 through December 31, 2008, respectively. On a pro forma basis, after giving effect to the Transactions, our earnings were insufficient to cover our fixed charges by $3.8 billion for the year ended December 31, 2008.

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RISK FACTORS

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

Risks Relating to the Notes and Our Indebtedness

The Second Lien Notes are structurally subordinated to all liabilities of Harrah s Operating s and Harrah s Entertainment s subsidiaries that are not Subsidiary Pledgors.

The Second Lien Notes are structurally subordinated to indebtedness and other liabilities of Harrah s Operating s subsidiaries that are not Subsidiary Pledgors, and the claims of creditors of these subsidiaries, including trade creditors, will have priority as to the assets of these subsidiaries. As of September 30, 2009, subsidiaries of Harrah s Operating that are not Subsidiary Pledgors had $247 million of outstanding indebtedness. In the event of a bankruptcy, liquidation or reorganization of any subsidiaries that are not Subsidiary Pledgors, these subsidiaries will pay the holders of their debts, holders of preferred equity interests and their trade creditors before they will be able to distribute any of their assets to Harrah s Operating. In addition, the guarantee of the Second Lien Notes by Harrah s Entertainment is structurally subordinated to the CMBS Facilities of $6,500 million, less any amounts purchased by Harrah s Entertainment pursuant to the purchase agreements described under Prospectus Summary Recent Events CMBS Loan Purchases, as well as any other indebtedness of subsidiaries of Harrah s Entertainment that are not also Subsidiary Pledgors. See Note 19 to the audited consolidated financial statements as of December 31, 2008, and Note 18 to the unaudited condensed consolidated financial statements as of September 30, 2009, included elsewhere in this prospectus for financial information regarding certain of Harrah s Operating s subsidiaries that are not subsidiary guarantors of certain other obligations of Harrah s Operating. As those subsidiary guarantors are identical to the Subsidiary Pledgors, information related to the assets and liabilities of the Subsidiary Pledgors and non-Subsidiary Pledgors can be found therein.

The Second Lien Notes will not be secured by the assets of any of Harrah s Operating s non-U.S. subsidiaries or any other subsidiaries that are not wholly owned by Harrah s Operating. These subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts due pursuant to the Second Lien Notes, or to make any funds available therefore, whether by dividends, loans, distributions or other payments. Any right that Harrah s Entertainment, Harrah s Operating or the Subsidiary Pledgors have to receive any assets of any of these subsidiaries upon their liquidation or reorganization, and the consequent rights of holders of Second Lien Notes to realize proceeds from the sale of any of those subsidiaries assets, will be effectively subordinated to the claims of those subsidiaries creditors, including trade creditors and holders of preferred equity interests of those subsidiaries.

The Senior Notes are structurally subordinated to all liabilities of Harrah s Operating s and Harrah s Entertainment s Subsidiaries.

The notes are structurally subordinated to indebtedness and other liabilities of all subsidiaries of Harrah s Operating and Harrah s Entertainment, and the claims of creditors of these subsidiaries, including trade creditors, will have priority as to the assets of these subsidiaries. In the event of a bankruptcy, liquidation or reorganization of any of these subsidiaries, these subsidiaries will pay the holders of their debts, holders of preferred equity interests and their trade creditors before they will be able to distribute any of their assets to us. In addition, the guarantee of the Senior Notes by Harrah s Entertainment is structurally subordinated to the CMBS Facilities of $6,500 million, as well as any other indebtedness of subsidiaries of Harrah s Entertainment other than Harrah s Operating. See Note 19 to the audited consolidated financial statements as of December 31, 2008 and Note 18 to the unaudited condensed consolidated financial statements as of September 30, 2009 included elsewhere in this prospectus for financial information regarding the subsidiaries of Harrah s Entertainment and Harrah s Operating.

The rights of holders to receive payments on the Senior Notes is effectively junior to the rights of lenders who have a security interest in our assets.

The obligations of Harrah s Operating under the Senior Notes and of Harrah s Entertainment under its guarantee are unsecured. As a result, the Senior Notes and the related guarantee are effectively subordinated to all secured indebtedness of Harrah s Operating and Harrah s Entertainment to the extent of the value of the assets securing such indebtedness. Harrah s Operating s obligations under the senior secured credit facilities, the first lien notes and the Second Lien Notes are secured by a pledge of substantially all of Harrah s Operating s and the Subsidiary Pledgors domestic tangible and intangible assets. In the event that Harrah s Operating or Harrah s Entertainment are declared bankrupt, become insolvent or are liquidated or reorganized, their obligations under the senior secured credit facilities, the first lien notes, the Second Lien Notes (in the case of Harrah s Operating) and any other secured obligations will be entitled to be paid in full from their assets pledged as security for such obligations before any payment may be made with respect to the Senior Notes. Holders of the Senior Notes would participate ratably in Harrah s Entertainment s and Harrah s Operating s remaining assets, with all holders of unsecured indebtedness that are deemed to rank equally with the Senior Notes based upon the respective amount owed to each creditor. In addition, if Harrah s Operating defaults under the senior secured credit facilities, first lien notes or Second Lien Notes, the lenders thereunder could declare all of the funds borrowed thereunder, together with accrued interest, immediately due and payable. If Harrah s Operating were unable to repay such indebtedness, the lenders could foreclose on the pledged assets to the exclusion of holders of the Senior Notes, even if any event of default exists under the indentures governing the Senior Notes. In any such event, because the Senior Notes will not be secured by any of Harrah s Operating s assets, it is possible that there would be no assets remaining from which your claims could be satisfied or, if any assets remained, they may be insufficient to satisfy your claims fully. See Description of Other Indebtedness.

As of September 30, 2009, after giving effect to the 2010/2011 Tender Offers and the Incremental Loans, Harrah s Operating had $13,738 million of senior secured indebtedness outstanding ($6,875 million of which was indebtedness under the senior secured credit facilities, $2,095 million of which was first lien notes and $4,768 million of which was Second Lien Notes), and had additional borrowing capacity of $1,433 million under the revolving credit facility, with an additional $162 million committed to back letters of credit. The indentures governing the Senior Notes will permit the incurrence of substantial additional indebtedness by Harrah s Operating in the future, including secured indebtedness. Any secured indebtedness incurred would rank senior to the Senior Notes to the extent of the value of the assets securing such indebtedness.

The Second Lien Notes are secured only to the extent of the value of the assets that have been granted as security for the Second Lien Notes, which may not be sufficient to satisfy our obligations under the Second Lien Notes.

No appraisals of any of the collateral have been prepared by us or on our behalf in connection with this offering. The fair market value of the collateral is subject to fluctuations based on factors that include, among others, our ability to implement our business strategy, the ability to sell the collateral in an orderly sale, general economic conditions, the availability of buyers and similar factors. In addition, courts could limit recoverability if they apply non-New York law to a proceeding and deem a portion of the interest claim usurious in violation of public policy. The amount to be received upon a sale of any collateral would be dependent on numerous factors, including but not limited to the actual fair market value of the collateral at such time, general, market and economic conditions and the timing and the manner of the sale.

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In addition, the collateral securing the Second Lien Notes is subject to liens permitted under the terms of the indentures governing the Second Lien Notes and the intercreditor agreement, whether arising on or after the date the Second Lien Notes were issued. The existence of any permitted liens could adversely affect the value of the collateral securing the Second Lien Notes, as well as the ability of the collateral agent to realize or foreclose on such collateral.

There also can be no assurance that the collateral will be saleable and, even if saleable, the timing of its liquidation is uncertain. To the extent that liens, rights or easements granted to third parties encumber assets located on property owned by us, such third parties have or may exercise rights and remedies with respect to the property subject to such liens that could adversely affect the value of the collateral and the ability of the collateral agent to realize or foreclose on the collateral. By its nature, some or all of the collateral may be illiquid and may have no readily ascertainable market value. In the event that a bankruptcy case is commenced by or against us, if the value of the collateral is less than the amount of principal and accrued and unpaid interest on the Second Lien Notes and all other senior secured obligations, interest may cease to accrue on the Second Lien Notes from and after the date the bankruptcy petition is filed. In the event of a foreclosure, liquidation, bankruptcy or similar proceeding, we cannot assure you that the proceeds from any sale or liquidation of the collateral will be sufficient to pay the obligations due under the Second Lien Notes.

In addition, not all of Harrah s Operating s assets secure the notes. See Description of 2015 Second Lien Notes and 2018(1) Second Lien Notes Security for the Notes and Description 2018(2) Second Lien Notes Security for the Notes . For example, the collateral will not include, among other things:

- any property or assets owned by any foreign subsidiaries;
- certain real property and vessels;
- any vehicles;
- cash, deposit accounts and securities accounts (to the extent that a lien thereon must be perfected by any action other than the filing of customary financing statements);
- subject to certain limitations, any assets or any right, title or interest in any license, contract or agreement to the extent that taking a security interest in any of them would violate any applicable law or regulation or any enforceable contractual obligation binding on the assets or would violate the terms of any such license, contract or agreement; or
- the capital stock or other equity interests of Harrah s Operating or its Subsidiaries.

To the extent that the claims of the holders of the Second Lien Notes exceed the value of the assets securing those Second Lien Notes and other liabilities, those claims will rank equally with the claims of the holders of our outstanding unsecured notes (except to the extent holders of the senior unsecured cash pay and PIK toggle notes hold senior claims against such subsidiaries pursuant to certain subsidiary guarantees executed in favor of such notes) and any other indebtedness ranking pari passu with those unsecured notes. As a result, if the value of the assets pledged as security for the Second Lien Notes and other liabilities is less than the value of the claims of the holders of the Second Lien Notes and other liabilities, those claims may not be satisfied in full before the claims of our unsecured creditors are paid.

In the event that the security is enforced against the collateral securing the Second Lien Notes, the holders of the Second Lien Notes will receive proceeds from the collateral only after the lenders under our senior secured credit facilities and the holders of our first lien notes.

Substantially all the assets owned or acquired by Harrah s Operating and the Subsidiary Pledgors, and all proceeds therefrom, are subject to first-priority liens in favor of the lenders under our senior secured credit facilities and the holders of our first lien notes. The failure of Harrah s Operating to comply with the terms of the senior secured credit facilities or our first lien notes could entitle those lenders and holders to declare all

indebtedness thereunder to be immediately due and payable. If Harrah s Operating were unable to service the indebtedness under the senior secured credit facilities or the First Lien Notes, the lenders and holders could foreclose on its assets that serve as collateral. In addition, the collateral securing the Second Lien Notes may secure certain derivatives obligations and cash management obligations owing to with lenders or their affiliates as permitted by the terms of the senior secured credit facilities. The holders of the Second Lien Notes have second-priority liens on such assets, excluding pledges of stock of Harrah s Operating or its subsidiaries. As a result, upon any distribution to our creditors, liquidation, reorganization or similar proceedings, or following acceleration of any of our indebtedness or an event of default under our indebtedness and enforcement of the collateral, the lenders under our senior secured credit facilities and the holders of our first lien notes will be entitled to be repaid in full from the proceeds of all the pledged assets owned by Harrah s Operating or the Subsidiary Pledgors on the date of the related indenture or thereafter acquired securing the indebtedness to them before any payment is made to the holders of the Second Lien Notes from the proceeds of that collateral.

Furthermore, upon enforcement against any collateral or in insolvency, under the terms of the intercreditor agreement the claims of the holders of the Second Lien Notes to the proceeds of such enforcement will rank behind the claims of the holders of obligations under our senior secured credit facilities and our first lien notes, which are first-priority obligations, and claims of holders of additional secured indebtedness (to the extent permitted to have priority by the indentures).

In addition, under the terms of the intercreditor agreement governing the senior unsecured cash pay and PIK toggle notes, in the event that HOC or a guarantor of the senior unsecured cash pay and PIK/toggle notes is declared bankrupt, becomes insolvent or is liquidated or reorganized, its obligations under the senior secured credit facilities and our first lien notes are entitled to be paid in full from its assets or the assets of such guarantor, as the case may be, pledged as security for the obligations under the senior secured credit facilities and first lien notes before any payment may be made with respect to the senior unsecured cash pay and PIK toggle notes. The Second Lien Notes do not benefit from the provisions of the intercreditor agreement governing the senior unsecured cash pay and PIK toggle notes and would not be entitled to be paid in full before any payment may be made with respect to the senior unsecured cash pay and PIK toggle notes. As a result, the senior secured credit facilities and our first lien notes may be entitled to be paid from assets of HOC or of such guarantor that the Second Lien Notes are not entitled to be paid from prior to the repayment of the senior unsecured cash pay and PIK toggle notes.

The rights of holders of the Second Lien Notes to the collateral are governed, and materially limited, by the intercreditor agreement.

The rights of holders of the Second Lien Notes to the collateral will be governed, and materially limited, by the intercreditor agreement. Pursuant to the terms of the intercreditor agreement, the holders of indebtedness under our senior secured credit facilities and of our first lien notes, which are secured on a first-priority basis, control substantially all matters related to the collateral and the Second Lien Notes. Under the intercreditor agreement, at any time that the indebtedness secured on a first-priority basis remains outstanding, any actions that may be taken in respect of the collateral (including the ability to commence enforcement proceedings against the collateral and to control the conduct of such proceedings, and to approve amendments to, releases of collateral from the lien of, and waivers of past defaults under, the collateral documents) will be at the direction of the holders of such indebtedness. Under such circumstances, the trustee and the collateral agent on behalf of the holders of the Second Lien Notes will not have the ability to control or direct such actions, even if the rights of the holders of the Second Lien Notes are adversely affected. Any release of all first-priority liens upon any collateral approved by the holders of first-priority liens will also release the second-priority liens securing the notes on substantially the same collateral, and holders of the Second Lien Notes will have no control over such release. See Description of 2015 Second Lien Notes and 2018(1) Second Lien Notes Security for the Notes Release of Collateral and Description of 2018(2) Second Lien Notes Security for the Notes Release of Collateral.

Furthermore, because the lenders under the senior secured credit facilities and holders of our first lien notes will control the disposition of the collateral securing the senior secured credit facilities, the first lien notes and the notes, if there were an event of default under the Second Lien Notes, the lenders under the senior secured credit facilities and holders of our first lien notes could decide not to proceed against the collateral, regardless of whether or not there is a default under the senior secured credit facilities or our first lien notes. In such event, the only remedy available to the holders of Second Lien Notes would be to sue for payment on the Second Lien Notes and the related guarantee of Harrah s Entertainment. By virtue of the direction of the administration of the pledges and security interests and the release of collateral, actions may be taken under the collateral documents that may be adverse to you.

We will in most cases have control over the collateral, and the sale of particular assets by us could reduce the pool of assets securing the Second Lien Notes.

The collateral documents allow us to remain in possession of, retain exclusive control over, freely operate, and collect, invest and dispose of any income from, the collateral securing the Second Lien Notes, except, under certain circumstances, cash transferred to accounts controlled by the administrative agent under our asset-based revolving credit facility.

In addition, we will not be required to comply with all or any portion of Section 314(d) of the Trust Indenture Act of 1939 (the Trust Indenture Act) if we determine, in good faith based on advice of counsel, that, under the terms of that Section and/or any interpretation or guidance as to the meaning thereof of the SEC and its staff, including no action letters or exemptive orders, all or such portion of Section 314(d) of the Trust Indenture Act is inapplicable to the released collateral. For example, so long as no default or event of default under the indenture would result therefrom and such transaction would not violate the Trust Indenture Act, we may, among other things, without any release or consent by the indenture trustee, conduct ordinary course activities with respect to collateral, such as selling, factoring, abandoning or otherwise disposing of collateral and making ordinary course cash payments (including repayments of indebtedness). See Description of 2015 Second Lien Notes and 2018(1) Second Lien Notes and Description of 2018(2) Second Lien Notes.

The rights of holders of Second Lien Notes to the collateral securing the Second Lien Notes may be adversely affected by the failure to perfect security interests in the collateral and other issues generally associated with the realization of security interests in collateral.

Applicable law requires that a security interest in certain tangible and intangible assets can only be properly perfected and its priority retained through certain actions undertaken by the secured party. The liens in the collateral securing the Second Lien Notes may not be perfected with respect to the claims of Second Lien Notes if the collateral agent is not able to take the actions necessary to perfect any of these liens on or prior to the date of the indenture governing the Second Lien Notes. In addition, applicable law requires that certain property and rights acquired after the grant of a general security interest, such as real property, can only be perfected at the time such property and rights are acquired and identified and additional steps to perfect in such property and rights are taken. Harrah s Operating and the Subsidiary Pledgors will have limited obligations to perfect the security interest of the holders of Second Lien Notes in specified collateral. There can be no assurance that the trustee or the collateral agent for the Second Lien Notes will monitor, or that HOC will inform such trustee or collateral agent of, the future acquisition of property and rights that constitute collateral, and that the necessary action will be taken to properly perfect the security interest in such after-acquired collateral. The collateral agent for the Second Lien Notes has no obligation to monitor the acquisition of additional property or rights that constitute collateral or the perfection of any security interest. Such failure may result in the loss of the security interest in the collateral or the priority of the security interest in favor of Second Lien Notes against third parties.

In addition, the security interest of the collateral agent will be subject to practical challenges generally associated with the realization of security interests in collateral. For example, the collateral agent may need to obtain the consent of third parties and make additional filings. If we are unable to obtain these consents or make these filings, the security interests may be invalid and the holders will not be entitled to the collateral or any recovery with respect thereto. We cannot assure you that the collateral agent will be able to obtain any such consent. We also cannot assure you that the consents of any third parties will be given when required to facilitate a foreclosure on such assets. Accordingly, the collateral agent may not have the ability to foreclose upon those assets and the value of the collateral may significantly decrease.

In the event of our bankruptcy, the ability of the holders of Second Lien Notes to realize upon the collateral will be subject to certain bankruptcy law limitations and limitations under the intercreditor agreement.

The ability of holders of the Second Lien Notes to realize upon the collateral will be subject to certain bankruptcy law limitations in the event of our bankruptcy. Under federal bankruptcy law, secured creditors are prohibited from repossessing their security from a debtor in a bankruptcy case, or from disposing of security repossessed from such a debtor, without bankruptcy court approval, which may not be given. Moreover, applicable federal bankruptcy laws generally permit the debtor to continue to use and expend collateral, including cash collateral, and to provide liens senior to the collateral agent for the Second Lien Notes liens to secure indebtedness incurred after the commencement of a bankruptcy case, provided that the secured creditor either consents or is given adequate protection. Adequate protection could include cash payments or the granting of additional security, if and at such times as the presiding court in its discretion determines, for any diminution in the value of the collateral as a result of the stay of repossession or disposition of the collateral during the pendency of the bankruptcy case, the use of collateral (including cash collateral) and the incurrence of such senior indebtedness. However, pursuant to the terms of the intercreditor agreement, the holders of the Second Lien Notes will agree not to seek or accept adequate protection consisting of cash payments and will not object to the incurrence of additional indebtedness secured by liens senior to the collateral agent for the Second Lien Notes liens in an aggregate principal amount agreed to by the holders of first-priority lien obligations and second-priority lien obligations. In view of the lack of a precise definition of the term adequate protection and the broad discretionary powers of a bankruptcy court, it is impossible to predict whether or when the collateral agent could foreclose upon or sell the collateral, and as a result of the limitations under the intercreditor agreement, the holders of the Second Lien Notes will not be compensated for any delay in payment or loss of value of the collateral through the provision of adequate protection, except to the extent of any grant of additional liens that are junior to the first-priority obligations and the second-priority obligations. Furthermore, in the event the bankruptcy court determines that the value of the collateral is not sufficient to repay all amounts due on the Second Lien Notes, the indebtedness under the Second Lien Notes would be undersecured and the holders of the Second Lien Notes would have unsecured claims as to the difference. Federal bankruptcy laws do not permit the payment or accrual of interest, costs and attorneys fees on undersecured indebtedness during the debtor s bankruptcy case.

In addition to the waiver with respect to adequate protection set forth above, under the terms of the intercreditor agreement, the holders of the Second Lien Notes will also waive certain other important rights that secured creditors may be entitled to in a bankruptcy proceeding, as described in Description of 2015 Second Lien Notes and 2018(1) Second Lien Notes Security for the Notes Security Documents and Intercreditor Agreement and Description of 2018(2) Second Lien Notes Security for the Notes Security Documents and Intercreditor Agreement. These waivers could adversely impact the ability of the holders to recover amounts owed to them in a bankruptcy proceeding.

The collateral securing the Second Lien Notes may be diluted under certain circumstances.

The collateral that will secure the Second Lien Notes also secures our obligations under the senior secured credit facilities. This collateral may secure on a first priority basis additional senior indebtedness that HOC or certain of its subsidiaries incurs in the future, subject to restrictions on their ability to incur debt and liens under the senior secured credit facilities and the indentures governing the Second Lien Notes. Your rights to the collateral would be diluted by any increase in the indebtedness secured on a first priority basis by this collateral.

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Federal and state statutes allow courts, under specific circumstances, to void notes and pledges securing such notes and require note holders to return payments received.

If Harrah s Operating or any Subsidiary Pledgor becomes a debtor in a case under the U.S. Bankruptcy Code or encounters other financial difficulty, under federal or state fraudulent transfer law, a court may void, subordinate or otherwise decline to enforce the notes or such Subsidiary Pledgor s pledge of assets securing (or, if applicable, guarantee of) the notes. A court might do so if it found that when Harrah s Operating issued the notes or the Subsidiary Pledgor made its pledge (or guarantee, if applicable), or in some states when payments became due under the notes, the Subsidiary Pledgor or Harrah s Operating received less than reasonably equivalent value or fair consideration and either:

was insolvent or rendered insolvent by reason of such incurrence; or

was left with inadequate capital to conduct its business; or

believed or reasonably should have believed that it would incur debts beyond its ability to pay.

The court might also void an issuance of notes or a related pledge (or guarantee, if applicable) by a Subsidiary Pledgor, without regard to the above factors, if the court found that Harrah s Operating issued the notes or the applicable Subsidiary Pledgor made its pledge (or guarantee, if applicable) with actual intent to hinder, delay or defraud its creditors.

A court would likely find that Harrah s Operating or a Subsidiary Pledgor did not receive reasonably equivalent value or fair consideration for the notes or its pledge securing the notes (or guarantee, if applicable), if Harrah s Operating or a Subsidiary Pledgor did not substantially benefit directly or indirectly from the issuance of the notes. If a court were to void the issuance of the notes or any pledge (or guarantee, if applicable) you would no longer have any claim against Harrah s Operating or the applicable Subsidiary Pledgor. Sufficient funds to repay the notes may not be available from other sources, including the remaining obligors, if any. In addition, the court might direct you to repay any amounts that you already received from Harrah s Operating or a Subsidiary Pledgor.

The measures of insolvency for purposes of these fraudulent transfer laws will vary depending upon the law applied in any proceeding to determine whether a fraudulent transfer has occurred. Generally, however, a Subsidiary Pledgor would be considered insolvent if:

the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all of its assets; or

if the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or

it could not pay its debts as they become due.

On the basis of historical financial information, recent operating history and other factors, we believe that each Subsidiary Pledgor, after giving effect to its pledge securing (or guarantee of, if applicable) the notes, will not be insolvent, will not have unreasonably small capital for the business in which it is engaged and will not have incurred debts beyond its ability to pay such debts as they mature. We cannot assure you, however, as to what standard a court would apply in making these determinations or that a court would agree with our conclusions in this regard.

Delivery of security interests in collateral after the issue dates of the Second Lien Notes increases the risk that the other security interests could be avoidable in bankruptcy.

Certain collateral, including mortgages on real property, was, or will be, granted as security after the issue dates of the original Second Lien Notes. If the grantor of such security interest were to become subject to a

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bankruptcy proceeding after the issue dates of the Second Lien Notes, any mortgage or security interest in collateral delivered after the issue date of the Second Lien Notes would face a greater risk than security interests in place on the issue date of being avoided by the pledgor (as debtor in possession) or by its trustee in bankruptcy as a preference under bankruptcy law if certain events or circumstances exist or occur, including if the pledgor is insolvent at the time of the pledge, the pledge permits the holders of the Second Lien Notes to receive a greater recovery than if the pledge had not been given and a bankruptcy proceeding in respect of the pledgor is commenced within 90 days following the pledge, or, in certain circumstances, a longer period. To the extent that the grant of any such security interest is avoided as a preference, you would lose the benefit of the security interest.

If a bankruptcy petition were filed by or against us, holders of Second Lien Notes may receive a lesser amount for their claim than they would have been entitled to receive under the indenture governing the Second Lien Notes.

If a bankruptcy petition were filed by or against us under the U.S. Bankruptcy Code after the issuance of the Second Lien Notes, the claim by any holder of the Second Lien Notes for the principal amount of the Second Lien Notes may be limited to an amount equal to the sum of:

the original issue price for the Second Lien Notes; and

that portion of the original issue discount that does not constitute unmatured interest for purposes of the U.S. Bankruptcy Code.

Any original issue discount that was not amortized as of the date of the bankruptcy filing would constitute unmatured interest. Accordingly, holders of the Second Lien Notes under these circumstances may receive a lesser amount than they would be entitled to receive under the terms of the indenture governing the Second Lien Notes, even if sufficient funds are available.

Harrah s Operating may not be able to repurchase the Second Lien Notes upon a change of control.

Upon the occurrence of certain specific kinds of change of control events, Harrah s Operating will be required to offer to repurchase all outstanding Second Lien Notes at 101% of the principal amount thereof plus, without duplication, accrued and unpaid interest and additional interest, if any, to the date of repurchase. However, it is possible that Harrah s Operating will not have sufficient funds at the time of the change of control to make the required repurchase or that restrictions in our senior secured credit facilities will not allow such repurchases. In addition, certain important corporate events, such as leveraged recapitalizations that would increase the level of our indebtedness, would not constitute a Change of Control under the indentures. See Description of 2015 Second Lien Notes and 2018(1) Second Lien Notes Change of Control and Description of 2018(2) Second Lien Notes Change of Control.

The Second Lien Notes were issued with original issue discount for U.S. federal income tax purposes.

The Second Lien Notes were issued with original issue discount (OID) equal to the excess of the stated principal amount for the Second Lien Notes over the issue price. Consequently, the Second Lien Notes are treated as issued with OID for U.S. federal income maturity basis in advance of receipt of cash payment thereof.

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, 2009, after giving effect to the 2010/2011 Tender Offers and the Incremental Loans, we had $22,650.7 million face value of outstanding indebtedness and our current debt service obligation would be $1,282.8 million, which includes required interest payments of $1,233.8 million. As of September 30, 2009, after giving effect to the 2010/2011 Tender Offers and the Incremental

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Loans, HOC had $17,004.4 million face value of outstanding indebtedness, and Harrah s Operating s debt service obligations would be $1,149.9 million, which includes required interest payments of $1,100.9 million.

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 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;
- 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.

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

Our senior secured credit facilities, the real estate facility loans and the indentures governing most of Harrah s Operating s existing notes contain, and the indentures governing the notes contain, and any future indebtedness of ours would likely contain, a number of covenants that will 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 capital 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 will be limited in the manner in which we conduct our business, and we may be unable to engage in favorable business activities or finance future operations or capital needs.

We have pledged and will pledge a significant portion of our assets as collateral under our senior secured credit facilities, our real estate facility loans, our second lien notes and our first lien notes. If any of these lenders

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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 will be 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.

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 new senior secured credit facilities, our real estate facilities, our second lien notes and the notes could proceed against the collateral granted to them to secure that indebtedness.

If the indebtedness under our notes, senior secured credit facilities, real estate facilities 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.

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

We and our subsidiaries may be able to incur substantial indebtedness at any time from time to time, including in the near future. Although the terms of the agreements governing our indebtedness contain restrictions on our ability to incur additional indebtedness, these restrictions are subject to a number of important qualifications and exceptions, and the indebtedness incurred in compliance with these restrictions could be substantial. For example, our senior secured credit facilities allow for one or more future issuances of additional secured notes or loans, which may include, in each case, indebtedness secured on a pari passu basis with the obligations under the senior secured credit facilities and our first lien notes. This indebtedness could be used for a variety of purposes, including financing capital expenditures, refinancing or repurchasing our outstanding indebtedness, including existing unsecured indebtedness, or for general corporate purposes. We have, and will continue to, raise debt (including secured debt) to directly or indirectly refinance our outstanding unsecured debt on an opportunistic basis.

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

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

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

We cannot assure you that our business will generate sufficient cash flow from operations, or that we will be able to draw under our senior secured credit facilities or otherwise, in an amount sufficient to fund our liquidity needs.

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

Repayment of our debt, including required principal and interest payments on the notes, is dependent on cash flow generated by our subsidiaries.

Our subsidiaries own substantially all of our assets and conduct a significant portion of our operations. Accordingly, repayment of our indebtedness, including the notes, is dependent, to a significant extent, on the generation of cash flow by our subsidiaries and their ability to make such cash available to us, by dividend, debt repayment or otherwise. Our subsidiaries do not have any obligation to pay amounts due on the notes or to make funds available for that purpose. Our subsidiaries may not be able to, or may not be permitted to, make distributions to enable us to make payments in respect of our indebtedness, including the notes. Each subsidiary is a distinct legal entity and, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from our subsidiaries. While the indentures governing the notes limit the ability of our subsidiaries to incur consensual restrictions on their ability to pay dividends or make other intercompany payments to us, these limitations are subject to certain qualifications and exceptions. In the event that we do not receive distributions from our subsidiaries we may be unable to make required principal and interest payments on our indebtedness, including the notes.

If Harrah s Operating defaults on its obligations to pay its other indebtedness, Harrah s Operating may not be able to make payments on the notes.

Any default under the agreements governing the indebtedness of Harrah s Operating, including a default under the senior secured credit facilities that is not waived by the required lenders, and the remedies sought by the holders of such indebtedness could leave Harrah s Operating unable to pay principal, premium, if any, or interest on the notes and could substantially decrease the market value of the notes. If Harrah s Operating is unable to generate sufficient cash flow and is otherwise unable to obtain funds necessary to meet required payments of principal, premium, if any, or interest on its indebtedness, or if Harrah s Operating otherwise fails to comply with the various covenants, including financial and operating covenants, in the instruments governing its indebtedness (including the senior secured credit facilities), Harrah s Operating could be in default under the terms of the agreements governing such indebtedness. In the event of such default, the holders of such indebtedness could elect to declare all the funds borrowed thereunder to be due and payable, together with accrued and unpaid interest, the lenders under the revolving credit facility could elect to terminate their commitments, cease making further loans and institute foreclosure proceedings against the assets of Harrah s Operating, and Harrah s Operating could be forced into bankruptcy or liquidation. If the operating performance of Harrah s Operating declines, Harrah s Operating may in the future need to seek waivers from the required lenders under the senior secured credit facilities to avoid being in default. If Harrah s Operating breaches its covenants under the senior secured credit facilities and seeks a waiver, Harrah s Operating may not be able to obtain a waiver from the required lenders. If this occurs, Harrah s Operating would be in default under the senior secured credit facilities, the lenders could exercise their rights as described above, and Harrah s Operating could be forced into bankruptcy or liquidation.

Risks Related to Our Business

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

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

In recent years, with fewer new markets opening for development, many casino operators have been reinvesting in existing markets to attract new customers or to gain market share, thereby increasing competition in those markets. As companies have completed new expansion projects, supply has typically grown at a faster pace than demand in some markets, including Las Vegas, our largest market, and competition has increased significantly. 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, Michigan, Indiana, Iowa, Kansas, Kentucky, Illinois, 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 and Native American 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 Native American gaming in New York and California, respectively.

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.

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 has 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.

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

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

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

- the existence of acceptable market conditions and demand for the completed project;
- general construction risks, including cost overruns, change orders and plan or specification modification, shortages of equipment, materials or skilled labor, labor disputes, unforeseen environmental, engineering or geological problems, work stoppages, fire and other natural disasters, construction scheduling problems and weather interferences;
- changes and concessions required by governmental or regulatory authorities;
- the ability to finance the projects, especially in light of the substantial indebtedness incurred by us related to the Acquisition;
- 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.

Our failure to complete any new development or expansion project 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.

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

The recent severe economic downturn and adverse conditions in the local, regional, national and global markets have negatively affected our operations, and may continue to negatively affect our operations in the future. During periods of economic contraction such as the current period, our revenues may decrease while some of our costs remain fixed or even increase, resulting in decreased earnings. Gaming and other leisure activities we offer represent discretionary expenditures and participation in such activities may decline during economic downturns, during which consumers generally earn less disposable income. 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.

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

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

In addition, natural disasters such as major fires, floods, hurricanes and earthquakes 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. 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.

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

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

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

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

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

Our ability to realize the anticipated benefits of potential future 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 include, among others:

- coordinating marketing functions;
- unanticipated issues in integrating information, communications and other systems;
- unanticipated incompatibility of purchasing, logistics, marketing and administration methods;
- retaining key employees;

consolidating corporate and administrative infrastructures;

- the diversion of management s attention from ongoing business concerns; and
- coordinating geographically separate organizations.

There is no assurance that we will realize the full benefits anticipated for any future acquisitions.

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

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

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

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

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

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 benefits costs place significant demands on our resources. Additionally, the recent downturn in the gaming, travel and leisure sectors has made recruiting executives to our business more difficult. The inability to attract qualified employees in sufficient numbers to meet particular demands or the loss of a significant number of our employees could have an adverse effect on us.

We are controlled by the Sponsors, whose interests may not be aligned with ours.

All of the voting common stock of Harrah s Entertainment is held by Hamlet Holdings LLC, the members of which are comprised of an equal number of individuals affiliated with each of the Sponsors. As such, the Sponsors have the power to control our affairs and policies. The Sponsors also control the election of our board of directors, the appointment of management, the entering into of mergers, sales of substantially all of our assets and other extraordinary transactions.

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Eight of our eleven directors have been appointed by the Sponsors. In addition, two of the three members of our Executive Committee are affiliated with the Sponsors. The members affiliated with the Sponsors have the authority, subject to the terms of our debt, to issue additional shares, implement share repurchase programs, declare dividends, pay advisory fees and make other decisions, and they may have an interest in our doing so. Furthermore, the Sponsors are in the business of making investments in companies and may from time to time acquire and hold interests in businesses that compete directly or indirectly with us, as well as businesses that represent major customers of our businesses. The Sponsors may also pursue acquisition opportunities that may be complementary to our business, and as a result, those acquisition opportunities may not be available to us. So long as the individuals affiliated with the Sponsors continue to control a significant amount of our outstanding voting common stock, the Sponsors will continue to be able to strongly influence or effectively control our decisions.

In addition, affiliates of the Sponsors currently hold certain debt (including other first lien debt and second lien debt) of Harrah s Operating, and may continue acquiring additional debt of Harrah s Operating from time to time in open market purchases, in possible future tender offers or repurchases or otherwise. In the event of our bankruptcy, the Sponsors will have claims against us and our subsidiaries as creditors with respect to the debt obligations of Harrah s Operating that the Sponsors hold, and may be able to vote their claims in any matters which require the consent of our creditors in bankruptcy, and which could potentially conflict with the interests of other lenders or securityholders.

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

From time to time, we are defendants in various lawsuits relating to matters incidental to our business. The nature of our business subjects us to the risk of lawsuits filed by customers, past and present employees, competitors, business partners, Native American tribes and others in the ordinary course of business. As with all litigation, no assurance can be provided as to the outcome of these matters and in general, litigation can be expensive and time consuming. We may not be successful in the defense or prosecution of lawsuits that we face, which could result in settlements or damages that could significantly impact our business, financial condition and results of operations.

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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.

Important factors that could cause actual results to differ materially from our expectations (cautionary statements) are disclosed 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 affect our results include:

- the impact of our substantial indebtedness;
- the effect of local and national economic, credit and capital market conditions on the economy in general, and on the gaming and hotel industry in particular;
- construction factors, including delays, increased costs for labor and materials, availability of labor and materials, zoning issues, environmental restrictions, soil and water conditions, weather and other hazards, site access matters and building permit issues;
- the effects of environmental and structural building conditions relating to our properties;
- our ability to timely and cost effectively integrate companies that we acquire into our operations;
- access to available and reasonable financing on a timely basis;
- changes in laws, including increased tax rates, regulations or accounting standards, third-party relations and approvals, and decisions of courts, regulators and governmental bodies;
- litigation outcomes and judicial actions, including gaming legislative action, referenda 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 or natural disasters;
- access to insurance on reasonable terms for our assets;
- abnormal gaming holds;
- the potential difficulties in employee retention and recruitment as a result of our substantial indebtedness and the recent downturn in the gaming and hotel industries;
- the effects of competition, including locations of competitors and operating and market competition; and
- the other factors set forth under Risk Factors.

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

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MARKET AND INDUSTRY DATA AND FORECASTS

Information regarding market share, market position and industry data pertaining to our business contained in this prospectus consists of our estimates based on data and reports compiled by industry sources and professional organizations, including National Indian Gaming Commission, Casino City s North American Gaming Almanac, 2008 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, Macau Gaming Inspection and Coordination Bureau and on our management s knowledge of our business and markets.

Although we believe that the third-party sources are reliable, neither we nor the initial purchasers have independently verified market industry data provided by third parties or by industry or general publications, and neither we nor the initial purchasers take any further responsibility for this data. Similarly, while we believe our internal estimates with respect to our industry are reliable, our estimates have not been verified by any independent sources, and we cannot assure you that they are accurate. While we are not aware of any misstatements regarding any industry data presented in this prospectus, our estimates, in particular as they relate to market share and our general expectations, involve risks and uncertainties and are subject to change based on various factors, including those discussed under the section entitled Risk Factors above.

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THE ACQUISITION TRANSACTIONS

The Acquisition

On December 19, 2006, Harrah s Entertainment entered into a definitive merger agreement with 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 the Sponsors. Pursuant to the merger agreement, on January 28, 2008, Merger Sub merged with and into Harrah s Entertainment, and each share of Harrah s Entertainment s common stock issued and outstanding immediately prior to the effective time of the merger, was converted into the right to receive $90.00 in cash, which, when taken together with the net settlement of outstanding options, stock appreciation rights, restricted stock and restricted stock units, represents merger consideration of $17,375 million in the aggregate. We refer to the merger and payment of merger consideration 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 equity interests of Harrah s Entertainment. Hamlet Holdings, the members of which are comprised of an equal number of individuals affiliated with each of the Sponsors, holds all of the voting common stock of Harrah s Entertainment. The voting common stock does not have any economic rights. Funds affiliated with and controlled by the Sponsors, their co-investors and members of management each hold non-voting common stock and non-voting preferred stock.

CMBS Transactions

In connection with the CMBS portion of the financing for the Acquisition described in more detail below under The Financing, HOC spun off to Harrah s Entertainment the following casino properties and related operating assets of those casinos (collectively, the CMBS Closing Assets) at or prior to the closing of the Acquisition: Harrah s Las Vegas, Rio and Flamingo Las Vegas in Las Vegas, Nevada; Harrah s Atlantic City and Showboat Atlantic City in Atlantic City, New Jersey; and Harrah s Lake Tahoe, Harveys Lake Tahoe and Bill s Lake Tahoe in Lake Tahoe, Nevada. All of the CMBS Closing Assets were spun out of HOC and its subsidiaries through a series of distributions, liquidations, transfers and contributions. We refer to the spin-off of the CMBS Closing Assets by HOC, resulting in the ownership of those assets by Harrah s Entertainment through subsidiaries of Harrah s Entertainment that are not also subsidiaries of HOC, as the CMBS Spin-Off.

Subsequent to the closing of the Acquisition and the CMBS Spin-Off, Paris Las Vegas and Harrah s Laughlin and their related operating assets were spun out of HOC and its subsidiaries, and Harrah s Lake Tahoe, Harveys Lake Tahoe, Bill s Lake Tahoe and Showboat Atlantic City and their related operating assets were transferred to subsidiaries of HOC from Harrah s Entertainment. We refer to the spin-off of Paris Las Vegas and Harrah s Laughlin by HOC and the transfer to subsidiaries of HOC of Harrah s Lake Tahoe, Harveys Lake Tahoe, Bill s Lake Tahoe and Showboat Atlantic City as the Post-Closing CMBS Transaction, and we refer to the following casino properties and related operating assets of those casinos as the CMBS Assets : Harrah s Las Vegas, Rio, Paris Las Vegas and Flamingo Las Vegas in Las Vegas, Nevada; Harrah s Atlantic City in Atlantic City, New Jersey and Harrah s Laughlin in Laughlin, Nevada. The Post-Closing CMBS Transaction occurred in May 2008.

The holders of the CMBS Assets (the CMBS Borrowers), are side-by-side with HOC under Harrah s Entertainment. Pursuant to a shared services agreement, HOC provides the CMBS Borrowers with certain corporate management and administrative operations and costs are allocated by HOC for providing such services. These operations include, but are not limited to, payroll, marketing, accounting and legal. The agreement also memorializes certain short-term cash management arrangements and other operating efficiencies that reflect the way in which we have historically operated its business. We refer to the CMBS Spin-Off together with the subsequent Post-Closing CMBS Transaction as the CMBS Transactions.

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London Clubs Transfer

In December 2006, we acquired London Clubs, which owns and/or manages casinos in the United Kingdom, Egypt and South Africa. When acquired, London Clubs and its subsidiaries became wholly owned subsidiaries of Harrah s Entertainment and not subsidiaries of HOC. In connection with the CMBS Transactions and the financing described below under The Financing, London Clubs and its subsidiaries, with the exception of those related to the London Clubs South African operations, became subsidiaries of HOC on or before the closing of the Acquisition. During the second quarter of 2008, Harrah s Entertainment transferred to HOC the London Clubs South African operations, as well. We refer to the transfer of the London Clubs operations to HOC as the London Clubs Transfer.

The Financing

On January 28, 2008, the Acquisition was financed with the following:

- a cash equity investment by the Sponsors, their co-investors and certain members of management in Harrah s Entertainment of approximately $6,079 million;

- the proceeds from the incurrence by HOC of $5,275 million of senior unsecured cash pay interim loans;

- the proceeds from the incurrence by HOC of $1,500 million of senior unsecured PIK toggle interim loans;

- borrowings of $7,250 million by HOC under the term loan portion of its senior secured credit facilities, which also includes a $2,000 million revolving credit facility none of which was drawn at closing, but was subject to $188 million in outstanding letters of credit; and

- $6,500 million of mortgage loans and related mezzanine financing under a real estate facility (the CMBS Financing) entered into by the CMBS Borrowers (with a payment guarantee by Harrah s Entertainment of the operating leases thereunder) and secured initially by the CMBS Closing Assets and, after the Post-Closing CMBS Transaction, the CMBS Assets.

HOC used the proceeds of the Old Cash Pay Notes and Old Toggle Notes, which were issued on February 1, 2008, to reduce its interim loan borrowings described above on a dollar-for-dollar basis.

HOC used a portion of the proceeds of the senior secured credit facilities described above to repay all outstanding borrowings under its existing credit facilities, which, as of January 28, 2008, amounted to approximately $5,796 million.

HOC also used a portion of the proceeds described above (including the senior secured credit facilities) to repurchase $131 million of its 7.5% Senior Notes due 2009, $394 million of its 8.875% Senior Subordinated Notes due 2008, $424 million of its 7.5% Senior Notes due 2009, $299 million of its 7% Senior Notes due 2013, all $250 million of its Senior Floating Rate Notes due 2008 and $375 million of its Floating Rate Contingent Convertible Senior Notes due 2024 pursuant to tender offers and consent solicitations (collectively, the Tender Offer) completed on the same day as the Acquisition, as well as a discharge of all Senior Floating Rate Notes that were not tendered in the Tender Offer. We refer to the Tender Offer, the discharge, the repayment of senior unsecured interim loans with the proceeds of the notes which were issued on February 1, 2008 and the other financing transactions described above as the Financing.

Hedging Arrangements

In conjunction with the Acquisition, HOC entered into three hedging arrangements with respect to LIBOR borrowings under the senior secured credit facilities, all of which fix the floating rate of interest thereunder to a fixed rate.

Throughout this prospectus, we collectively refer to the Acquisition, the CMBS Transactions, the London Clubs Transfer, the Financing and the hedging arrangements as the Acquisition Transactions.

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USE OF PROCEEDS

Harrah s Operating will not receive any proceeds from the resale of the notes offered by this prospectus.

CAPITALIZATION

The following table sets forth our consolidated cash, cash equivalents and investments and capitalization of Harrah s Entertainment as of September 30, 2009, on (i) an actual basis and (ii) on an as adjusted basis to give effect to the consummation of the 2010/2011 Tender Offers and the Incremental Loans.

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

	As of September 30, 2009	
	Actual	As Adjusted
	($ in millions)	
	(unaudited)	
Cash and cash equivalents[1]	$ 948.2	$ 1,088.8
Term loan[2]	$ 5,840.1	$ 6,815.1
Revolving credit facility[3]	804.9	35.0
CMBS financing[4]	6,500.0	6,500.0
First lien notes[5]	2,044.3	2,044.3
2015 second lien notes[6]	149.3	149.3
2018(1) second lien notes[6]	550.5	550.5
2018(2) second lien notes[6]	1,393.1	1,393.1
Subsidiary guaranteed unsecured senior debt[7]	488.0	488.0
Unsecured senior notes[8]	1,055.6	1,033.3
Unsecured senior subordinated notes[9]	174.8	153.9
Other[10]	341.8	341.8
Total debt, including current portion	19,342.4	19,504.3
Preferred stock	2,547.1	2,547.1
Equity[11]	(1,137.7)	(1,137.7)
Total capitalization	$ 20,751.8	$ 20,913.7

(1) As Adjusted amount includes the $185.1 million net cash proceeds received in connection with the Incremental Loans and $44.5 million in cash paid in conjunction with the 2010/2011 Tender Offers. As Adjusted amount does not reflect the anticipated purchase of CMBS Loans by Harrah s Entertainment using up to an aggregate amount of $250 million of cash as described under Prospectus Summary-Recent Events-CMBS Loan Purchases.

(2) Upon the closing of the Acquisition, HOC entered into a seven-year $7,250 million term loan facility, all of which was drawn at the closing of the Acquisition. Harrah s Entertainment guarantees this facility, and all of the material wholly owned domestic subsidiaries of HOC have pledged their assets to secure this facility.

(3) Upon the closing of the Acquisition, we entered into the senior secured credit facilities, which include a $2,000 million revolving credit facility that was reduced to $1,630 million due to debt retirements subsequent to the closing of the Acquisition. At September 30, 2009, on an as adjusted basis after giving effect to the 2010/2011 Tender Offers and the Incremental Loans, $1,433 million of additional borrowing capacity is available under our revolving credit facility, with an additional $162 million committed to back letters of credit. Harrah s Entertainment guarantees this facility, and all of the material wholly owned domestic subsidiaries of HOC have pledged their assets to secure this facility.

(4) As Adjusted amount does not reflect the anticipated purchase of CMBS Loans by Harrah s Entertainment using up to an aggregate amount of $250 million of cash as described under Prospectus Summary Recent Events CMBS Loan Purchases.

(5) Includes $720 million aggregate principal amount of 11.25% Senior Secured Notes due 2017 that were issued at par and $1,375 million aggregate principal amount of 11.25% Senior Secured Notes due 2017 that were issued at a price of 96.225% of their face value, resulting in approximately $1,323 million of gross proceeds. The approximate $52 million discount will accrete and be included in interest expense until the first lien notes mature.

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(6) Actual amounts include the book values of $215 million of 2015 Second Lien Notes and $848 million of 2018(1) Second Lien Notes issued in connection with the exchange offers that were consummated on December 24, 2008 and book values of $3,705 million of 2018(2) Second Lien Notes issued in connection with the 2009 Exchange Offers, and are inclusive of amounts paid in fees in connection with such exchange offers. The face value of such notes is $4,768 million.

(7) Actual amounts consist of $479 million of 10.75% Senior Notes due 2016 and $9 million of 10.75%/11.5% Senior Toggle Notes due 2018. All of this indebtedness is guaranteed on a joint and several basis by Harrah s Entertainment and each of the Subsidiary Pledgors.

(8) The Actual unsecured senior notes consists of the book values of the following notes: $33 million of 8% Senior Notes due 2011, $125 million of 5.375% Senior Notes due 2013, $229 million of 5.5% Senior Notes due 2010, $452 million of 5.625% Senior Notes due 2015, $238 million of 5.75% Senior Notes due 2017, $360 million of 6.5% Senior Notes due 2016, $0.6 million of 7% Senior Notes due 2013 and $0.2 million of Floating Rate Contingent Convertible Senior Notes due 2024, all of which are obligations of HOC and guaranteed by Harrah s Entertainment. The aggregate face value of such notes is $1,437 million.

(9) The Actual unsecured senior subordinated notes consist of the book values of the following notes: $16 million of 8.125% Senior Subordinated Notes due 2011 and $162 million of 7.875% Senior Subordinated Notes due 2010. The face value of such notes is $178 million.

(10) Consists of the book values of the following debt: $230 million of 12.375% senior secured term loan due 2016 incurred by Chester Downs in connection with the Chester Transaction, $25 million of 6% Secured Debt due 2010, $17 million of unsecured Uruguay bonds due 2010, $68 million of principal obligations to fund Clark County, Nevada, Special Improvement District bonds and approximately $15 million of miscellaneous other indebtedness.

(11) In calculating the capitalization amount for Harrah s Entertainment, total equity attributable to non-controlling interests has been excluded. We adopted Accounting Standards Codification 810-10-65-1 (formerly Statement of Financial Accounting Standards No. 160) effective January 1, 2009, which changes the presentation of non-controlling interests share of equity and income/(loss) within our unaudited consolidated financial statements.

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UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

OF HARRAH S ENTERTAINMENT, INC.

The following unaudited pro forma condensed consolidated financial information for Harrah s Entertainment has been developed by applying pro forma adjustments to the historical audited consolidated financial statements of Harrah s Entertainment and its subsidiaries. The unaudited pro forma condensed consolidated statement of operations for the year ended December 31, 2008 gives effect to the Acquisition (as defined below) and Financing (as defined below) as if they had occurred on January 1, 2008. Assumptions underlying the pro forma adjustments are described in the accompanying notes, which should be read in conjunction with this unaudited pro forma condensed consolidated financial information.

Pro forma adjustments were made to reflect:

- changes in depreciation and amortization expenses resulting from fair value adjustments to tangible and intangible assets due to the Acquisition;
- changes in interest expense resulting from additional indebtedness incurred in connection with the Financing and the refinancing of existing debt, including amortization of estimated debt issuance costs; and
- the effect to deferred income taxes of the pro forma adjustments.

The unaudited pro forma adjustments are based upon available information and certain assumptions that are factually supportable and that we believe are reasonable under the circumstances. The unaudited pro forma condensed consolidated financial information is presented for informational purposes only. The unaudited pro forma condensed consolidated financial information does not purport to represent what our actual consolidated results of operations or the consolidated financial condition would have been had the Acquisition and Financing actually occurred on the date indicated, nor is it necessarily indicative of future consolidated results of operations or consolidated financial condition. The unaudited pro forma condensed consolidated financial information should be read in conjunction with the information contained in the audited financial statements of Harrah s Entertainment and the related notes contained herein. All pro forma adjustments and their underlying assumptions are described more fully herein in the notes to our unaudited pro forma condensed consolidated financial information.

The audited financial statements from which the pro forma condensed consolidated financial information were prepared in accordance with U.S. GAAP.

For purposes of this pro forma financial information, Acquisition means the merger of Hamlet Merger Inc (Merger Sub), a Delaware corporation and a wholly owned subsidiary of Hamlet Holdings, LLC (Hamlet Holdings), with and into Harrah s Entertainment on January 28, 2008 pursuant to a merger agreement dated December 19, 2006 among Harrah s Entertainment, Merger Sub and Hamlet Holdings. In connection with the merger, each share of common stock of Harrah s Entertainment issued and outstanding immediately prior to the effective time of the merger was converted into the right to receive $90.00 in cash, which, when taken together with the net settlement of outstanding options, stock appreciation rights, restricted stock and restricted stock units, represents merger consideration of $17,375 million in the aggregate.

For purposes of this pro forma financial information, Financing means, collectively, the following financing transactions completed in connection with the Acquisition:

- the cash equity investment by affiliates of Apollo Global Management, LLC and TPG Capital, LP, their co-investors and certain members of management in Harrah s Entertainment of approximately $6,079 million;
- the incurrence by HOC of $5,275 million of senior unsecured cash pay interim loans;

the incurrence by HOC of $1,500 million of senior unsecured PIK toggle interim loans;

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- borrowings of $7,250 million by HOC under the term loan portion of its $9,250 million senior secured credit facilities;

- the incurrence of $6,500 million of mortgage loans and related mezzanine financing under a real estate facility entered into by the holders of the Harrah s Las Vegas, Rio, Paris Las Vegas, Flamingo Las Vegas, Harrah s Atlantic City and Harrah s Laughlin casinos and related operating assets of those casinos (the CMBS Borrowers);

- the issuance by HOC of $4,932 million of 10.75% senior cash pay notes due 2016, the proceeds of which were used to repay a portion of the senior unsecured cash pay interim loans;

- the issuance by HOC of $1,403 million of 10.75%/11.5% senior toggle notes due 2018, the proceeds of which were used to repay a portion of the senior unsecured PIK toggle interim loans;

- the repurchase of $131 million of HOC s 7.5% senior notes due 2009, $394 million of HOC s 8.875% senior subordinated notes due 2008, $424 million of HOC s 7.5% senior notes due 2009, $299 million of HOC s 7% senior notes due 2013, $250 million of HOC s senior floating rate notes due 2008 and $375 million of its floating rate contingent convertible notes due 2024, pursuant to tender offers completed on the same day as the Acquisition, as well as a discharge of all senior floating rate notes that were not tendered in the tender offer; and

- HOC s entry into three hedging arrangements with respect to LIBOR borrowings under the senior secured credit facilities, all of which fix the floating rate interest thereunder to a fixed rate.

For purposes of this pro forma financial information, we collectively refer to the Acquisition and the Financing as the Transactions.

The Acquisition was accounted for as a business combination using the purchase method of accounting. The purchase price was allocated to the underlying assets acquired and liabilities assumed based upon their estimated fair values at the date of acquisition. We determined the estimated fair values after review and consideration of relevant information including discounted cash flow analysis, quoted market prices and our own estimates. To the extent that the purchase price exceeded the fair value of the net identifiable tangible and intangible assets and liabilities assumed, such excess was allocated to goodwill. Goodwill and intangible assets that are determined to have an indefinite life are not amortized.

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The following table reconciles the purchase price and financing adjustments in connection with the Acquisition and summarizes the estimated fair values of the assets and liabilities assumed at the date of the Acquisition.

(In millions)	Predecessor January 27, 2008	Merger Adjustments	Successor January 28, 2008
Assets			
Current assets	$ 1,658.6	$ 696.8	$ 2,355.4
Land, buildings, riverboats and equipment	15,621.3	2,165.7	17,787.0
Long-term assets	511.5	812.9	1,324.4
Intangible assets other than goodwill	2,030.2	4,385.7	6,415.9
Goodwill	3,549.7	5,888.2	9,437.9
	$ 23,371.3	$ 13,949.3	$ 37,320.6
Liabilities and Stockholders Equity			
Current liabilities, including current portion of long-term debt	$ 1,797.9	$ 321.7	$ 2,119.6
Deferred income taxes	1,974.1	2,914.4	4,888.5
Long-term debt	12,367.5	11,535.0	23,902.5
Other long-term liabilities	499.3	0.6	499.9
Total liabilities	16,638.8	14,771.7	31,410.5
Total Harrah s Entertainment, Inc. stockholders equity	6,680.2	(822.4)	5,857.8
Non-controlling interests	52.3		52.3
Total equity	6,732.5	(822.4)	5,910.1
	$ 23,371.3	$ 13,949.3	$ 37,320.6

Of the estimated $6,415.9 million of intangible assets other than goodwill, $2,732.0 million was assigned to trademarks that are not subject to amortization, and $1,951.0 million was assigned to gaming rights that are not subject to amortization. The remaining intangible assets included customer relationships of $1,454.5 million (12-year weighted-average useful life), contract/management rights estimated at $134.3 million (5-year estimated useful life), gaming rights estimated at $42.8 million (16-year estimated useful life), trademarks subject to amortization estimated at $7.8 million (5-year estimated useful life) and internally developed information technology systems estimated at $93.5 million (8-year estimated useful life). The weighted-average useful life of all amortizing intangible assets related to the Acquisition is approximately 11 years. Certain of the goodwill and other non-amortizing intangible assets were determined to be impaired and charges of $5.5 billion were recorded in the fourth quarter of 2008.

We anticipate that the goodwill related to the Acquisition will not be deductible for tax purposes.

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HARRAH S ENTERTAINMENT, INC.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2008

(In millions)	Harrah s Entertainment[1]	Acquisition and Financing	Pro Forma
Revenues			
Casino	$ 8,091.5		$ 8,091.5
Food and beverage	1,648.6		1,648.6
Rooms	1,270.9		1,270.9
Management fees	64.1		64.1
Other	667.5		667.5
Less: casino promotional allowances	(1,615.6)		(1,615.6)
Net revenues	10,127.0		10,127.0
Operating expense			
Direct			
Casino	4,443.4		4,443.4
Food and beverage	690.0		690.0
Rooms	256.3		256.3
Property general and administrative, corporate and other	2,461.5	(1.1)[2]	2,460.4
Depreciation and amortization	690.4	(10.9)[2]	679.5
Project opening costs	29.6		29.6
Write-downs, reserves and recoveries	20.9		20.9
Impairment of intangible assets	5,489.6		5,489.6
Equity in losses of nonconsolidated affiliates	1.6		1.6
Acquisition and integration costs	149.6		149.6
Amortization of intangible assets	168.4	15.6[2]	184.0
Total operating expenses	14,401.3	3.6	14,404.9
Loss from operations	(4,274.3)	(3.6)	(4,277.9)
Interest expense, net of interest capitalized	(2,164.6)	(112.9)[3]	(2,277.5)
Gain on early extinguishments of debt	742.1		742.1
Other income, including interest income	36.3		36.3
Loss from continuing operations before income taxes	(5,660.5)	(116.5)	(5,777.0)
Benefit for income taxes	386.4	40.9[4]	427.3
Loss from continuing operations, net of tax	$ (5,274.1)	$ (75.6)	$ (5,349.7)

(1) Represents the financial information of Harrah s Entertainment for the combination of the Predecessor period from January 1, 2008 through January 27, 2008, and the Successor period from January 28, 2008 through December 31, 2008.

(2) Reflects the adjustment to depreciation and amortization resulting from estimated fair value adjustments and estimated useful lives assigned to buildings, riverboats and equipment and amortizing intangible assets as a result of the Transactions.

(3) Reflects adjustments to pro forma interest expense, as follows:

(In millions)	Year Ended December 31, 2008
Reversal of historical interest expense[(i)]	$ (31.7)
Reversal of amortization of debt issuance costs[(ii)]	(0.6)
Interest expense on new indebtedness[(iii)]	100.9
Amortization of debt issuance costs on new indebtedness	7.8
Amortization of fair value adjustments[(iv)]	14.8
Interest rate swaps[(v)]	21.7
	$ 112.9

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(i) Reversal of the historical interest expense related to indebtedness repaid as a result of the Transactions.
(ii) Reversal of the historical amortization of debt issuance costs related to indebtedness repaid as a result of the Transactions.
(iii) Increase in interest expense related to the new indebtedness in the aggregate principal amount of $20,525 million, consisting of the senior unsecured cash pay debt and senior unsecured PIK toggle debt, borrowings under our new senior credit facility and the CMBS Financing.
(iv) Effects on interest expense from the purchase accounting on the outstanding indebtedness.

The interest rates used for pro forma purposes are based on the rates effective as of December 31, 2008. The weighted-average interest rate of the new indebtedness for pro forma purposes is 6.5%.

A 0.125% change in the interest rates on our new indebtedness, consisting of the senior unsecured cash pay debt, the senior unsecured PIK toggle debt, borrowings under our new senior credit facility and the CMBS Financing, would change pro forma interest expense by $25.7 million for the year ended December 31, 2008.

(v) Represents estimated interest expense on forward interest rate swap agreements, which were entered into in connection with the Transactions.

(4) Reflects the income tax effect on the pro forma adjustments using an estimated combined statutory income tax rate of 35.0% for 2008. This rate is not necessarily indicative of our future effective tax rate.

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UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

OF HARRAH S OPERATING COMPANY, INC.

The following unaudited pro forma condensed combined financial statements for Harrah s Operating have been developed by applying pro forma adjustments to the historical audited consolidated financial statements of Harrah s Entertainment and its subsidiaries to remove the historical financial information of all subsidiaries of and account balances at Harrah s Entertainment that are not components of Harrah s Operating. The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2008 gives effect to all of the Acquisition Transactions (as defined below) as if they had occurred on January 1, 2008. The unaudited condensed combined balance sheet included in this section gives effect to all of the Acquisition Transactions. Assumptions underlying the pro forma adjustments are described in the accompanying notes, which should be read in conjunction with the unaudited pro forma condensed combined financial information.

Pro forma adjustments were made to reflect:

- changes in depreciation and amortization expenses resulting from fair value adjustments to tangible and intangible assets due to the Acquisition Transactions;

- changes in interest expense resulting from additional indebtedness incurred in connection with the Financing and the refinancing of existing debt, including amortization of estimated debt issuance costs; and

- the effect to deferred income taxes of the pro forma adjustments.

The unaudited pro forma adjustments are based upon available information and certain assumptions that are factually supportable and that we believe are reasonable under the circumstances. The unaudited pro forma condensed combined financial information is presented for informational purposes only. The unaudited pro forma condensed combined information does not purport to represent what our actual combined results of operations or the combined financial condition would have been had the Acquisition Transactions actually occurred on the date indicated, nor are they necessarily indicative of future combined results of operations or combined financial condition. The unaudited pro forma condensed combined financial information should be read in conjunction with the information contained in the Unaudited Pro Forma Condensed Consolidated Financial Information of Harrah s Entertainment, Inc. appearing elsewhere in this section, as well as the audited financial statements of Harrah s Entertainment and the related notes contained herein. All pro forma adjustments and their underlying assumptions are described more fully herein in the notes to our unaudited pro forma condensed combined financial information.

The audited financial statements from which the pro forma condensed combined financial information have been derived have been prepared in accordance with U.S. GAAP.

For purposes of this pro forma financial information, Acquisition means the merger of Hamlet Merger Inc (Merger Sub), a Delaware corporation and a wholly owned subsidiary of Hamlet Holdings, LLC (Hamlet Holdings), with and into Harrah s Entertainment on January 28, 2008 pursuant to a merger agreement dated December 19, 2006 among Harrah s Entertainment, Merger Sub and Hamlet Holdings. In connection with the merger, each share of common stock of Harrah s Entertainment issued and outstanding immediately prior to the effective time of the merger was converted into the right to receive $90.00 in cash, which, when taken together with the net settlement of outstanding options, stock appreciation rights, restricted stock and restricted stock units, represents merger consideration of $17,375 million in the aggregate.

For purposes of this pro forma financial information, Financing means, collectively, the following financing transactions completed in connection with the Acquisition:

- the cash equity investment by affiliates of Apollo Global Management, LLC and TPG Capital, LP, their co-investors and certain members of management in Harrah s Entertainment of approximately $6,079 million;

- the incurrence by HOC of $5,275 million of senior unsecured cash pay interim loans;

- the incurrence by HOC of $1,500 million of senior unsecured PIK toggle interim loans;

- borrowings of $7,250 million by HOC under the term loan portion of its $9,250 million senior secured credit facilities;

- the issuance by HOC of $4,932 million of 10.75% senior cash pay notes due 2016, the proceeds of which were used to repay a portion of the senior unsecured cash pay interim loans;

- the issuance by HOC of $1,403 million of 10.75%/11.5% senior toggle notes due 2018, the proceeds of which were used to repay a portion of the senior unsecured PIK toggle interim loans;

- the repurchase of $131 million of HOC s 7.5% senior notes due 2009, $394 million of HOC s 8.875% senior subordinated notes due 2008, $424 million of HOC s 7.5% senior notes due 2009, $299 million of HOC s 7% senior notes due 2013, $250 million of HOC s senior floating rate notes due 2008 and $375 million of its floating rate contingent convertible notes due 2024, pursuant to tender offers completed on the same day as the Acquisition, as well as a discharge of all senior floating rate notes that were not tendered in the tender offer; and

- HOC s entry into three hedging arrangements with respect to LIBOR borrowings under the senior secured credit facilities, all of which fix the floating rate interest thereunder to a fixed rate.

For purposes of this pro forma financial information, CMBS Transactions means the spin-off of the following casino properties and their related operating assets by HOC to Harrah s Entertainment: Harrah s Las Vegas, Rio, Paris Las Vegas and Flamingo Las Vegas in Las Vegas, Nevada; Harrah s Atlantic City in Atlantic City, New Jersey and Harrah s Laughlin in Laughlin, Nevada.

For purposes of this pro forma financial information, London Clubs Transfer means the transfer of the London Clubs operations acquired by Harrah s Entertainment in December 2006 to HOC in connection with the Acquisition and the Financing.

For purposes of this pro forma financial information, we collectively refer to the Acquisition, the Financing, the CMBS Transactions and the London Clubs Transfer as the Acquisition Transactions.

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HARRAH S OPERATING COMPANY, INC.

UNAUDITED CONDENSED COMBINED BALANCE SHEET

AS OF DECEMBER 31, 2008

(In millions)	Harrah s Entertainment[1]	HET Parent and Other Harrah s Entertainment Subsidiaries and Accounts[2]	HOC[3]
ASSETS			
Current assets			
Cash and cash equivalents	$ 650.5	$ (203.1)	$ 447.4
Receivables, net of allowance for doubtful accounts	394.0	(90.1)	303.9
Deferred income taxes	157.6	(21.7)	135.9
Prepayments and other	199.4	(67.1)	132.3
Inventories	62.7	(14.2)	48.5
Total current assets	1,464.2	(396.2)	1,068.0
Land, buildings, riverboats and equipment, net of accumulated depreciation	18,267.1	(5,635.5)	12,631.6
Assets held for sale	49.3		49.3
Goodwill	4,902.2	(2,148.5)	2,753.7
Intangible assets other than goodwill	5,307.9	(677.3)	4,630.6
Deferred costs and other	1,057.9	(258.8)	799.1
	$ 31,048.6	$ (9,116.3)	$ 21,932.3
LIABILITIES AND STOCKHOLDERS EQUITY			
Current liabilities			
Accounts payable	$ 382.3	$ (106.7)	$ 275.6
Accrued expenses	1,532.7	(286.1)	1,246.6
Current portion of long-term debt	85.6	(0.2)	85.4
Total current liabilities	2,000.6	(393.0)	1,607.6
Long-term debt	23,123.3	(6,500.2)	16,623.1
Intercompany notes		160.6	160.6
Liabilities held for sale			
Deferred credits and other	669.1	(20.4)	648.7
Deferred income taxes	4,327.0	(1,339.3)	2,987.7
	30,120.0	(8,092.3)	22,027.7
Preferred stock	2,289.4	(2,289.4)	
Total stockholders equity/(deficit)	(1,410.4)	1,270.2	(140.2)
Non-controlling interests[4]	49.6	(4.8)	44.8
Total equity/(deficit)[4]	(1,360.8)	1,265.4	(95.4)
	$ 31,048.6	$ (9,116.3)	$ 21,932.3

(1) Represents the financial information of Harrah s Entertainment.

(2) Represents the removal of (i) the financial information of subsidiaries of Harrah s Entertainment that are not a component of HOC, namely, captive insurance companies and the CMBS properties; and (ii) account balances at Harrah s Entertainment parent company.

(3) Represents the financial information of HOC.

(4) Due to the January 1, 2009 adoption of a recent accounting pronouncement, certain prior period amounts have been recast to conform to the 2009 presentation.

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HARRAH S OPERATING COMPANY, INC.

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2008

(In millions)	Harrah s Entertainment[(1)]	HET Parent and Other Harrah s Entertainment Subsidiaries and Accounts[(2)(3)]	HOC[(4)]	Acquisition and Financing	Pro Forma
Revenues					
Casino	$ 8,091.5	$ (1,630.7)	$ 6,460.8		$ 6,460.8
Food and beverage	1,648.6	(599.7)	1,048.9		1,048.9
Rooms	1,270.9	(530.7)	740.2		740.2
Management fees	64.1		64.1		64.1
Other	667.5	(118.6)	548.9	39.9[(5)]	588.8
Less: casino promotional allowances	(1,615.6)	447.9	(1,167.7)		(1,167.7)
Net revenues	10,127.0	(2,431.8)	7,695.2	39.9	7,735.1
Operating expense					
Direct					
Casino	4,443.4	(781.9)	3,661.5		3,661.5
Food and beverage	690.0	(288.3)	401.7		401.7
Rooms	256.3	(116.9)	139.4		139.4
Property general and administrative, corporate and other	2,461.5	(588.8)	1,872.7	36.3[(5)(6)]	1,909.0
Depreciation and amortization	690.4	(169.3)	521.1	(4.6)[(6)]	516.5
Project opening costs	29.6	(1.3)	28.3		28.3
Write-downs, reserves and recoveries	20.9	(80.8)	(59.9)		(59.9)
Impairment of intangible assets	5,489.6	(1,744.4)	3,745.2		3,745.2
Equity in losses of nonconsolidated affiliates	1.6	(0.1)	1.5		1.5
Acquisition and integration costs	149.6		149.6		149.6
Amortization of intangible assets	168.4	(54.7)	113.7	4.1[(6)]	117.8
Total operating expenses	14,401.3	(3,826.5)	10,574.8	35.8	10,610.6
Loss from operations	(4,274.3)	1,394.7	(2,879.6)	4.1	(2,875.5)
Interest expense, net of interest capitalized	(2,164.6)	370.6	(1,794.0)	(88.7)[(7)]	(1,882.7)
Gain on early extinguishments of debt	742.1		742.1		742.1
Other income, including interest income	36.3	(1.6)	34.7		34.7
Loss from continuing operations before income taxes	(5,660.5)	1,763.7	(3,896.8)	(84.6)	(3,981.4)
Income tax benefit/(expense)	386.4	13.7	400.1	29.7[(8)]	429.8
Loss from continuing operations, net of tax	$ (5,274.1)	$ 1,777.4	$ (3,496.7)	$ (54.9)	$ (3,551.6)

(1)

Represents the financial information of Harrah s Entertainment for the combination of the Predecessor period from January 1, 2008 through January 27, 2008, and the Successor period from January 28, 2008 through December 31, 2008.

(2) Represents the removal of (i) financial information of all subsidiaries of Harrah s Entertainment that are not a component of HOC, namely, captive insurance companies and the CMBS properties; and (ii) accounts at Harrah s Entertainment parent company.

(3) The historical operating expenses of HOC include unallocated costs attributable to services that have been performed by HOC on behalf of the CMBS properties. These costs are primarily related to corporate functions such as accounting, tax, treasury, payroll and benefits administration, risk management, legal, and information management and technology. The CMBS Transactions reflect the push-down of corporate expense of $34.7 million that was unallocated at January 27, 2008. Following the Acquisition, many of these services continue to be provided by HOC pursuant to a shared services agreement with the CMBS properties.

(4) Represents the financial information of HOC.
(5) Represents the estimated revenue on the shared services agreement with the CMBS Borrowers, which was entered into as a result of the Acquisition Transactions, and related costs.
(6) Reflects the adjustment to depreciation and amortization resulting from estimated fair value adjustments and estimated useful lives assigned to buildings, riverboats and equipment and amortizing intangible assets as a result of the Acquisition Transactions.
(7) Reflects adjustments to pro forma interest expense, as follows:

(In millions)	Year Ended December 31, 2008
Reversal of historical interest expense(i)	$ (31.7)
Reversal of amortization of debt issuance costs(ii)	(0.6)
Interest expense on new indebtedness(iii)	79.3
Amortization of debt issuance costs on new indebtedness	5.2
Amortization of fair value adjustments(iv)	14.8
Interest rate swaps(v)	21.7
	$ 88.7

(i) Reversal of the historical interest expense related to existing indebtedness, which was repaid as a result of the Acquisition Transactions.
(ii) Reversal of the historical amortization of debt issuance costs related to existing indebtedness, which was repaid as a result of the Acquisition Transactions.
(iii) Increase in interest expense related to the new indebtedness in the aggregate principal amount of $14,025 million, consisting of the senior unsecured cash pay debt and senior unsecured PIK toggle debt and borrowings under our new senior credit facility.
(iv) Effects on interest expense from the purchase accounting on the outstanding indebtedness.

The interest rates used for pro forma purposes are based on the rates effective as of December 31, 2008. The weighted-average interest rate of the new indebtedness for pro forma purposes is 7.4%.

A 0.125% change in the interest rates on our new indebtedness, consisting of the senior unsecured cash pay debt, the senior unsecured PIK toggle debt and borrowings under our new senior credit facility, would change pro forma interest expense by $17.5 million for the year ended December 31, 2008.

(v) Represents estimated interest expense on forward interest rate swap agreements, which were entered into in connection with the Acquisition Transactions.

(8) Reflects the income tax effect on the pro forma adjustments using an estimated combined statutory income tax rate of 35.0% for 2008. This rate is not necessarily indicative of our future effective tax rate.

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SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

The selected historical consolidated financial data as of December 31, 2007 and 2008 and for each of the years in the two-year period ended December 31, 2007, and the periods from January 1, 2008 through January 27, 2008 and from January 28, 2008 through December 31, 2008, included in the table here have been derived from, and should be read in conjunction with, our audited consolidated financial statements included elsewhere in this prospectus. The selected historical consolidated financial and other data for the years ended December 31, 2004 and 2005 and as of December 31, 2004 and 2005 have been derived from our audited consolidated financial statements not included in this prospectus. The summary historical financial information as of and for the nine months ended September 30, 2009 and the period from January 28, 2008 through September 30, 2008, are derived from, and should be read in conjunction with, our unaudited consolidated condensed financial statements included elsewhere in this prospectus, and, except as otherwise described herein, have been prepared on a basis consistent with our annual audited financial statements and, in the opinion of management, include all adjustments, consisting of normal recurring accruals, considered necessary for a fair presentation of such data.

Please refer to Management s Discussion and Analysis of Financial Condition and Results of Operations and our financial statements and notes thereto included elsewhere in this prospectus.

Effective January 1, 2009, we adopted the provisions of Accounting Standards Codification (ASC) 810-10-65-1 (formerly Statement of Financial Accounting Standards (SFAS) No. 160), Non-controlling Interests in Consolidated Financial Statements an amendment of ARB No. 51. The adoption of ASC 810-10-65-1 did not have a material impact on our financial condition, results of operations or cash flows. However, it did impact the presentation and disclosure of non-controlling (minority) interests in our consolidated financial statements. As a result of the presentation and disclosure requirements of ASC 810-10-65-1, we are required to reflect the change in presentation and disclosure for all periods presented within future filings.

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SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

OF HARRAH S ENTERTAINMENT, INC.

	Predecessor					Successor		
	Year Ended December 31,				Jan. 1, 2008 through Jan. 27, 2008	Jan. 28, 2008 through Sept. 30, 2008	Jan. 28, 2008 through Dec. 31, 2008	Nine Months Ended Sept. 30, 2009
	2004	2005	2006	2007				
	(dollars in millions)							
Revenues								
Casino	$ 3,922.9	$ 5,966.5	$ 7,868.6	$ 8,831.0	$ 614.6	$ 5,653.2	$ 7,476.9	$ 5,444.8
Food and beverage	650.9	1,086.7	1,577.7	1,698.8	118.4	1,160.2	1,530.2	1,129.3
Rooms	382.2	786.2	1,240.7	1,353.6	96.4	894.2	1,174.5	817.8
Management fees	60.6	75.6	89.1	81.5	5.0	45.8	59.1	43.5
Other	215.9	424.7	611.0	695.9	42.7	462.4	624.8	447.9
Less: casino promotional allowances	(835.7)	(1,329.7)	(1,713.2)	(1,835.6)	(117.0)	(1,127.3)	(1,498.6)	(1,075.0)
Net revenues	4,396.8	7,010.0	9,673.9	10,825.2	760.1	7,088.5	9,366.9	6,808.3
Operating Expenses								
Direct								
Casino	1,972.5	2,984.6	3,902.6	4,595.2	340.6	3,037.1	4,102.8	2,968.0
Food and beverage	275.1	482.3	697.6	716.5	50.5	486.1	639.5	451.1
Rooms	66.7	151.5	256.6	266.3	19.6	179.4	236.7	160.4
Property general and administrative and other	898.1	1,464.4	2,206.8	2,421.7	178.2	1,619.0	2,143.0	1,518.3
Depreciation and amortization	313.1	485.7	667.9	817.2	63.5	452.4	626.9	516.8
Project opening costs	9.4	16.4	20.9	25.5	0.7	26.3	28.9	2.9
Write-downs, reserves and recoveries	9.6	56.1	62.6	(59.9)	4.7	(61.8)	16.2	78.6
Impairment of intangible assets		138.6	20.7	169.6			5,489.6	1,625.7
Loss/(income) in non-consolidated affiliates	0.9	(1.2)	(3.6)	(3.9)	(0.5)	1.3	2.1	1.3
Corporate expense	66.8	97.7	177.5	138.1	8.5	95.9	131.8	111.7
Acquisition and integration costs	2.3	55.0	37.0	13.4	125.6	23.1	24.0	0.3
Amortization of intangible assets	9.5	49.9	70.7	73.5	5.5	119.2	162.9	131.7
Total operating expenses	3,624.0	5,981.0	8,117.3	9,173.2	796.9	5,978.0	13,604.4	7,566.8
Income/(loss) from operations	772.8	1,029.0	1,556.6	1,652.0	(36.8)	1,110.5	(4,237.5)	(758.5)
Interest expense, net of interest capitalized	(269.3)	(479.6)	(670.5)	(800.8)	(89.7)	(1,469.4)	(2,074.9)	(1,404.7)
(Losses)/gains on early extinguishments of debt		(3.3)	(62.0)	(2.0)		(203.9)	742.1	4,279.2
Other income, including interest income	9.5	8.0	10.7	43.3	1.1	18.7	35.2	23.2
Income/(loss) from continuing operations before income taxes	513.0	554.1	834.8	892.5	(125.4)	(544.1)	(5,535.1)	2,139.2
(Provision) benefit for income taxes	(185.1)	(225.9)	(295.6)	(350.1)	26.0	147.7	360.4	(1,590.8)
Income/(loss) from continuing operations, net of tax	$ 327.9	$ 328.2	$ 539.2	$ 542.4	$ (99.4)	$ (396.4)	$ (5,174.7)	$ 548.4
Other Financial Data								
Capital expenditures	$ 702.9	$ 1,201.0	$ 2,548.3	$ 1,462.2	$ 120.1	$ 1,001.2	$ 1,204.2	$ 411.9
Ratio of earnings to fixed charges(1)	2.7x	2.1x	2.2x	2.1x				2.5x
Balance Sheet Data								
Cash and cash equivalents	$ 489.0	$ 724.4	$ 799.6	$ 710.0		$ 1,005.9	$ 650.5	$ 948.2
Working capital	33.2	30.7	(610.2)	(126.1)		(167.9)	(536.4)	(118.9)
Total assets	8,585.6	20,517.6	22,284.9	23,357.7		37,012.3	31,048.6	29,230.5
Total debt	5,152.9	11,045.8	12,089.9	12,440.4		24,214.2	23,208.9	19,342.4

Total stockholders equity/(deficit)	2,067.7	5,696.7	6,123.5	6,679.1		3,666.2	(1,360.8)	(1,080.7)

(1) For purposes of computing the ratio of earnings to fixed charges, earnings consist of income before income taxes plus fixed charges and non-controlling interests, excluding equity in undistributed earnings of less-than-50%-owned investments. Fixed charges include interest, amortization of debt expense, discount or premium related to indebtedness and such portion of rental expense that we deem to be representative of interest. For the Predecessor period from January 1, 2008 through January 27, 2008 and Successor period from January 28, 2008 through September 30, 2008 and the Successor period from January 28, 2008 through December 31, 2008, our earnings were insufficient to cover fixed charges by $122.5 million, $501.0 million and $5.5 billion, respectively.

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MANAGEMENT S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Harrah s Entertainment, Inc., a Delaware corporation, was incorporated on November 2, 1989, and prior to such date operated under predecessor companies. In this discussion, the words Harrah s Entertainment, Company, we, our, and us refer to Harrah s Entertainment, Inc., together subsidiaries where appropriate.

Overview

We are one of the largest casino entertainment providers in the world. As of September 30, 2009, we operated 52 casinos in six countries, but primarily in the United States and the United Kingdom. Our facilities operate primarily under the Harrah s, Caesars and Horseshoe brand names in the United States. Our properties include land-based casinos and casino hotels, dockside casinos, a combination greyhound racetrack and casino, a combination thoroughbred racetrack and casino, a combination harness racetrack and casino, casino clubs and managed casinos. 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 Harrah s, Caesars and Horseshoe and our loyalty program, Total Rewards. 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 entertainment experiences we offer accordingly.

On January 28, 2008, Harrah s Entertainment was acquired by affiliates of Apollo Global Management, LLC (Apollo) and TPG Capital, LP (TPG) in an all-cash transaction, hereinafter referred to as the Acquisition, valued at approximately $30.7 billion, including the assumption of $12.4 billion of debt and the incurrence of approximately $1.0 billion of acquisition costs. Holders of Harrah s Entertainment 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 non-voting common stock and non-voting preferred stock of Harrah s Entertainment are owned by entities affiliated with Apollo and TPG and certain co-investors and members of management, and the issued and outstanding shares of voting common stock of Harrah s Entertainment are owned by Hamlet Holdings LLC, which is owned by certain individuals affiliated with Apollo and TPG. As a result of the Acquisition, our stock is no longer publicly traded.

Overall Operating Results

In accordance with Generally Accepted Accounting Principles (GAAP), we have separated our historical financial results for the Successor period and 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 period and the Predecessor periods are presented on different bases and are, therefore, not comparable. We have reclassified certain amounts for prior periods to conform to our 2009 presentation.

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

Certain of our properties were sold during 2006, and their operating results prior to these sales were included in discontinued operations, if appropriate. Note 15 to our audited consolidated financial statements as of and for the year ended December 31, 2008 included elsewhere in this prospectus provides information regarding dispositions. The discussion that follows is related to our continuing operations.

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Overall Operating Results

(In millions)	Successor Nine months Ended Sept. 30, 2009	Successor Period Jan. 28, 2008 through Sept. 30, 2008	Predecessor Period Jan. 1, 2008 Through Jan. 27, 2008	Combined Nine Months Ended Sept. 30, 2008	Percentage Increase/ (Decrease)
Casino revenues	$ 5,444.8	$ 5,653.2	$ 614.6	$ 6,267.8	(13.1)%
Net revenues	$ 6,808.3	$ 7,088.5	$ 760.1	$ 7,848.6	(13.3)%
Income/(loss) from operations before impairment charges	$ 867.2	$ 1,110.5	$ (36.8)	$ 1,073.7	(19.2)%
Impairment of intangible assets	(1,625.7)				N/M
(Loss)/income from operations	$ (758.5)	$ 1,110.5	$ (36.8)	$ 1,073.7	N/M
Income/(loss) from continuing operations, net of tax	$ 548.4	$ (396.4)	$ (99.4)	$ (495.8)	N/M
Net income/(loss) attributable to Harrah s Entertainment, Inc.	$ 532.0	$ (314.2)	$ (100.9)	$ (415.1)	N/M

(In millions)	Successor Jan. 28, 2008 through Dec. 31, 2008	Predecessor Jan. 1, 2008 through Jan. 27, 2008	Combined 2008	Predecessor 2007	Predecessor 2006	Percentage Increase/(Decrease) 08 vs. 07	Percentage Increase/(Decrease) 07 vs. 06
Casino revenues	$ 7,476.9	$ 614.6	$ 8,091.5	$ 8,831.0	$ 7,868.6	(8.4)%	12.2%
Net revenues	$ 9,366.9	$ 760.1	$ 10,127.0	$ 10,825.2	$ 9,673.9	(6.4)%	11.9%
Income/(loss) from operations before impairment charges	$ 1,252.1	$ (36.8)	$ 1,215.3	$ 1,821.6	$ 1,577.3	(33.3)%	15.5%
Impairment of intangible assets	(5,489.6)		(5,489.6)	(169.6)	(20.7)	N/M	N/M
(Loss)/income from operations	$ (4,237.5)	$ (36.8)	$ (4,274.3)	$ 1,652.0	$ 1,556.6	N/M	6.1%
(Loss)/income from continuing operations, net of tax	$ (5,174.7)	$ (99.4)	$ (5,274.1)	$ 542.4	$ 539.2	N/M	0.6%
Net (loss)/income attributable to Harrah s Entertainment, Inc	$ (5,096.3)	$ (100.9)	$ (5,197.2)	$ 619.4	$ 535.8	N/M	15.6%

N/M = Not Meaningful

Revenues for the nine months ended September 30, 2009 were impacted by the current economic environment, which reduced customer spending, particularly in the Las Vegas and Atlantic City markets. The earnings impact of the declines in revenue in 2009 compared to the same periods in 2008 was partially offset by company-wide cost savings initiatives that began in the third quarter of 2008. Income from continuing operations, net of tax, for the nine months ended September 30, 2009, also reflects net gains on early extinguishments of debt of $4,279.2 million, and was partially offset by a charge of $1,625.7 million for impairment of goodwill and certain intangible assets. The nine months ended September 30, 2008, included expenses incurred in connection with the Acquisition, primarily related to the accelerated vesting of employee stock options, stock appreciation rights (SARs) and restricted stock, higher interest expense and losses on the early extinguishments of debt, partially offset by proceeds from the settlement of insurance claims related to hurricane damage in 2005.

During the nine months ended September 30, 2009, we exchanged approximately $3.6 billion principal amount of new 10% second-priority senior secured notes due in 2018 for approximately $5.4 billion aggregate principal amount of outstanding debt with maturity dates ranging from 2010 to 2018, purchased approximately $1.5 billion principal amount of outstanding debt through tender offers or open market purchases, retired a portion of and amended the terms of our credit agreement and issued approximately $1.4 billion principal amount of senior secured notes due 2017. These events are discussed more fully in the Debt and Liquidity section that follows herein.

The decrease in revenues in 2008 from 2007 was primarily attributable to turbulent economic conditions in the United States that have reduced, in some cases dramatically, customer visitation to our casinos. The impact of a smoking ban in Illinois, heavy rains and flooding affecting visitor volumes at our properties in the Midwest and the temporary closure of Gulf Coast properties due to a hurricane also contributed to the decline in 2008 revenues. Income/(loss) from continuing operations was also impacted by charges for impairment of certain goodwill and other intangible assets; expense incurred in connection with the Acquisition, primarily related to the accelerated vesting of employee stock options, stock appreciation rights (SARs) and restricted stock; and higher interest expense, partially offset by net gains from early extinguishments of debt and proceeds from the settlement of insurance claims related to hurricane damage in 2005.

The increase in revenues in 2007 from 2006 was driven by strong results from our properties in Las Vegas, the opening of slot play at Harrah s Chester in January 2007, contributions from properties included in our acquisition of London Clubs International Limited (London Clubs) in late 2006 and a full year s results from Harrah s New Orleans and Grand Casino Biloxi, which were closed for a portion of 2006 due to hurricane damage in 2005. Income from operations was impacted by insurance proceeds, impairment charges related to certain intangible assets and the effect on the Atlantic City market of slot operations at facilities in Pennsylvania and New York and the implementation of new smoking regulations in New Jersey, all of which are discussed in the following regional discussions.

Regional Results and Development Plans

The executive officers of our Company 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 the operations of our Company as one reportable segment. In order to provide more detail than would be possible on a consolidated basis, our properties have been grouped 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	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[1]	Harrah s Tunica	
Rio		Horseshoe Tunica	
Imperial Palace		Sheraton Tunica	
Bill s Gamblin Hall & Saloon			

Illinois/Indiana	**Other Nevada**	**Managed/International/Other**
Horseshoe Southern Indiana	Harrah s Reno	Harrah s Ak-Chin[2]
Harrah s Joliet[1]	Harrah s Lake Tahoe	Harrah s Cherokee[2]
Harrah s Metropolis	Harvey s Lake Tahoe	Harrah s Rincon[2]
Horseshoe Hammond	Bill s Lake Tahoe	Conrad Punta del Este[1]
	Harrah s Laughlin	Caesars Windsor[3]
		London Clubs International[4]

(1) Not wholly owned by Harrah s Entertainment.
(2) Managed, not owned.

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(3) We have a 50 percent interest in Windsor Casino Limited, which manages this property. The province of Ontario owns the complex.
(4) As of September 30, 2009, we operate 11 casino clubs in the United Kingdom, 2 in Egypt and 1 in South Africa. One of the properties is managed and two others are not wholly owned.

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

We perform annual assessments for impairment of goodwill and other intangible assets that are not subject to amortization as of September 30 each year. We completed a preliminary assessment of goodwill and other non-amortizing intangible assets as of September 30, 2009, and as a result of this assessment, recorded a charge of approximately $1.3 billion within HET s Consolidated Statement of Operations in the third quarter which brings the charge recorded for the nine months ended September 30, 2009 to approximately $1.6 billion. This impairment charge is largely a result of adjustments to our long-term operating plan as a result of the current economic climate. We are not able to finalize our impairment charge until such time as we finalize our 2010 operating plan and certain other assumptions, which we expect to complete during fourth quarter 2009 in conjunction with our annual assessment for impairment as of September 30, 2009. Changes to the preliminary 2010 operating plan or other assumptions could require us to update our assessment of impairment, which could change the required impairment charge.

Based on projected performance, which reflects factors impacted by 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, our 2008 analysis indicated that certain of our goodwill and other intangible assets were impaired; therefore, a charge of $5.5 billion was recorded to our consolidated statement of operations in fourth quarter 2008. Our 2007 analysis determined that, based on historical and projected performance, intangible assets at London Clubs and Horseshoe Southern Indiana had been impaired, and we recorded impairment charges of $169.6 million in fourth quarter 2007. Our 2006 analysis indicated that, based on the historical performance and projected performance of Harrah s Louisiana Downs, intangible assets of that property had been impaired, and a charge of $20.7 million was recorded in fourth quarter 2006. Our 2008, 2007 and 2006 analyses of the tangible assets, applying the provisions of ASC 360 (formerly SFAS No. 144), indicated that the carrying values of the tangible assets were not impaired.

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

		Successor		Predecessor		Predecessor	
(In millions)	Nine Months Ended Sept. 30, 2009	Jan. 28, 2008 through Sept. 30, 2008	Jan. 28, 2008 through Dec. 31, 2008	Jan. 1, 2008 through Jan. 27, 2008	Combined 2008	2007	2006
Remediation costs	$ 28.2	$ 35.2	$ 60.5	$ 4.4	$ 64.9	$	$
Impairment of long-lived tangible assets	43.7		39.6		39.6		23.6
Write-off of abandoned assets	4.8	47.6	34.3		34.3	21.0	0.2
Efficiency projects	27.9	5.0	29.4	0.6	30.0	21.5	5.2
Termination of contracts		14.0	14.4		14.4		
Litigation awards and settlements	(29.2)	9.4	10.1		10.1	8.5	32.5
Demolition costs	2.2	8.8	9.2	0.2	9.4	7.3	11.4
Other	1.0	3.6	4.1	(0.5)	3.6	12.1	(0.1)
Insurance proceeds in excess of deferred costs		(185.4)	(185.4)		(185.4)	(130.3)	(10.2)
	$ 78.6	$ (61.8)	$ 16.2	$ 4.7	$ 20.9	$ (59.9)	$ 62.6

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

Impairment of long-lived tangible assets in 2009 was primarily related to the Company s office building in Memphis, Tennessee due to the relocation to Las Vegas, Nevada of those corporate functions formerly performed in that location. The impairment recorded in 2008 represents declines in the market value of certain assets that were held for sale and reserves for amounts that were not expected to be recovered for other non-operating assets. The impairment in 2006 resulted from an assessment of certain bonds classified as held-to-maturity and the determination that they were highly uncollectible.

Write-off of abandoned assets represents costs associated with various projects that are determined to no longer be viable.

Efficiency projects in 2006 and 2007 represents costs incurred to identify efficiencies and cost savings in our corporate organization. Expenses in 2008 and 2009 represent costs related to additional projects aimed at streamlining corporate and operations functions to achieve further cost savings and efficiencies.

Termination of contracts in 2008 represents amounts recognized in connection with abandonment of buildings under long-term lease arrangements.

Insurance proceeds in excess of deferred costs represents proceeds received from our insurance carriers for hurricane damages incurred in 2005. The proceeds included in Write-downs, reserves and recoveries are for those properties that we still own and operate. Proceeds related to properties that were subsequently sold are included in Discontinued operations in our consolidated statements of operations.

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Las Vegas Results

(In millions)	Successor Nine months Ended Sept. 30, 2009	Successor Period Jan. 28, 2008 through Sept. 30, 2008	Predecessor Period Jan. 1, 2008 Through Jan. 27, 2008	Combined Nine Months Ended Sept. 30, 2008	Percentage Increase/ (Decrease)
Casino revenues	$ 1,113.5	$ 1,186.2	$ 138.7	$ 1,324.9	(16.0)%
Net revenues	$ 2,048.8	$ 2,279.2	$ 253.6	$ 2,532.8	(19.1)%
Income from operations before impairment charges	$ 352.6	$ 497.3	$ 51.9	$ 549.2	(35.8)%
Impairment of intangible assets	(1,130.9)				N/M
(Loss)/income from operations	$ (778.3)	$ 497.3	$ 51.9	$ 549.2	N/M
Operating margin before impairment charges	17.2%	21.8%	20.5%	21.7%	(4.5)pts

(In millions)	Successor Jan. 28, 2008 through Dec. 31, 2008	Predecessor Jan. 1, 2008 through Jan. 27, 2008	Combined 2008	Predecessor 2007	Predecessor 2006	Percentage Increase/ (Decrease) 08 vs. 07	Percentage Increase/ (Decrease) 07 vs. 06
Casino revenues	$ 1,579.9	$ 138.7	$ 1,718.6	$ 1,986.6	$ 1,726.5	(13.5)%	15.1%
Net revenues	$ 3,000.6	$ 253.6	$ 3,254.2	$ 3,626.7	$ 3,267.2	(10.3)%	11.0%
Income from operations before impairment charges	$ 591.4	$ 51.9	$ 643.3	$ 886.4	$ 828.2	(27.4)%	7.0%
Impairment of intangible assets	(2,579.4)		(2,579.4)			N/M	N/M
(Loss)/income from operations	$ (1,988.0)	$ 51.9	$ (1,936.1)	$ 886.4	$ 828.2	N/M	7.0%
Operating margin before impairment charges	19.7%	20.5%	19.8%	24.4%	25.3%	(4.6)pts	(0.9)pts

N/M = Not meaningful

For the nine months ended September 30, 2009, revenues and income from operations were lower than in the nine months ended September 30, 2008, driven by lower spend per visitor and declines in the group-travel business. While hotel occupancy was strong, average room rates declined. Loss from operations included a charge of $1,130.9 million recorded for the impairment of goodwill for certain Las Vegas properties.

An expansion and renovation of Caesars Palace Las Vegas was recently completed on the new Octavius Tower, a new hotel tower with approximately 110,000 square feet of additional meeting and convention space, three 10,000-square-foot villas and an expanded pool and garden area. We have deferred completion of the rooms in the hotel tower expansion as a result of current economic conditions impacting the Las Vegas tourism sector. The estimated total capital expenditures for the project, excluding the costs to complete the deferred rooms, are expected to be $685.4 million, $628.9 million of which had been spent as of September 30, 2009. The convention center is now open, and the remainder of the expansion project, other than the deferred rooms, was completed in the third quarter of 2009.

The declines in revenues and income from operations in 2008 from 2007 reflect lower visitation and spend per trip as our customers reacted to higher travel costs, volatility in the financial markets and other economic concerns. Fewer hotel rooms available at Caesars Palace due to re-modeling and at Harrah s Las Vegas and Rio due to room remediation projects also contributed to the 2008 decline. Income from operations for Las Vegas includes charges of $2.6 billion recorded in fourth quarter 2008 for the impairment of certain goodwill and other non-amortizing intangible assets.

Increases in revenues and income from operations in 2007 from 2006 were generated by increased visitor volume, cross-market play (defined as gaming by customers at Harrah s Entertainment properties other than their home casinos) and the acquisition of Bill s Gamblin Hall & Saloon.

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

Atlantic City Results

(In millions)	Successor Nine months Ended Sept. 30, 2009	Successor Period Jan. 28, 2008 through Sept. 30, 2008	Predecessor Period Jan. 1, 2008 Through Jan. 27, 2008	Combined Nine Months Ended Sept. 30, 2008	Percentage Increase/ (Decrease)
Casino revenues	$ 1,455.3	$ 1,632.9	$ 163.4	$ 1,796.3	(19.0)%
Net revenues	$ 1,558.5	$ 1,663.2	$ 160.8	$ 1,824.0	(14.6)%
Income from operations before impairment charges	$ 184.6	$ 254.0	$ 18.7	$ 272.7	(32.3)%
Impairment of intangible assets	(178.6)				N/M
Income from operations	$ 6.0	$ 254.0	$ 18.7	$ 272.7	(97.8)%
Operating margin before impairment charges	11.8%	15.3%	11.6%	15.0%	(3.2)pts

(In millions)	Successor Jan. 28, 2008 through Dec. 31, 2008	Predecessor Jan. 1, 2008 through Jan. 27, 2008	Combined 2008	Predecessor 2007	Predecessor 2006	Percentage Increase/(Decrease) 08 vs. 07	Percentage Increase/(Decrease) 07 vs. 06
Casino revenues	$ 2,111.8	$ 163.4	$ 2,275.2	$ 2,429.9	$ 2,147.2	(6.4)%	13.2%
Net revenues	$ 2,156.0	$ 160.8	$ 2,316.8	$ 2,372.0	$ 2,071.4	(2.3)%	14.5%
Income from operations before impairment charges	$ 284.5	$ 18.7	$ 303.2	$ 351.4	$ 420.5	(13.7)%	(16.4)%
Impairment of intangible assets	(699.9)		(699.9)			N/M	N/M
(Loss)/income from operations	$ (415.4)	$ 18.7	$ (396.7)	$ 351.4	$ 420.5	N/M	(16.4)%
Operating margin before impairment charges	13.2%	11.6%	13.1%	14.8%	20.3%	(1.7)pts	(5.5)pts

N/M = Not meaningful

Revenues and income from operations for the nine months ended September 30, 2009, were lower than in the nine months ended September 30, 2008, due to reduced visitor volume and spend per trip. The Atlantic City market continues to be affected by competition from three slot facilities in eastern Pennsylvania and one in Yonkers, New York and the current economic environment. Income from operations was also impacted by a charge of $178.6 million for impairment of goodwill of certain of the Atlantic City properties.

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In August 2009, Chester Downs and Marina LLC (Chester Downs), a majority-owned subsidiary of HOC, entered into an agreement to borrow under a senior secured term loan in the amount of $230 million and borrowed such amount. The proceeds of the term loan were used to pay off intercompany debt due to HOC and to repurchase equity interests from certain minority partners of Chester Downs. HOC currently owns 95% of Chester Downs.

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

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

Atlantic City regional revenues were higher in 2007 as compared to 2006 due to the inclusion of Harrah s Chester, which opened for simulcasting and live harness racing on September 10, 2006, and for slot play on January 22, 2007. Additionally, promotional and marketing costs aimed at attracting and retaining customers and a shift of revenues from Atlantic City to Pennsylvania, where tax rates are higher, resulted in higher operating expenses as compared to 2006.

2006 revenues and income from operations were negatively impacted by a three-day government-imposed casino shutdown during the year. Casinos in Atlantic City were closed from July 5 until July 8, 2006, as non-essential state agencies, including the New Jersey Casino Control Commission, were shut down by the state due to lack of a budget agreement for the state. In New Jersey, Casino Control Commission Inspectors must be on site in order for casinos to operate.

Louisiana/Mississippi Results

(In millions)	**Successor Nine months Ended Sept. 30, 2009**	**Successor Period Jan. 28, 2008 through Sept. 30, 2008**	**Predecessor Period Jan. 1, 2008 Through Jan. 27, 2008**	**Combined Nine Months Ended Sept. 30, 2008**	**Percentage Increase/ (Decrease)**
Casino revenues	$ 878.2	$ 946.3	$ 99.0	$ 1,045.3	(16.0)%
Net revenues	$ 959.8	$ 1,010.8	$ 106.1	$ 1,116.9	(14.1)%
Income from operations before impairment charges	$ 156.8	$ 327.9	$ 10.1	$ 338.0	(53.6)%
Impairment of intangible assets	(6.0)				N/M
Income from operations	$ 150.8	$ 327.9	$ 10.1	$ 338.0	(55.4)%
Operating margin before impairment charges	16.3%	32.4%	9.5%	30.3%	(14.0)pts

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(In millions)	Successor Jan. 28, 2008 through Dec. 31, 2008	Predecessor Jan. 1, 2008 through Jan. 27, 2008	Combined 2008	Predecessor 2007	Predecessor 2006	Percentage Increase/(Decrease) 08 vs. 07	Percentage Increase/(Decrease) 07 vs. 06
Casino revenues	$ 1,252.7	$ 99.0	$ 1,351.7	$ 1,462.5	$ 1,351.4	(7.6)%	8.2%
Net revenues	$ 1,340.8	$ 106.1	$ 1,446.9	$ 1,538.7	$ 1,384.3	(6.0)%	11.2%
Income from operations before impairment charges	$ 357.2	$ 10.1	$ 367.3	$ 352.1	$ 254.1	4.3%	38.6%
Impairment of intangible assets	(328.9)		(328.9)		(20.7)	N/M	N/M
Income from operations	$ 28.3	$ 10.1	$ 38.4	$ 352.1	$ 233.4	(89.1)%	50.9%
Operating margin before impairment charges	26.6%	9.5%	25.4%	22.9%	18.4%	2.5pts	4.5pts

N/M = Not meaningful

Revenues for the nine months ended September 30, 2009, from our properties in Louisiana and Mississippi were lower compared to the same periods in 2008 driven by lower visitor volume due to the current economic environment. Included in income from operations for 2009 was a $6.0 million charge for impairment of goodwill of certain of the properties in the Louisiana/Mississippi region. Income from operations for the nine months ended September 30, 2008, included insurance proceeds of $185.4 million from the final settlement of claims related to the 2005 hurricanes. The proceeds are included in write-downs, reserves and recoveries in our 2008 consolidated condensed statement of operations. Excluding the insurance proceeds in 2008 from the comparison, operating margin for the Louisiana/Mississippi group of properties improved 2.6 percentage points as a result of cost savings initiatives.

Revenues for 2008 were lower than in 2007 due to declines in visitation, hurricane-related evacuations and temporary closures of our two Gulf Coast properties during third quarter and disruptions during the renovation at Harrah s Tunica (formerly Grand Casino Tunica). Income from operations included a charge of $328.9 million recorded in fourth quarter 2008 for the impairment of certain goodwill and other non-amortizing intangible assets, which was partially offset by insurance proceeds of $185.4 million 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 related to 2005 hurricane damage. All proceeds from claims related to the 2005 hurricanes have now been received. The insurance proceeds are included in write-downs, reserves and recoveries in our 2008 consolidated statement of operations.

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

Revenues from our operations in Louisiana and Mississippi in 2007 were higher than in 2006 due to contributions from Harrah s New Orleans and Grand Casino Biloxi, which were closed for a portion of 2006 due to damages caused by Hurricane Katrina. Income from operations for the years ended December 31, 2007 and 2006, included insurance proceeds of $130.3 million and $10.2 million, respectively, that were in excess of the net book value of the impacted assets and costs and expenses were expected to be reimbursed under our business interruption claims. Income from operations was negatively impacted by increased promotional spending in the Tunica market and higher depreciation expense related to the 26-story, 450-room hotel at Harrah s New Orleans that opened in September 2006.

Construction began in third quarter 2007 on Margaritaville Casino & Resort in Biloxi. We have halted construction on this project, and will continue to review and refine the project in light of the current economic environment, market conditions on the Gulf Coast and the current financing environment. We license the Margaritaville name from an entity affiliated with the singer/songwriter Jimmy Buffett. As of September 30, 2009, $178.8 million had been spent on this project.

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Grand Casino Gulfport was sold in March 2006, and Harrah s Lake Charles was sold in November 2006. Results of Grand Casino Gulfport and Harrah s Lake Charles, through their sales dates, are classified as discontinued operations and are, therefore, not included in our Louisiana/Mississippi grouping.

Iowa/Missouri Results

(In millions)	Successor Nine months Ended Sept. 30, 2009	Successor Period Jan. 28, 2008 through Sept. 30, 2008	Predecessor Period Jan. 1, 2008 Through Jan. 27, 2008	Combined Nine Months Ended Sept. 30, 2008	Percentage Increase/ (Decrease)
Casino revenues	$ 539.8	$ 503.9	$ 52.5	$ 556.4	(3.0)%
Net revenues	$ 577.1	$ 537.3	$ 55.8	$ 593.1	(2.7)%
Income from operations	$ 146.1	$ 112.8	$ 7.7	$ 120.5	21.2%
Operating margin	25.3%	21.0%	13.8%	20.3%	5.0pts

(In millions)	Successor Jan. 28, 2008 through Dec. 31, 2008	Predecessor Jan. 1, 2008 through Jan. 27, 2008	Combined 2008	Predecessor 2007	Predecessor 2006	Percentage Increase/ (Decrease) 08 vs. 07	Percentage Increase/ (Decrease) 07 vs. 06
Casino revenues	$ 678.7	$ 52.5	$ 731.2	$ 764.1	$ 770.6	(4.3)%	(0.8)%
Net revenues	$ 727.0	$ 55.8	$ 782.8	$ 811.4	$ 809.7	(3.5)%	0.2%
Income from operations before impairment charges	$ 157.2	$ 7.7	$ 164.9	$ 143.6	$ 132.2	14.8%	8.6%
Impairment of intangible assets	(49.0)		(49.0)			N/M	N/M
Income from operations	$ 108.2	$ 7.7	$ 115.9	$ 143.6	$ 132.2	(19.3)%	8.6%
Operating margin before impairment charges	21.6%	13.8%	21.1%	17.7%	16.3%	3.4pts	1.4pts

N/M = Not meaningful

Revenues for the first nine months of 2009 at our Iowa and Missouri properties were slightly lower compared to the same period in 2008, but income from operations was higher than in the prior year period due to cost savings initiatives.

Revenues at our Iowa and Missouri properties in 2008 were lower than in 2007, driven primarily by Harrah s St. Louis, where the opening of a new facility by a competitor impacted results. Income from operations for Iowa/Missouri included a charge of $49.0 million recorded in fourth quarter 2008 for the impairment of certain non-amortizing intangible assets. Partially offsetting the impairment were favorable results due to cost savings.

The increases in combined revenues and income from operations for 2007 were driven primarily by the capital improvements completed in March 2006 at Horseshoe Council Bluffs and higher operating margins at most properties in the group, driven by efficiencies and cost savings.

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Illinois/Indiana Results

(In millions)	Successor Nine months Ended Sept. 30, 2009	Successor Period Jan. 28, 2008 through Sept. 30, 2008	Predecessor Period Jan. 1, 2008 Through Jan. 27, 2008	Combined Nine Months Ended Sept. 30, 2008	Percentage Increase/ (Decrease)
Casino revenues	$ 908.6	$ 810.1	$ 86.9	$ 897.0	1.3%
Net revenues	$ 901.1	$ 804.5	$ 85.5	$ 890.0	1.2%
Income from operations before impairment charges	$ 115.4	$ 91.3	$ 8.7	$ 100.0	15.4%
Impairment of intangible assets	(180.7)				N/M
(Loss)/income from operations	$ (65.3)	$ 91.3	$ 8.7	$ 100.0	N/M
Operating margin before impairment charges	12.8%	11.3%	10.2%	11.2%	1.6pts

(In millions)	Successor Jan. 28, 2008 through Dec. 31, 2008	Predecessor Jan. 1, 2008 through Jan. 27, 2008	Combined 2008	Predecessor 2007	Predecessor 2006	Percentage Increase/ (Decrease) 08 vs. 07	Percentage Increase/ (Decrease) 07 vs. 06
Casino revenues	$ 1,102.5	$ 86.9	$ 1,189.4	$ 1,330.8	$ 1,277.3	(10.6)%	4.2%
Net revenues	$ 1,098.7	$ 85.5	$ 1,184.2	$ 1,285.8	$ 1,239.5	(7.9)%	3.7%
Income from operations before impairment charges	$ 111.2	$ 8.7	$ 119.9	$ 195.7	$ 225.2	(38.7)%	(13.1)%
Impairment of intangible assets	(617.1)		(617.1)	(60.4)		N/M	N/M
(Loss)/income from operations	$ (505.9)	$ 8.7	$ (497.2)	$ 135.3	$ 225.2	N/M	(39.9)%
Operating margin before impairment charges	10.1%	10.2%	10.1%	15.2%	18.2%	(5.1)pts	(3.0)pts

N/M = Not meaningful

Higher revenues for the nine months ended September 30, 2009 compared to the 2008 period, were driven by the renovation and expansion at Horseshoe Hammond that opened in August 2008. Cost savings initiatives at properties in the region also contributed to the increase in income from operations before impairment charges in 2009. For the nine months ended September 30, 2009, the loss from operations included a $180.7 million charge for impairment of goodwill and non-amortizing intangible assets of certain of the Illinois/Indiana region properties and the write-down of the value of assets that were taken out of service at Horseshoe Hammond.

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

In July 2008, Caesars Indiana was re-branded to Horseshoe Southern Indiana. The re-branding and renovation project cost approximately $52.3 million.

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Revenues from our properties in Illinois and Indiana in 2007 increased over 2006 revenues; however, income from operations was lower than the prior year due primarily to an impairment charge in 2007 related to certain intangible assets at Caesars Indiana. Our 2007 annual assessments for impairment of goodwill and other intangible assets that are not subject to amortization indicated that, based on the projected performance of Caesars Indiana, its intangible assets were impaired, and a charge of $60.4 million was taken in fourth quarter 2007. Also contributing to the decline in income from operations were increased real estate taxes in Indiana and a 3% tax assessed by Illinois against certain gaming operations in July 2006. Higher non-operating expenses in 2007 also impacted income from operations.

Other Nevada Results

(In millions)	Successor Nine months Ended Sept. 30, 2009	Successor Period Jan. 28, 2008 through Sept. 30, 2008	Predecessor Period Jan. 1, 2008 Through Jan. 27, 2008	Combined Nine Months Ended Sept. 30, 2008	Percentage Increase/ (Decrease)
Casino revenues	$ 289.1	$ 332.4	$ 30.2	$ 362.6	(20.3)%
Net revenues	$ 370.6	$ 419.0	$ 38.9	$ 457.9	(19.1)%
Income from operations	$ 48.5	$ 59.7	$ 0.5	$ 60.2	(19.4)%
Operating margin	13.1%	14.2%	1.3%	13.1%	pts

(In millions)	Successor Jan. 28, 2008 through Dec. 31, 2008	Predecessor Jan. 1, 2008 through Jan. 27, 2008	Combined 2008	Predecessor 2007	Predecessor 2006	Percentage Increase/(Decrease) 08 vs. 07	Percentage Increase/(Decrease) 07 vs. 06
Casino revenues	$ 425.4	$ 30.2	$ 455.6	$ 508.0	$ 511.0	(10.3)%	(0.6)%
Net revenues	$ 534.0	$ 38.9	$ 572.9	$ 632.4	$ 640.8	(9.4)%	(1.3)%
Income from operations before impairment charges	$ 62.6	$ 0.5	$ 63.1	$ 93.0	$ 107.7	(32.2)%	(13.6)%
Impairment of intangible assets	(318.5)		(318.5)			N/M	N/M
(Loss)/income from operations	$ (255.9)	$ 0.5	$ (255.4)	$ 93.0	$ 107.7	N/M	(13.6)%
Operating margin before impairment charges	11.7%	1.3%	11.0%	14.7%	16.8%	(3.7)pts	(2.1)pts

N/M = Not meaningful

For the nine months ended September 30, 2009, revenues from our Nevada properties outside of Las Vegas were lower than in the first nine months of 2008 due to lower customer spend per trip. Despite lower revenues and income from operations in the first nine months of 2009 when compared to the same period of 2008, operating margin remained stable due to cost savings initiatives.

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

2007 revenues and income from operations from our Nevada properties outside of Las Vegas were lower than 2006 due to higher customer complimentary costs and lower unrated play and retail customer visitation. We define retail customers as Total Rewards customers who typically spend up to $50 per visit. Also contributing to the year-over-year declines were poor ski conditions in the Lake Tahoe market in the first quarter of 2007, a poor end to the spring ski season and fires in the Lake Tahoe area.

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Managed, International and Other

(In millions)	Successor Period Nine Months Ended Sept. 30, 2009	Successor Period Jan. 28, 2008 through Sept. 30, 2008	Predecessor Period Jan. 1, 2008 through Jan. 27, 2008	Combined Nine Months Ended Sept. 30, 2008	Percentage Increase/ (Decrease)
Revenues					
Managed	$ 29.9	$ 45.9	$ 5.0	$ 50.9	(41.3)%
International	308.5	275.9	51.2	327.1	(5.7)%
Other	54.0	52.7	3.2	55.9	(3.4)%
Total revenues	$ 392.4	$ 374.5	$ 59.4	$ 433.9	(9.6)%
Income/(loss) from operations					
Managed	$ 12.0	$ 18.3	$ 4.0	$ 22.3	(46.2)%
International	(36.7)	(65.2)	2.2	(63.0)	41.7%
Other	(129.6)	(66.6)	(6.5)	(73.1)	(77.3)%
Total loss from operations	$ (154.3)	$ (113.5)	$ (0.3)	$ (113.8)	(35.6)%

N/M = Not Meaningful

(In millions)	Successor Jan. 28, 2008 through Dec. 31, 2008	Predecessor Jan. 1, 2008 through Jan. 27, 2008	Combined 2008	Predecessor 2007	Predecessor 2006	Percentage Increase/(Decrease) 08 vs. 07	Percentage Increase/(Decrease) 07 vs. 06
Revenues							
Managed	$ 59.1	$ 5.0	$ 64.1	$ 81.5	$ 89.1	(21.3)%	(8.5)%
International	375.7	51.2	426.9	396.4	99.8	7.7%	N/M
Other	75.0	3.2	78.2	80.3	72.1	(2.6)%	11.4%
Total revenues	$ 509.8	$ 59.4	$ 569.2	$ 558.2	$ 261.0	2.0%	N/M
Income/(loss) from operations							
Managed	$ 22.1	$ 4.0	$ 26.1	$ 64.7	$ 72.1	(59.7)%	(10.3)%
International	(276.0)	2.2	(273.8)	(128.6)	12.8	N/M	N/M
Other	(799.1)	(6.5)	(805.6)	(94.4)	(261.0)	N/M	63.8%
Total loss from operations	$ (1,053.0)	$ (0.3)	$ (1,053.3)	$ (158.3)	$ (176.1)	N/M	10.1%

N/M = Not meaningful

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

World Series of Poker® (WSOP) brand.

Managed

We manage three tribal casinos and have consulting arrangements with casino companies in Australia. The table below gives the location and expiration date of the current management contracts for our Indian properties as of September 30, 2009.

Casino	Location	Expiration of Management Agreement
Harrah s Ak-Chin	near Phoenix, Arizona	December 2009
Harrah s Rincon	near San Diego, California	November 2013
Harrah s Cherokee	Cherokee, North Carolina	November 2011

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The decline in revenues for the nine months ended September 30, 2009 reflects the impact of the current economic environment on our managed properties.

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

Revenues from our managed casinos were lower in 2007 compared to 2006 due to the termination of our contract with the Prairie Band Potawatomi Nation on June 30, 2007.

International

The decline in revenues for the nine months ended September 30, 2009 reflects the impact of the current economic environment on our international properties; however, for the nine months ended September 30, 2009, loss from operations in our international businesses improved due to cost savings initiatives at our London Clubs properties.

International revenues were higher in 2008 than in 2007 due to the opening during 2008 of two new properties of London Clubs International Limited (London Clubs) and a full year of revenues from two properties that opened during 2007, partially offset by the impact of a new smoking ban enacted in mid-2007. Income from operations was unfavorably impacted by a charge of $210.8 million recorded in fourth quarter 2008 for the impairment of certain goodwill and other non-amortizing intangible assets, and London Clubs table game hold, higher gaming taxes imposed during 2007 and reserves for receivables due from a joint venture member that may not be collectible. The impairment charge and reserve for the receivable are included in write-downs, reserves and recoveries in our 2008 consolidated statement of operations. As of September 30, 2009, London Clubs owns or manages eleven casinos in the United Kingdom, two in Egypt and one in South Africa. As of December 31, 2008, London Clubs managed an additional property in Egypt. During 2009, the management contract expired.

In September 2007, we acquired Macau Orient Golf, located on 175 acres on Cotai adjacent to the Lotus Bridge, one of the two border crossings into Macau from China, and rights to a land concession contract for a total consideration of approximately $577.7 million. The government of Macau owns most of the land in Macau, and private interests are obtained through long-term leases and other grants of rights to use land from the government. The term of the land concession is 25 years from its inception in 2001, with rights to renew for additional periods until 2049. Annual rental payments are approximately $90,000 and are adjustable at five-year intervals. Macau Orient Golf is one of only two golf courses in Macau and is the only course that is semi-private. In December 2008, we announced plans for Caesars Macau Golf, a five-star golf lifestyle destination, the centerpieces of which will be a redesigned par-72 golf course and the establishment of Asia s first Butch Harmon School of Golf, the first of Harmon s flagship teaching facilities outside of the United States. The redevelopment includes expansion of the existing clubhouse into a 32,000 square-foot golf lifestyle boutique, meeting facilities and VIP entertainment suites. In addition, plans call for the clubhouse to feature a fine-dining restaurant operated by Macau s leading restaurateur, G&L Group.

In December 2006, we completed our acquisition of all of the ordinary shares of London Clubs, which, as of December 31, 2008, owned or managed eleven casinos in the United Kingdom, three in Egypt and one in South Africa. London Clubs results that were included in our consolidated financial statements were not material to our 2006 financial results.

In November 2005, we signed an agreement to develop a joint venture casino and hotel in the master-planned community of Ciudad Real, 118 miles south of Madrid, Spain, to develop and operate a Caesars branded casino and hotel within the project. The joint venture between a subsidiary of the Company and Nueva Compania de Casinos de El Reino de Don Quijote S.L.U. is owned 60% and 40%, respectively. Completion of this project is subject to a number of conditions.

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In January 2007, we signed a joint venture agreement with a subsidiary of Baha Mar Resort Holdings Ltd. to create the Caribbean s largest single-phase destination in the Bahamas. The joint venture partners have also signed management agreements with subsidiaries of Starwood Hotels & Resorts Worldwide, Inc. The joint venture is 57% owned by a subsidiary of Baha Mar Resort Holdings Ltd. and 43% by a subsidiary of the Company. We have terminated our involvement with the Baha Mar development (See Litigation Related to Development.)

Other

Other results include certain marketing and administrative expenses, including development costs, results from our businesses related to the World Series of Poker brand, and income from nonconsolidated subsidiaries. Other losses from operations for the nine months ended September 30, 2009 were unfavorably impacted by a charge of $129.5 million for the impairment of certain non-amortizing intangible assets.

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

The favorable results in 2007 versus the prior year were due to lower development costs in 2007.

Other Factors Affecting Net Income

(In millions)	Successor Nine months Ended Sept. 30, 2009	Successor Period Jan. 28, 2008 through Sept. 30, 2008	Predecessor Period Jan. 1, 2008 Through Jan. 27, 2008	Combined Nine Months Ended Sept. 30, 2008	Percentage Increase/ (Decrease)
Expense/(income)					
Corporate expense	$ 111.7	$ 95.9	$ 8.5	$ 104.4	7.0%
Acquisition and integration costs	0.3	23.1	125.6	148.7	(99.8)%
Amortization of intangible assets	131.7	119.2	5.5	124.7	5.6%
Interest expense, net	1,404.7	1,469.4	89.7	1,559.1	(9.9)%
(Gains)/loss on early extinguishments of debt	(4,279.2)	203.9		203.9	N/M
Other income	(23.2)	(18.7)	(1.1)	(19.8)	17.2%
Provision/(benefit) for income taxes	1,590.8	(147.7)	(26.0)	(173.7)	N/M
Effective tax rate provision/(benefit)	74.4%	(27.1)%	(20.7)%	(25.9)%	N/M
Income attributable to non-controlling interests	16.1	6.2	1.6	7.8	N/M
Loss/(income) from discontinued operations, net of income taxes	0.3	(88.4)	(0.1)	(88.5)	N/M

N/M = Not Meaningful

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Expense/(income)	Successor Jan. 28, 2008 through Dec. 31, 2008	Predecessor Jan. 1, 2008 through Jan. 27, 2008	Combined 2008	Predecessor 2007	Predecessor 2006	Percentage Increase/(Decrease) 08 vs. 07	Percentage Increase/(Decrease) 07 vs. 06
(In millions)							
Corporate expense	$ 131.8	$ 8.5	$ 140.3	$ 138.1	$ 177.5	1.6%	(22.2)%
Acquisition and integration costs	24.0	125.6	149.6	13.4	37.0	N/M	(63.8)%
Amortization of intangible assets	162.9	5.5	168.4	73.5	70.7	N/M	4.0%
Interest expense, net	2,074.9	89.7	2,164.6	800.8	670.5	N/M	19.4%
(Gains)/losses on early extinguishments of debt	(742.1)		(742.1)	2.0	62.0	N/M	N/M
Other income	(35.2)	(1.1)	(36.3)	(43.3)	(10.7)	(16.2)%	N/M
Effective tax rate	(6.5)%	(20.7)%	(6.8)%	39.2%	35.4%	(46.0)pts	3.8pts
Income attributable to non-controlling interests	$ 12.0	$ 1.6	$ 13.6	$ 15.2	$ 15.3	(10.5)%	(0.7)%
Loss/(income) from discontinued operations, net of income taxes	(90.4)	(0.1)	(90.5)	(92.2)	(11.9)	(1.8)%	N/M

N/M = Not meaningful

Corporate expense increased in the first nine months of 2009 from the same periods in the prior year due to expenses related to the debt exchange offer and other advisory services, partially offset by the continued realization of cost savings initiatives that began in the third quarter of 2008.

Corporate expense was higher in 2008 than in 2007 due to a monitoring fee paid to affiliates of Apollo and TPG in periods subsequent to the Acquisition and is partially offset by the continued realization of cost savings and efficiencies identified in an on-going project that began in September 2006.

In 2007, Corporate expense decreased from the prior year due to allocation of stock-based compensation expense to the applicable reporting unit and implementation of cost savings and efficiencies, which were identified in a project that began in September 2006 and continued through 2007.

Corporate expense for each year presented includes the impact of the implementation of ASC 718 (formerly SFAS No. 123(R)), Share-Based Payment, in first quarter 2006. Our 2008, 2007 and 2006 financial results include $18.7 million, $53.0 million and $52.8 million, respectively, in expense due to the implementation of ASC 718. 2006 also includes incremental corporate expense arising from the 2005 acquisition of Caesars Entertainment and the cost of transforming our corporate centers to manage the combined company.

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. 2007 costs also related to the Acquisition. 2006 Acquisition and integration costs includes costs in connection with the review of certain strategic matters by the special committee appointed by our Board of Directors and costs for consultants and dedicated internal resources executing the plans for the integration of Caesars into Harrah s Entertainment.

Amortization of intangible assets was slightly higher in the nine months ended September 30, 2009 than in the same nine-month period last year due to finalization of the purchase price allocation in connection with the Acquisition. Until the finalization of the purchase price allocation in the fourth quarter of 2008, amortization was estimated based on a preliminary purchase price allocation.

Amortization of intangible assets was higher in 2008 due to higher amortization of intangible assets identified in the purchase price allocation in connection with the Acquisition. Higher amortization of intangible assets in 2007 versus 2006 was due primarily to amortization of intangible assets related to London Clubs.

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Interest expense declined in the first nine months of 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 in 2009. Interest expense for the nine months ended September 30, 2008 included losses resulting from changes in the fair value of our interest rate swap agreements prior to their designation as hedging instruments.

A change in interest rates on variable-rate debt will impact our financial results. For example, assuming a constant outstanding balance for our variable-rate debt, excluding $6.5 billion of variable-rate debt for which we have entered into interest rate swap agreements, for the next twelve months, a hypothetical 1% increase in corresponding interest rates would change interest expense for the next twelve months at September 30, 2009 and at December 31, 2008, by approximately $67.0 million and $81.9 million, respectively. At September 30, 2009, the three-month USD LIBOR rate was 0.298%. A hypothetical reduction of this rate to 0% would decrease interest expense for the next twelve months by approximately $22.5 million. At September 30, 2009, our variable-rate debt, excluding $6.5 billion of variable-rate debt for which we have entered into interest rate swap agreements, represents approximately 34.4% of our total debt, while our fixed-rate debt is approximately 65.6% of our total debt. In addition to the swap agreements, we have an interest rate cap agreement for a notional amount of $6.5 billion at a LIBOR cap rate of 4.5%.

Interest expense increased in 2008 from 2007 primarily due to increased borrowings in connection with the Acquisition. Also included in interest expense in 2008 is a charge of $104.3 million representing the changes in the fair values of our derivative instruments. Interest expense for 2007 included $45.4 million representing the losses from the change in the fair values of our interest rate swap agreements. At December 31, 2008, our variable-rate debt, excluding $6.5 billion of variable-rate debt for which we have entered into interest rate swap agreements, represents approximately 35.3% of our total debt, while our fixed-rate debt is approximately 64.7% of our total debt.

Included in 2006 interest expense is $3.6 million to adjust the liability to market value of interest rate swap agreements that were terminated during the first quarter of 2006. (For discussion of our interest rate swap agreements, see Management s Discussion and Analysis of Financial Condition and Results of Operations Debt and Liquidity, Derivative Instruments.)

Gains on early extinguishments of debt in the nine months ended September 30, 2009 represent discounts related to the exchange of certain outstanding debt for new debt in the second quarter of 2009 and purchases of certain of our debt in the open market during the first nine months of 2009. Losses on early extinguishments of debt in the nine months ended September 30, 2008 represented premiums paid and the write-offs of unamortized deferred financing costs and market value premiums related to debt retired in connection with the Acquisition.

Gains on early extinguishments of debt in 2008 represent discounts related to the exchange of certain debt for new debt and purchases of certain of our debt in connection with the exchange offer and in the open market. The gains were partially offset by the write-off of market value premiums and unamortized deferred financing costs. Losses on early extinguishments of debt in 2007 and 2006 represent premiums paid and the write-offs of unamortized deferred financing costs. The charges in 2007 were incurred in connection with the retirement of a $120.1 million credit facility of London Clubs. 2006 losses were associated with the June 2006 retirement of portions of our 7.5% Senior Notes due in January 2009 and our 8.0% Senior Notes due in February 2011.

Other income for all periods presented included interest income on the cash surrender value of life insurance policies. Other income for the nine months ended September 30, 2009 and for the period from January 28, 2008 through December 31, 2008, and the period from January 1, 2008 through January 27, 2008 included the receipt of insurance proceeds related to the Company s deferred compensation plan. Other income in 2007 and 2006 included gains on the sales of corporate assets.

The effective tax rate for the nine months ended September 30, 2009 is higher than the federal statutory rate due primarily to permanent book/tax differences, state income taxes and the non-deductibility of the goodwill impairment charges. In 2008, tax benefits were generated by operating losses caused by higher interest expense, partially offset by non-deductible merger costs, international income taxes and state income taxes. In 2007 and 2006, the effective tax rates are higher than the federal statutory rate due primarily to state income taxes. Our 2007 effective tax rate was increased by the recording of a valuation allowance against certain foreign net operating losses. The effective tax rate in 2006 was impacted by provision-to-return adjustments and adjustments to income tax reserves resulting from settlement of outstanding tax issues.

Non-controlling interests reflect minority owners shares of income from our majority-owned subsidiaries.

Discontinued operations for 2008 reflects insurance proceeds of $87.3 million, after taxes, representing the final funds received that were in excess of the net book value of the impacted assets and costs and expenses that were reimbursed under our business interruption claims for Grand Casino Gulfport. 2007 Discontinued operations reflected insurance proceeds of $89.6 million, after taxes, for reimbursements under our business interruption claims related to Harrah s Lake Charles and Grand Casino Gulfport, both of which were sold in 2006. Pursuant to the terms of the sale agreements, we retained all insurance proceeds related to those properties. Discontinued operations for 2006 also included Reno Hilton, Flamingo Laughlin, Harrah s Lake Charles and Grand Casino Gulfport, all of which were sold in 2006. 2006 Discontinued operations reflect the results of Harrah s Lake Charles, Grand Casino Gulfport, Reno Hilton and Flamingo Laughlin through their respective sales dates and include any gain/loss on the sales (See Notes 15 and 16 to our audited consolidated financial statements as of December 31, 2008 included elsewhere in this prospectus.)

Cost Savings Initiatives

In light of the severe economic downturn and adverse conditions in the travel and leisure industry generally, Harrah s Entertainment has undertaken a comprehensive cost reduction effort to right-size expenses with business levels. Beginning in August 2008, the program includes organizational restructurings at our corporate and property operations, reduction of travel and entertainment expenses, an examination of our corporate-wide marketing expenses, and headcount reductions at property operations and corporate offices. To date, Harrah s Entertainment has identified $555.0 million in estimated cost savings from these initiatives, of which approximately $368.3 million had been realized in the trailing twelve months ending September 30, 2009. Harrah s Entertainment expects to implement most of the program directives, and achieve approximately $517.0 million in annual savings on a run-rate basis, by the end of 2009.

Capital Spending and Development

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

Our planned development projects, if they go forward, will require, individually and in the aggregate, significant capital commitments and, if completed, may result in significant additional revenues. The commitment of capital, the timing of completion and the commencement of operations of casino entertainment development projects are contingent upon, among other things, negotiation of final agreements and receipt of approvals from the appropriate political and regulatory bodies. We must also comply with covenants and restrictions set forth in our debt agreements. Cash needed to finance projects currently under development as well as additional projects being pursued is expected to be made available from operating cash flows, established debt programs (see Debt and Liquidity), joint venture partners, specific project financing, guarantees of third-party debt and additional debt offerings. Our capital spending for the first nine months of 2009 totaled approximately $411.9 million. Estimated total capital expenditures for 2009 are expected to be between $445 million and $520 million.

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Our capital spending for 2008 totaled approximately $1.3 billion. Capital spending in 2007 totaled approximately $1.5 billion, excluding our acquisitions of a golf course in Macau and Bill s Gamblin Hall and Saloon. 2006 capital spending was approximately $2.5 billion, excluding the cost of our acquisition of London Clubs.

Debt and Liquidity

We generate substantial cash flows from operating activities, as reflected on the Consolidated Statements of Cash Flows in our audited consolidated financial statements as of December 31, 2008, and in our unaudited condensed consolidated financial statements as of September 30, 2009. We use the cash flows generated by our operations to fund debt service, to reinvest in existing properties for both refurbishment and expansion projects, to pursue additional growth opportunities via new development and, prior to the closing of the Acquisition, to return capital to our stockholders in the form of dividends. When necessary, we supplement the cash flows generated by our operations with funds provided by financing activities to balance our cash requirements. Our ability to fund our operations, pay our debt obligations and fund planned capital expenditures depends, in part, on economic and other factors that are beyond our control, and recent disruptions in capital markets and restrictive covenants related to our existing debt could impact our ability to secure additional funds through financing activities. We cannot assure you that our business will generate sufficient cash flows from operations, or that future borrowings will be available to us to fund our liquidity needs and pay our indebtedness. If we are unable to meet our liquidity needs or pay our indebtedness when it is due, we may have to reduce or delay refurbishment and expansion projects, reduce expenses, sell assets or attempt to restructure our debt. In addition, we have pledged a significant portion of our assets as collateral under certain of our debt agreements, and if any of those lenders accelerate the repayment of borrowings, there can be no assurance that we will have sufficient assets to repay our indebtedness.

Our cash and cash equivalents totaled approximately $948.2 million at September 30, 2009. Our cash and cash equivalents totaled $650.5 million at December 31, 2008, compared to $710.0 million at December 31, 2007.

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Our consolidated condensed statements of cash flows included elsewhere in this prospectus reflect the impact on our consolidated operations of the success of our marketing programs and on-going cost containment focus and, in 2008 and 2009, the impact of current economic conditions. For the first nine months of 2009, we reported cash flows provided by operating activities of $397.6 million compared to $668.0 million in the first nine months of 2008. The following provides a summary of our cash flows for the years ended December 31, 2008, 2007 and 2006.

(In millions)	Successor Jan. 28, 2008 through Dec. 31, 2008	Predecessor Jan. 1, 2008 through Jan. 27, 2008	Combined 2008	Predecessor 2007	Predecessor 2006
Cash provided by operating activities	$ 522.1	$ 7.2	$ 529.3	$ 1,508.8	$ 1,539.6
Capital investments	(1,181.4)	(125.6)	(1,307.0)	(1,376.7)	(2,500.1)
Payments for business acquisitions		0.1	0.1	(584.3)	(562.5)
Proceeds from sales of discontinued operations					457.3
Insurance proceeds for hurricane losses for continuing operations	98.1		98.1	15.7	124.9
Insurance proceeds for hurricane losses for discontinued operations	83.3		83.3	13.4	174.7
Payment for Acquisition	(17,490.2)		(17,490.2)		
Other investing activities	(24.0)	1.4	(22.6)	8.3	62.0
Cash used in operating/investing activities	(17,992.1)	(116.9)	(18,109.0)	(414.8)	(704.1)
Cash provided by financing activities	18,027.0	17.3	18,044.3	236.5	764.8
Cash provided by discontinued operations	4.7	0.5	5.2	88.7	14.5
Net increase/(decrease) in cash and cash equivalents	$ 39.6	$ (99.1			