CAESARS ENTERTAINMENT Corp
Form POS AM
April 01, 2011
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As filed with the Securities and Exchange Commission on April 1, 2011

Registration No. 333-168789

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Post-Effective Amendment No. 1

to

FORM S-1

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

CAESARS ENTERTAINMENT CORPORATION

(Exact name of registrant as specified in its charter)

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

One Caesars Palace Drive

Las Vegas, NV 89109

(702) 407-6000

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

area code, of Registrant s Principal Executive Offices)

Michael D. Cohen, Esq.

Vice President and Corporate Secretary

Caesars Entertainment Corporation

One Caesars Palace Drive

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 OF REGISTRATION FEE

Title of each Class of Securities to be Registered	**Proposed Maximum Aggregate Offering Price**	**Amount of Registration Fee(1)**
Common Stock, $0.01 par value	$ 710,266,000	$ 50,642(1)

(1) Previously paid in connection with prior filings of this Registration Statement.

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

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EXPLANATORY NOTE

This Post-Effective Amendment No. 1 to the Registration Statement on Form S-1 of Caesars Entertainment Corporation (the Company), as originally declared effective by the Securities and Exchange Commission (the SEC) on November 23, 2010, is being filed pursuant to the undertakings in Item 17 of the Registration Statement to include the information contained in the Company s Annual Report on Form 10-K for the fiscal year ended December 31, 2010, that was filed with the Securities and Exchange Commission on March 4, 2011.

The information included in this filing amends this Registration Statement and the Prospectus contained therein. No additional securities are being registered under this Post-Effective Amendment No. 1. All applicable registration fees were paid at the time of the original filing of the Registration Statement.

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

Subject to Completion

Preliminary Prospectus dated April 1, 2011

PROSPECTUS

Shares

Caesars Entertainment Corporation

Common Stock

This prospectus relates solely to the resale of up to an aggregate of shares of our common stock, by the selling stockholders identified in this prospectus (which term as used in this prospectus includes pledgees, donees, transferees or other successors-in-interest). The selling stockholders agreed to acquire the shares in an exempt exchange offer, which closed in November 2010 and which we refer to as the Private Placement. We are registering the offer and sale of the shares to satisfy a condition of closing of the Private Placement.

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

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

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

Investing in our common stock involves risks. You should read the section entitled Risk Factors beginning on page 8 for a discussion of certain risks that you should consider before investing in our common stock.

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

Prospectus dated , 2011.

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

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

Dealer Prospectus Delivery Obligation

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

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PROSPECTUS SUMMARY

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

Our Company

We are one of the world s largest casino entertainment providers. As of December 31, 2010, we owned, operated or managed, through various subsidiaries, 52 casinos in 12 U.S. states and seven countries. The vast majority of these casinos operate in the United States and England, primarily under the Caesars, Harrah s and Horseshoe brand names in the United States. As of December 31, 2010, our facilities had an aggregate of approximately three million square feet of gaming space and approximately 42,000 hotel rooms. Our industry-leading customer loyalty program, Total Rewards, has over 40 million members. We use the Total Rewards system to market promotions and to generate customer play when they travel among our markets in the United States and Canada. In addition, we own an online gaming business, providing for real money casino, bingo and poker in the United Kingdom and play for fun offerings in other jurisdictions. We intend to offer real money online casino and poker gaming in legally compliant jurisdictions going forward. We also own and operate the World Series of Poker tournament and brand.

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

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

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

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On January 28, 2008, Caesars was acquired by affiliates of Apollo Global Management, LLC (Apollo) and TPG Capital, LP (TPG and, together with Apollo, the Sponsors) 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. As a result of the Acquisition, our stock is no longer publicly traded. Currently, the issued and outstanding shares of common stock of Caesars are owned by entities affiliated with Apollo, TPG, Paulson & Co. Inc., certain co-investors and members of management.

Recent Events

Octavius Tower and the Linq Senior Secured Term Loan

On February 24, 2011, Caesars announced that it has commenced marketing efforts in the pursuit of securing a $400.0 million senior secured term loan facility, the proceeds of which will be used to complete two Las Vegas development projects: the completion of the Octavius Tower at Caesars Palace and the construction of a Retail, Dining, and Entertainment district known as the Linq , between the Imperial Palace and the Flamingo, that will be anchored by the world s largest observation wheel. Subsequently, Caesars raised the amount of financing that it wishes to secure to $450.0 million. The Octavius Tower project will consist of completing the fit-out and remaining construction on approximately 660 rooms and suites, and will also include the design and construction of an additional 3 high-end villas. The Linq will consist of approximately 200,000 square feet of leasable space and will also include a 550 ft observation wheel. The total cost to complete the projects will be approximately $600.0 million. We plan to initiate these development projects in a phased approach, beginning in 2011, assuming the financing is completed.

The Sponsors

Apollo

Founded in 1990, Apollo is a leading global alternative asset manager with offices in New York, Los Angeles, London, Frankfurt, Luxembourg, Singapore, Hong Kong and Mumbai. As of December 31, 2010, Apollo had assets under management of $67.6 billion in its private equity, capital markets and real estate businesses.

TPG

TPG is a private investment partnership that was founded in 1992 and as of December 31, 2010 had approximately $48 billion of assets under management. Through its investment platforms, TPG Capital, TPG Growth and TPG Biotech, the firm has extensive experience with global public and private investments executed through leveraged buyouts, recapitalizations, spinouts, joint ventures, growth investments and restructurings. The firm is headquartered in Fort Worth, and has offices in San Francisco, London, Hong Kong, New York, Melbourne, Moscow, Mumbai, Paris, Luxembourg, Beijing, Shanghai, Singapore and Tokyo.

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Organizational Structure

The chart below depicts our organizational structure.

(1) All shares held by funds affiliated with and controlled by the Sponsors and their co-investors, representing 89.3% of Caesars outstanding common stock, are subject to an irrevocable proxy that gives Hamlet Holdings, the members of which are comprised of an equal number of individuals affiliated with each of the Sponsors, sole voting and sole dispositive power with respect to such shares.

(2) Consists of captive insurance subsidiaries, Harrah s BC, Inc. and Caesars Interactive Entertainment, Inc., which owns the World Series of Poker brand.

(3) Consists of Caesars Entertainment Operating Company, Inc. and its subsidiaries, which owned, operated and/or managed 46 of the 52 casinos for Caesars as of December 31, 2010.

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

Additional Information

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

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Summary of the Terms of the Common Stock

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

Shares of common stock offered for resale by the Selling Stockholders in this offering	7,102,660 shares
Shares of common stock outstanding	71,809,719 shares as of December 31, 2010
Common stock voting rights	Each share of Caesars common stock will entitle its holder to one vote.
Dividend policy	We intend to retain all future earnings, if any, for use in the operation of our business and to fund future growth. We do not anticipate paying any dividends for the foreseeable future. The decision whether to pay dividends will be made by our board of directors in light of conditions then existing, including factors such as our results of operations, financial condition and requirements, business conditions and covenants under any applicable contractual arrangements, including our indebtedness.
Use of proceeds	We will not receive any proceeds from the sale of the shares of common stock pursuant to this prospectus.
Risk factors	Please see the section entitled Risk Factors included in this prospectus for a discussion of some of the factors you should carefully consider before deciding to invest in our common stock.

Except as otherwise indicated, all information in this prospectus:

- does not give effect to 4,242,002 shares of our common stock issuable upon the exercise of outstanding options as of December 31, 2010, at a weighted-average exercise price of $80.75 per share;
- does not give effect to 32,593 shares of our common stock issuable upon the exercise of outstanding warrants as of December 31, 2010, included in the number of options outstanding disclosed above, at a weighted-average exercise price of $100.00 per share; and
- does not give effect to 458,050 shares of our common stock reserved for future issuance under the Harrah s Entertainment, Inc. Management Equity Incentive Plan.

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Summary Historical Consolidated Financial Data of Caesars Entertainment Corporation

The following table presents our summary historical consolidated financial information as of and for the periods presented. The summary historical consolidated financial information as of December 31, 2009 and 2010, and for the periods from January 1, 2008 through January 27, 2008 and from January 28, 2008 through December 31, 2008, and the years ended December 31, 2009 and 2010 have been 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 December 31, 2008 has been derived from our audited consolidated financial statements not included in this prospectus.

Although Caesars continued as the same legal entity after the Acquisition, the financial information is presented as the Predecessor period for the period preceding the Acquisition and as the Successor periods for the periods succeeding the Acquisition. As a result of the application of purchase accounting as of the date of the Acquisition, the financial information for the Successor periods and Predecessor period are presented on different bases and are, therefore, not comparable.

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

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Caesars Entertainment Corporation

Summary Historical Consolidated Financial Data

(In millions except share and per share data)	Predecessor Jan. 1, 2008 through Jan. 27, 2008	Successor Jan. 28, 2008 through Dec. 31, 2008	Year Ended December 31, 2009	2010
Consolidated Statement of Operations				
Revenues				
Casino	$ 614.6	$ 7,476.9	$ 7,124.3	$ 6,917.9
Food and beverage	118.4	1,530.2	1,479.3	1,510.6
Rooms	96.4	1,174.5	1,068.9	1,132.3
Management fees	5.0	59.1	56.6	39.1
Other	42.7	624.8	592.4	576.3
Less: casino promotional allowances	(117.0)	(1,498.6)	(1,414.1)	(1,357.6)
Net revenues	760.1	9,366.9	8,907.4	8,818.6
Operating Expenses				
Direct				
Casino	340.6	4,102.8	3,925.5	3,948.9
Food and beverage	50.5	639.5	596.0	621.3
Rooms	19.6	236.7	213.5	259.4
Property general and administrative and other	178.2	2,143.0	2,018.8	2,061.7
Depreciation and amortization	63.5	626.9	683.9	735.5
Project opening costs	0.7	28.9	3.6	2.1
Write-downs, reserves and recoveries	4.7	16.2	107.9	147.6
Impairment of goodwill and other non-amortizing intangible assets		5,489.6	1,638.0	193.0
(Income)/loss in non-consolidated affiliates	(0.5)	2.1	2.2	1.5
Corporate expense	8.5	131.8	150.7	140.9
Acquisition and integration costs	125.6	24.0	0.3	13.6
Amortization of intangible assets	5.5	162.9	174.8	160.8
Total operating expenses	796.9	13,604.4	9,515.2	8,286.3
(Loss)/income from operations	(36.8)	(4,237.5)	(607.8)	532.3
Interest expense, net of interest capitalized	(89.7)	(2,074.9)	(1,892.5)	(1,981.6)
Gains on early extinguishments of debt		742.1	4,965.5	115.6
Other income, including interest income	1.1	35.2	33.0	41.7
(Loss)/income from continuing operations before income taxes	(125.4)	(5,535.1)	2,498.2	(1,292.0)
Benefit/(provision) for income taxes	26.0	360.4	(1,651.8)	468.7
(Loss)/income from continuing operations, net of tax	(99.4)	(5,174.7)	846.4	(823.3)
Income from discontinued operations, net of tax	0.1	90.4		
Net (loss)/income	(99.3)	(5,084.3)	846.4	(823.3)
Less: net income attributable to non-controlling interests	(1.6)	(12.0)	(18.8)	(7.8)
Net (loss)/income attributable to Caesars Entertainment Corporation	(100.9)	(5,096.3)	827.6	(831.1)
Preferred stock dividends		(297.8)	(354.8)	
Net (loss)/income attributable to common stockholders	$ (100.9)	$ (5,394.1)	$ 472.8	$ (831.1)
Earnings per share basic				

(Loss)/income from continuing operations	$	(0.54)	$	(134.59)	$	11.62		(14.58)
Discontinued operations, net				2.22				
Net (loss)/income	$	(0.54)	$	(132.37)	$	11.62	$	(14.58)
Earnings per share diluted								
(Loss)/income from continuing operations	$	(0.54)	$	(134.59)	$	6.88	$	(14.58)
Discontinued operations, net				2.22				
Net (loss)/income	$	(0.54)	$	(132.37)	$	6.88	$	(14.58)
Dividends declared per common share	$		$		$		$	
Basic weighted-average common shares outstanding		188,122,643		40,749,898		40,684,515		57,016,007
Diluted weighted-average common shares outstanding		188,122,643		40,749,898		120,225,295		57,016,007

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(Dollars in millions)	Predecessor January 1, 2008 through January 27, 2008	Successor January 28, 2008 through December 31, 2008	Year Ended December 31, 2009	2010
Balance Sheet Data (at period end)				
Cash and cash equivalents		$ 650.5	$ 918.1	$ 987.0
Working capital		(536.4)	(6.6)	207.7
Total assets		31,048.6	28,979.2	28,587.7
Total book value of debt		23,208.9	18,943.1	18,841.1
Total stockholders (deficit)/equity		(1,360.8)	(867.0)	1,672.6
Other Financial Data				
Capital expenditures, net of change in construction payables	$ 125.6	$ 1,181.4	$ 464.5	$ 160.7

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RISK FACTORS

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

Risks Related to Our Indebtedness

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

We are a highly leveraged company. As of December 31, 2010, we had $21,847.7 million face value of outstanding indebtedness and our current debt service obligations for the 12 months subsequent to December 31, 2010 was $1,701.0 million, which includes required interest payments of $1,645.4 million. These amounts do not include up to $1,118.3 million of notes that are held by our wholly owned subsidiary, Harrah s BC, Inc. (HBC), all of which are deemed outstanding by CEOC but not by Caesars.

Our substantial indebtedness could:

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

Furthermore, our interest expense could increase if interest rates increase due to certain of our debt being variable-rate debt.

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

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

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

For example, as of December 31, 2010, we had $1,510.2 million available for additional borrowing under our senior secured revolving credit facility after giving effect to $119.8 million in outstanding letters of credit thereunder, all of which would be secured. None of our existing indebtedness limits the amount of debt that may be incurred by Caesars. Our senior secured credit facilities allow for one or more future issuances of additional secured notes or loans, which may include, in each case, indebtedness secured on a pari passu basis with the obligations under the senior secured credit facilities and our first lien notes. This indebtedness could be used for a variety of purposes, including financing capital expenditures, refinancing or repurchasing our outstanding indebtedness, including existing unsecured indebtedness, or for general corporate purposes. We have raised and expect to continue to raise debt, including secured debt, to directly or indirectly refinance our outstanding unsecured debt on an opportunistic basis, as well as development opportunities.

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

Our senior secured credit facilities, the CMBS Loans and the indentures governing most of our existing notes contain, and any future indebtedness of ours would likely contain, a number of covenants that impose significant operating and financial restrictions on us, including restrictions on our ability to, and on 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 are limited in the manner in which we conduct our business, and we may be unable to engage in favorable business activities or finance future operations or capital needs.

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

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

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

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

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

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

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

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

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

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

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

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

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

Risks Related to Our Business

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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dependent on our ability to reach and maintain agreements with third parties. For example, although we executed a definitive agreement in December 2010 with Rock Gaming, LLC to jointly develop two casinos in Ohio, we can give no assurances that the development project will be undertaken.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Beginning in the third quarter of 2008, we initiated a company-wide cost savings plan in an effort to align our expenses with current revenue levels. While these efforts have allowed us to realize, as of December 31, 2010, approximately $648.8 million in savings since we initiated our cost savings plan, our continued reduction efforts may fail to achieve similar or continued savings. Although we believe, as of December 31, 2010, there were $207.5 million of estimated cost savings yet-to-be realized from these initiatives, we may not realize some or all of these projected savings without impairing our revenues. Our cost savings plans are intended to increase our effectiveness and efficiency in our operations without impairing our revenues and margins. Our cost savings plan is subject to numerous risks and uncertainties that may change at any time, and, therefore, our actual savings may differ materially from what we anticipate. For example, cutting advertising expenses may have an

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unintended negative affect on our revenues. In addition, our expected savings from procurement may be affected by unexpected increases in the cost of raw materials.

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

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

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

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

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

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

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

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

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

Our success and ability to grow are dependent, in part, on our ability to hire, retain and motivate sufficient numbers of talented people, with the increasingly diverse skills needed to serve clients and expand our business,

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

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

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

Risks Related to this Offering

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

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

In addition, a listing of our common stock may not have occurred on or prior to the date on which you buy your shares of our common stock. We have not applied to list the common stock on any securities exchange, and we are not required to do so as a condition to the Private Placement. Although we have agreed to use our reasonable best efforts to achieve a listing of our common stock on the Nasdaq Stock Market, or Nasdaq, or NYSE in connection with the Paulson Investors exercise of their demand registration right to an underwritten offering, we have 60 days to file the registration statement with the SEC following receipt of written notice from the Paulson Investors that they are exercising their demand registration right. In addition, we cannot assure you that we will be successful in our efforts to achieve such a listing.

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

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

As of March 15, 2011, 71,799,659 shares of our common stock were outstanding, all of which are the same class of voting common stock. All of the outstanding shares of our common stock are eligible for resale under Rule 144 or Rule 701 of the Securities Act, subject to volume limitations and applicable holding period requirements. The Sponsors have the ability to cause us to register the resale of its shares, and our management members who hold shares will have the ability to include their shares in such registration.

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We may issue shares of common stock or other securities from time to time as consideration for future acquisitions and investments or for any other reason that our board of directors, or Board, deems advisable. If any such acquisition or investment is significant, the number of shares of our common stock, or the number or aggregate principal amount, as the case may be, of other securities that we may issue may in turn be substantial. We may also grant registration rights covering those shares of common stock or other securities in connection with any such acquisitions and investments. As of March 15, 2011, options to purchase 4,048,383 shares of common stock are outstanding under our Management Equity Incentive Plan, assuming no changes to the plan, and includes warrants to purchase 32,593 shares of our common stock. We have filed with the SEC a registration statement on Form S-8 covering the shares issuable under our Management Equity Incentive Plan. Accordingly, such shares are freely tradable.

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

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

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

- our operating and financial performance and prospects;
- our quarterly or annual earnings or those of other companies in our industry;
- conditions that impact demand for our products and services;
- the public s reaction to our press releases, other public announcements and filings with the SEC;
- changes in earnings estimates or recommendations by securities analysts who track our common stock;
- market and industry perception of our success, or lack thereof, in pursuing our growth strategy;
- strategic actions by us or our competitors, such as acquisitions or restructurings;
- changes in government and environmental regulation, including gaming taxes;
- changes in accounting standards, policies, guidance, interpretations or principles;
- arrival and departure of key personnel;

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

changes in our capital structure;

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

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

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

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

Hamlet Holdings, LLC (Hamlet Holdings), the members of which are comprised of an equal number of individuals affiliated with each of the Sponsors, beneficially owns approximately 89.3% of our common stock pursuant to an irrevocable proxy providing Hamlet Holdings with sole voting and sole dispositive power over those shares. As a result, the Sponsors have the power to elect all of our directors. Therefore, the Sponsors have the ability to vote on any transaction that requires the approval of our Board or our stockholders, including the approval of significant corporate transactions such as mergers and the sale of substantially all of our assets. The interests of the Sponsors could conflict with or differ from the interests of other holders of our common stock. For example, the concentration of ownership held by the Sponsors could delay, defer or prevent a change of control of us or impede a merger, takeover or other business combination which another stockholder may otherwise view favorably. Additionally, the Sponsors are in the business of making or advising on investments in companies it holds, and may from time to time in the future acquire interests in or provide advice to businesses that directly or indirectly compete with certain portions of our business or are suppliers or customers of ours. One or both of the Sponsors may also pursue acquisitions that may be complementary to our business, and, as a result, those acquisition opportunities may not be available to us. A sale of a substantial number of shares of stock in the future by funds affiliated with the Sponsors or their co-investors could cause our stock price to decline. So long as Hamlet Holdings continues to hold the irrevocable proxy, they will continue to be able to strongly influence or effectively control our decisions.

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

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

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

For example, under Nevada gaming laws, each person who acquires, directly or indirectly, beneficial ownership of any voting security, or beneficial or record ownership of any non-voting security or any debt security, in a public corporation which is registered with the Nevada Gaming Commission, or the Gaming Commission, may be required to be found suitable if the Gaming Commission has reason to believe that his or her acquisition of that ownership, or his or her continued ownership in general, would be inconsistent with the declared public policy of Nevada, in the sole discretion of the Gaming Commission. Any person required by the

Gaming Commission to be found suitable shall apply for a finding of suitability within 30 days after the Gaming Commission s request that he or she should do so and, together with his or her application for suitability, deposit with the Nevada Gaming Control Board, or the Control Board, a sum of money which, in the sole discretion of the Control Board, will be adequate to pay the anticipated costs and charges incurred in the investigation and processing of that application for suitability, and deposit such additional sums as are required by the Control Board to pay final costs and charges.

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

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

Some jurisdictions may also limit the number of gaming licenses in which a person may hold an ownership or controlling interest. In Indiana, for example, state law allows us to only hold two gaming licenses within Indiana.

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

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

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

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

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

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

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

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

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

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

Provisions of our bylaws and our certificate of incorporation may delay or prevent a merger or acquisition that stockholders may consider favorable, including transactions in which you might otherwise receive a premium for your shares. In addition, these provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace or remove

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our directors. For example, we will authorize the issuance of blank check preferred stock without any need for action by stockholders.

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

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

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CAUTIONARY STATEMENTS CONCERNING FORWARD-LOOKING STATEMENTS

This prospectus contains or may contain forward-looking statements intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. These statements can be identified by the fact that they do not relate strictly to historical or current facts. We have based these forward-looking statements on our current expectations about future events. Further, statements that include words such as may, will, project, might, expect, believe, anticipate, intend, could, would, estimate, continue or pursue words or other words or expressions of similar meaning may identify forward-looking statements. These forward-looking statements are found at various places throughout the prospectus. These forward-looking statements, including, without limitation, those relating to future actions, new projects, strategies, future performance, the outcome of contingencies such as legal proceedings, and future financial results, wherever they occur in this prospectus, are necessarily estimates reflecting the best judgment of our management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. These forward-looking statements should, therefore, be considered in light of various important factors set forth under Risk Factors and elsewhere in this prospectus, including, without limitation, 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 these cautionary statements.

In addition to the risk factors set forth under Risk Factors, important factors that could cause actual results to differ materially from estimates or projections contained in the forward-looking statements include without limitation:

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

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

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

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

access to insurance on reasonable terms for our assets;

abnormal gaming holds;

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

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

- the other factors set forth under Risk Factors above.

You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this prospectus. We undertake no obligation to publicly update or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this prospectus or to reflect the occurrence of unanticipated events, except as required by law.

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MARKET AND INDUSTRY DATA AND FORECASTS

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

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

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USE OF PROCEEDS

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

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CAPITALIZATION

The following table sets forth our capitalization as of December 31, 2010.

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

(In millions)		As of December 31, 2010
Cash and cash equivalents	$	987.0
Debt:		
Term loan[1]	$	6,783.4
Revolving credit facility[2]		
First lien notes		2,049.7
Second lien notes[3]		2,930.8
PHW Las Vegas senior secured loan		423.8
Subsidiary guaranteed unsecured senior debt[4]		489.1
Unsecured senior notes[5]		665.6
CMBS Financing		5,182.3
Other[6]		316.4
Total long-term debt, including current portion		18,841.1
Equity		1,672.6
Total capitalization	$	20,513.7

(1) Upon the closing of the Acquisition, CEOC entered into a seven-year $7,250 million term loan facility, all of which was drawn at the closing of the Acquisition. The outstanding borrowings under the term loan have been increased by the Incremental Loan drawn in October 2009 and have been reduced by payments made subsequent to the Acquisition. Caesars guarantees this facility, and all of the material wholly owned domestic subsidiaries of CEOC have pledged their assets to secure this facility.

(2) Upon the closing of the Acquisition, CEOC entered into the senior secured credit facilities, which included 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 December 31, 2010, $1,510.2 million of borrowing capacity was available under our revolving credit facility, with an additional $119.8 million committed to back letters of credit. Caesars guarantees this facility, and all of the material wholly owned domestic subsidiaries of CEOC have pledged their assets to secure this facility.

(3) Consists of the book values of $214.8 million face value of 10.0% Second-Priority Notes due 2015, book values of $847.6 million face value of 10.0% Second-Priority Notes due 2018 issued in connection with the exchange offers that were consummated on December 24, 2008, book values of $3,705.5 million face value of 10.0% Second-Priority Notes due 2018 issued in connection with the exchange offers that were consummated on April 15, 2009, and book values of $750 million face value of 12.75% Second-Priority Notes due 2018 issued during April 2010. Such amounts are inclusive of amounts paid in fees in connection with such exchange offers. The aggregate face value of such notes is $5,517.9 million.

(4) Consists of $478.6 million of 10.75% Senior Notes due 2016 and $10.5 million of 10.75%/11.5% Senior Toggle Notes due 2018. All of this indebtedness is guaranteed on a joint and several basis by Caesars and each of the Subsidiary Pledgors.

(5) Consist of the book values of the following notes: $125.2 million face value of 5.375% Senior Notes due 2013, $364.6 million face value of 5.625% Senior Notes due 2015, $153.9 million face value of 5.75% Senior Notes due 2017, $248.7 million face value of 6.5% Senior Notes due 2016, $0.6 million face value of 7% Senior Notes due 2013 and $0.2 million face value of Floating Rate Contingent Convertible Senior

Notes due 2024, all of which are obligations of CEOC and guaranteed by Caesars. The aggregate face value of such notes is $893.2 million. As a result of the Private Placement, HBC holds $427.2 million face value of the outstanding 5.625% Senior Notes due 2015, $384.9 million face value of the outstanding 5.75% Senior Notes due 2017 and $324.4 million face value of the outstanding 6.5% Senior Notes due 2016.

(6) Consists of the book values of the following debt: $248.4 million of 12.375% senior secured term loan due 2016 incurred by Chester Downs, $67.1 million of principal obligations to fund Clark County, Nevada, Special Improvement District bonds and $11.8 million of miscellaneous other indebtedness.

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SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

The following table presents our selected historical consolidated financial data as of and for the periods presented. The selected historical consolidated financial data as of December 31, 2009 and 2010 and the periods from January 1, 2008 through January 27, 2008 and from January 28, 2008 through December 31, 2008, and for the years ended December 31, 2009 and 2010, 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, 2006 and 2007 and as of December 31, 2006, 2007 and 2008 have been derived from our audited consolidated financial statements not included in this prospectus.

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

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Caesars Entertainment Corporation

Selected Historical Consolidated Financial Data

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

Earnings per share basic						
Income/(loss) from continuing operations	$ 2.85	$ 2.83	$ (0.54)	$ (134.59)	$ 11.62	$ (14.58)
Discontinued operations, net	0.06	0.50		2.22		
Net income/(loss)	$ 2.91	$ 3.33	$ (0.54)	$ (132.37)	$ 11.62	$ (14.58)
Earnings per share diluted						
Income/(loss) from continuing operations	$ 2.79	$ 2.77	$ (0.54)	$ (134.59)	$ 6.88	$ (14.58)
Discontinued operations, net	0.06	0.48		2.22		
Net income/(loss)	$ 2.85	$ 3.25	$ (0.54)	$ (132.37)	$ 6.88	$ (14.58)
Dividends declared per common share	$ 1.53	$ 1.60	$	$	$	$

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	Predecessor			Successor		
	Year Ended December 31,		Jan. 1, 2008 through	Jan. 28, 2008 through	Year Ended December 31,	
(In millions except share data)	2006	2007	Jan. 27, 2008	Dec. 31, 2008	2009	2010
Basic weighted-average common shares outstanding	183,961,197	186,274,374	188,122,643	40,749,898	40,684,515	57,016,007
Diluted weighted-average common shares outstanding	187,996,983	190,557,097	188,122,643	40,749,898	120,225,295	57,016,007
Balance Sheet Data (at period end)						
Cash and cash equivalents	$ 799.6	$ 710.0		$ 650.5	$ 918.1	$ 987.0
Working capital	(610.2)	(126.1)		(536.4)	(6.6)	207.7
Total assets	22,284.9	23,357.7		31,048.6	28,979.2	28,587.7
Total book value of debt	12,089.9	12,440.4		23,208.9	18,943.1	18,841.1
Total stockholders equity/(deficit)	6,123.5	6,679.1		(1,360.8)	(867.0)	1,672.6
Other Financial Data						
Capital expenditures, net of change in construction payables	$ 2,500.1	$ 1,376.7	$ 125.6	$ 1,181.4	$ 464.5	$ 160.7

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DIVIDEND POLICY

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

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MANAGEMENT S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

In November 2010, Harrah s Entertainment, Inc. changed its name to Caesars Entertainment Corporation. Caesars Entertainment Corporation, a Delaware corporation, was incorporated on November 2, 1989, and prior to such date operated under predecessor companies. In this discussion, the words Caesars Entertainment, Company, we, our, and us refer to Caesars Entertainment Corporation, together with its subsidiaries where appropriate.

Overview

We are one of the largest casino entertainment providers in the world. As of December 31, 2010, we owned, operated or managed 52 casinos in seven countries, but primarily in the United States and England. Our casino entertainment facilities operate primarily under the Harrah s, Caesars and Horseshoe brand names in the United States, and 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 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 the entertainment experiences that we offer accordingly.

On January 28, 2008, Caesars Entertainment was acquired by affiliates of Apollo and 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 Caesars Entertainment stock received $90.00 in cash for each outstanding share of common stock. As a result of the Acquisition, the then issued and outstanding shares of non-voting common stock and the non-voting preferred stock of Caesars Entertainment were owned by entities affiliated with Apollo and TPG and certain co-investors and members of management, and the then issued and outstanding shares of voting common stock of Caesars Entertainment were owned by Hamlet Holdings LLC, which is owned by certain individuals affiliated with Apollo and TPG. As a result of the Acquisition, our stock is no longer publicly traded. During 2010, our shares of non-voting common stock and non-voting preferred stock were converted to a recently issued class of voting common stock, and our existing voting stock was canceled, as more fully described in Note 9 to our Consolidated Financial Statements, Preferred and Common Stock , included herein.

Regional Aggregation

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 believe, therefore, 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 meaningful information than would be possible on a consolidated basis, our casino properties as of December 31, 2010, 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[a]	Bally s Atlantic City	Horseshoe Bossier City	Harrah s Council Bluffs
Harrah s Las Vegas	Caesars Atlantic City	Grand Biloxi	Horseshoe Council Bluffs/
Paris Las Vegas	Harrah s Chester[c]	Harrah s Tunica	Bluffs Run
Rio			
		Horseshoe Tunica	
Imperial Palace			
		Tunica Roadhouse Hotel &	

Bill s Gamblin Hall & Saloon	Casino
Planet Hollywood Resort & Casino[b]	

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

(a) Includes O Shea s Casino, which is adjacent to this property.
(b) Acquired February 19, 2010.
(c) We have approximately 95 percent ownership interest in this property.
(d) Managed.
(e) We have a 50 percent interest in Windsor Casino Limited, which operates this property. The province of Ontario owns the complex.
(f) We operate/manage ten casino clubs in the provinces of the United Kingdom and two in Egypt. We have a 70 percent ownership interest in and manage one casino club in South Africa.

Consolidated Operating Results

In accordance with accounting principles generally accepted in the United States (GAAP), we have separated our historical financial results for the periods subsequent to the Acquisition (the Successor periods) and the period prior to the Acquisition (the Predecessor period). However, we have also combined results for the Successor and Predecessor periods for 2008 in the presentations below because we believe that it enables a meaningful presentation and comparison of results. As a result of the application of purchase accounting as of the Acquisition date, financial information for the Successor periods and the Predecessor period are presented on different bases and, therefore, are not comparable. We have reclassified certain amounts for prior periods to conform to our 2010 presentation.

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

	Successor			Predecessor		Percentage Increase/ (Decrease)	
(In millions)	2010	2009	Jan. 28, 2008 through Dec. 31, 2008	Jan. 1, 2008 through Jan. 27, 2008	Combined 2008	10 vs. 09	09 vs. 08
Casino revenues	$ 6,917.9	$ 7,124.3	$ 7,476.9	$ 614.6	$ 8,091.5	(2.9)%	(12.0)%
Net revenues	8,818.6	8,907.4	9,366.9	760.1	10,127.0	(1.0)%	(12.0)%
Income/(loss) from operations	532.3	(607.8)	(4,237.5)	(36.8)	(4,274.3)	N/M	85.8%
Impairment of intangible assets, including goodwill	193.0	1,638.0	5,489.6		5,489.6	N/M	N/M
Income/(loss) from operations before impairment charges	725.3	1,030.2	1,252.1	(36.8)	1,215.3	(29.6)%	(15.2)%
(Loss)/income from continuing operations, net of tax	(823.3)	846.4	(5,174.7)	(99.4)	(5,274.1)	N/M	N/M
Net (loss)/income attributable to Caesars Entertainment Corporation	(831.1)	827.6	(5,096.3)	(100.9)	(5,197.2)	N/M	N/M

N/M = Not Meaningful

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

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

Loss from continuing operations, net of tax, for the year ended December 31, 2010 was $823.3 million compared with income from continuing operations, net of tax, of $846.4 million for the year-ago period. Loss from continuing operations, net of tax, for the year ended December 31, 2010 included i) the aforementioned impairment charges for intangible assets and ii) gains related to the early extinguishment of debt of $115.6 million. Income from continuing operations, net of tax, for the year ended December 31, 2009 included i) the aforementioned impairment charges for intangible assets and ii) gains related to the early extinguishment of debt of $4,965.5 million. Gains on early extinguishments of debt in the year ended December 31, 2009 represented discounts related to the exchange of certain outstanding debt for new debt in the second quarter, CMBS debt repurchases in the fourth quarter, and purchases of certain of our debt in the open market during 2009. The gains were partially offset by the write-off of market value premiums and unamortized debt issue costs. These events are discussed more fully in the Liquidity and Capital Resources section that follows herein.

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

Regional Operating Results

On a consolidated basis, when compared with 2009, visitation by our rated players decreased 1 percent and the amount spent per rated-player trip decreased approximately 2 percent. Average daily room rates and occupancy were generally flat for 2010.

For the Las Vegas region, when compared with 2009, visitation by our rated players increased 4 percent for 2010, and the amount spent per rated-player trip decreased 4 percent. From a hotel perspective, revenue increased 9.2 percent when compared to 2009, as our occupancy increased 1.8 percentage points and our average daily room rates decreased 3 percent.

For the Atlantic City region, when compared with 2009, visitation by our rated players decreased 1 percent for 2010, and the amount spent per rated-player trip decreased 7 percent. From a hotel perspective, revenue increased 5 percent when compared to 2009, as our occupancy percentage was relatively consistent with the prior year and our average daily room rates increased 5 percent.

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For the remainder of our United States markets, visitation by our rated players for 2010 was down 3 percent while customer spend per rated trip increased 2 percent.

Further discussion of our results by region follow:

Las Vegas Results

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

On February 19, 2010, Caesars Entertainment Operating Company, Inc. (CEOC), a wholly-owned subsidiary of Caesars Entertainment Corporation, acquired 100% of the equity interests of PHW Las Vegas, LLC (PHW Las Vegas), which owns the Planet Hollywood Resort and Casino (Planet Hollywood) located in Las Vegas, Nevada. Net revenues and income from continuing operations before income taxes (excluding transaction costs associated with the acquisition) of Planet Hollywood subsequent to the date of acquisition through December 31, 2010 are included in consolidated results from operations.

Hotel occupancy remained above 90 percent, and revenues for the year ended December 31, 2010 increased 5.1 percent in the Las Vegas Region from 2009 due to our February 2010 acquisition of Planet Hollywood. On a same-store basis, revenues declined 3.5 percent for the year ended December 31, 2010, resulting primarily from decreased spend per visitor. Increased labor and depreciation expenses in the region combined with the income impact of reduced same-store revenues resulted in reduced income from operations for 2010, before consideration of impairment charges. Income from operations for the year ended December 31, 2010 includes incremental depreciation associated with the Caesars Palace expansions placed into service late in 2009, increased levels of remediation costs during 2010 at two properties within the region, and the write-off of assets associated with certain capital projects. Loss from operations for the year ended December 31, 2009 includes charges of $1,130.9 million related to impairment of intangible assets in the region.

An expansion and renovation of Caesars Palace Las Vegas was completed in stages during 2009 on the Octavius Tower, a new hotel tower with 110,000 square feet of additional meeting and convention space, three 10,000-square-foot luxury villa suites and an expanded pool and garden area. We have deferred completion of approximately 660 rooms, including 75 luxury suites, in the hotel tower expansion as a result of current economic conditions impacting the Las Vegas tourism sector. The convention center and the remainder of the expansion project, other than the deferred rooms, was completed during 2009. The Company has incurred capital expenditures of approximately $640.3 million on this project through December 31, 2010. The Company does not expect to incur significant additional capital expenditures on this project until construction on the deferred rooms is resumed, at which time the Company estimates that between approximately $90.0 million and $110.0 million will be required to complete the project. We anticipate initiating activity on this project during 2011. See Prospectus Summary Recent Developments Octavius Tower and the Linq Senior Secured Term Loan for more information about our plans regarding Octavius Tower and another development project, the Linq.

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

Atlantic City Results

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

The Atlantic City market continues to be affected by the current economic environment as well as competition from new casinos outside of Atlantic City and the mid-2010 introduction of table games in the Pennsylvania market.

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

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

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Louisiana/Mississippi Results

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

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

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

Construction began in third quarter 2007 on a casino and resort in Biloxi. We have halted construction on this project, and continue to evaluate our development options. As of December 31, 2010, approximately $180.0 million had been spent on this project.

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Iowa/Missouri Results

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

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

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

Illinois/Indiana Results

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

Revenues in the region decreased for the year ended December 31, 2010 from 2009 due to decreased customer spend per trip. Income from operations for the year ended December 31, 2010 included a charge of $58.0 million related to impairment of goodwill and other non-amortizing intangible assets at certain of the

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region s properties, partially offset by the benefit of a $23.5 million property tax accrual adjustment recorded in the fourth quarter 2010. Loss from operations for the year ended December 31, 2009 included a charge of $180.7 million related to impairment of intangible assets at certain of the region s properties. Income from operations, prior to consideration of impairment charges, increased for the year ended December 31, 2010 relative to 2009 as a result of reduced marketing expenses and the aforementioned property tax accrual adjustment.

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

Other Nevada Results

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

Results for the year ended December 31, 2010 for the Other Nevada Region declined from 2009 due to lower visitation and decreased customer spend per trip. Also contributing to the decline in income from operations for the year ended December 31, 2010 was a charge of $49.0 million, recorded during the second quarter of 2010, related to the impairment of goodwill and other non-amortizing intangible assets at one of the region s properties.

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

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Managed and International Results

(In millions)	Successor 2010	2009	Jan. 28, 2008 through Dec. 31, 2008	Predecessor Jan. 1, 2008 through Jan. 27, 2008	Combined 2008	Percentage Increase/(Decrease) 10 vs. 09	09 vs. 08
Revenues							
Managed	$ 43.9	$ 56.3	$ 59.1	$ 5.0	$ 64.1	(22.0)%	(12.2)%
International	431.1	403.8	375.7	51.2	426.9	6.8%	(5.4)%
Net revenues	$ 475.0	$ 460.1	$ 434.8	$ 56.2	$ 491.0	3.2%	(6.3)%
Income/(loss) from operations							
Managed	$ 11.9	$ 19.4	$ 22.1	$ 4.0	$ 26.1	(38.7)%	(25.7)%
International	10.5	(23.0)	(276.0)	2.2	(273.8)	N/M	91.6%
Income/(loss) from operations	$ 22.4	$ (3.6)	$ (253.9)	$ 6.2	$ (247.7)	N/M	98.5%
Impairment of intangible assets, including goodwill							
Managed	$	$	$	$	$	N/M	N/M
International	6.0	31.0	210.8		210.8	N/M	N/M
Total charges	$ 6.0	$ 31.0	$ 210.8	$	$ 210.8	N/M	N/M
Income/(loss) from operations before impairment							
Managed	$ 11.9	$ 19.4	$ 22.1	$ 4.0	$ 26.1	(38.7)%	(25.7)%
International	16.5	8.0	(65.2)	2.2	(63.0)	N/M	N/M
Income/(loss) from operations before impairment	$ 28.4	$ 27.4	$ (43.1)	$ 6.2	$ (36.9)	3.6%	N/M

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

Managed

We manage three tribal casinos. The table below gives the location and expiration date of the current management contracts for our three tribal casino properties as of December 31, 2010.

Casino	Location	Expiration of Management Agreement
Harrah s Rincon	near San Diego, California	November 2013
Harrah s Cherokee	Cherokee, North Carolina	November 2011
Harrah s Ak-Chin	near Phoenix, Arizona	December 2014

In December 2010, we formed Rock Ohio Caesars LLC, a joint venture with Rock Gaming, LLC, created to pursue casino developments in Cincinnati and Cleveland. Pursuant to the agreements forming the joint venture, we have committed to invest up to $200 million for an approximately 30% interest in the joint venture. As part of our investment, we also plan to contribute Thistledown Racetrack (Thistledown), a non-casino racetrack located outside Cleveland, Ohio, to the joint venture. Based upon this commitment, we have included Thistledown as a managed property. As of December 31, 2010 we have invested approximately $64.0 million in the joint venture.

The decline in revenues from our managed properties for the years ended December 31, 2010 and 2009, when compared to their respective prior periods, reflects the impact of the current economic environment on our managed properties, partially offset by incremental revenues of $7.2 million associated with our July 2010 acquisition of Thistledown.

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International

Our international results include the operations of our property in Punta del Este, Uruguay, and our London Clubs International Limited (London Clubs) entities. As of December 31, 2010, London Clubs owns or manages ten casinos in the United Kingdom, two in Egypt and one in South Africa. During 2009, one of the London Clubs owned properties, Fifty, was closed and liquidated.

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

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

Other Factors Affecting Net Income

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

N/M = Not meaningful

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Corporate Expense

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

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

Corporate expense includes expenses associated with share-based compensation plans in the amounts of $18.1 million, $16.4 million, $15.8 million, and $2.9 million for the years ended December 31, 2010 and 2009, the Successor period from January 28, 2008 through December 31, 2008, and the Predecessor period from January 1, 2008 through January 27, 2008, respectively.

Write-downs, reserves and recoveries

Write-downs, reserves and recoveries include various pre-tax charges to record certain long-lived tangible asset impairments, contingent liability or litigation reserves or settlements, project write-offs, demolition costs, remediation costs, recoveries of previously recorded reserves and other non-routine transactions. Given the nature of the transactions included within write-downs, reserves and recoveries, these amounts are not expected to be comparable from year-to-year, nor are the amounts expected to follow any particular trend from year-to-year.

Write-downs, reserves and recoveries for 2010 were $147.6 million, compared with $107.9 million in 2009. Included in write-downs, reserves and recoveries for the year ended December 31, 2010 with no comparable amounts in 2009 is an accrual of $25.0 million (see Note 14, Commitments and Contingent Liabilities to the Consolidated Financial Statements, included herein), and a charge of approximately $52.2 million to fully reserve a note receivable balance related to land and predevelopment costs contributed to a venture for development of a casino project in Philadelphia with which we were involved prior to December 2005. Also included in write-downs, reserves and recoveries for the year ended December 31, 2010 were charges of $29.0 million to write-off assets associated with certain capital projects in the Las Vegas and Atlantic City regions.

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

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

Also during 2009, associated with its closure and ultimate liquidation, we wrote off the assets and liabilities on one of our London Club properties. Because the assets and liabilities were in a net liability position, a pre-tax gain of $9.0 million was recognized in the fourth quarter of 2009. The recognized gain was partially offset by charges related to other projects. 2009 also included a reversal of an accrual for approximately $30.0 million due to a judgment against the Company that was vacated in third quarter of 2009. This amount was previously charged to write-downs, reserves and recoveries in 2006 and was reversed accordingly upon the vacated judgment.

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For additional discussion of write-downs, reserves and recoveries, refer to Note 11, Write-downs, Reserves and Recoveries, to our Consolidated Financial Statements, included herein.

Impairment of intangible assets

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

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

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

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

Acquisition and integration costs

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

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

Amortization of intangible assets

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

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

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Interest Expense

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

Interest expense declined by $272.1 million in the year ended December 31, 2009 compared to the same period in 2008 primarily due to lower debt levels resulting from debt exchanges completed in April 2009 and December 2008 and debt purchases on the open market during 2009. Interest expense for 2009, as a result of interest rate swap agreements and interest rate cap agreement, was (i) reduced $7.6 million due to measured ineffectiveness; (ii) increased $3.8 million due to amortization of deferred losses frozen in OCI; and (iii) increased $12.1 million due to losses originally deferred in OCI and subsequently reclassified to interest expense associated with hedges for which the forecasted future transactions are no longer probable of occurring. At December 31, 2009, our variable-rate debt, excluding $5,810 million of variable-rate debt for which we have entered into interest rate swap agreements, represents approximately 37% of our total debt, while our fixed-rate debt is approximately 63% of our total debt.

For additional discussion of interest expense, refer to Note 7, Debt, to our Consolidated Financial Statements, included herein.

(Gains)/losses on early extinguishments of debt

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

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

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

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

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

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

For additional discussion of extinguishments of debt, refer to Note 7, Debt, to our Consolidated Financial Statements, included herein.

Other income

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

Income tax (benefit)/provision

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

Income tax benefit for the year ended December 31, 2010 was primarily attributable to tax benefits associated with operating losses, partially offset by the non-deductibility of the impairment charges on goodwill and international income taxes. In 2009, income tax expense was primarily attributable to the tax impact of gains on early extinguishments of debt and the non-deductibility of the impairment charges on goodwill and other non-amortizing intangible assets. Refer to Note 12 Income Taxes, to our Consolidated Financial Statements, included herein.

Other items

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

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Liquidity And Capital Resources

Cost Savings Initiatives

Over the past three years, in light of the severe economic downturn and adverse conditions in the travel and leisure industry generally, Caesars Entertainment has undertaken comprehensive cost reduction efforts to right-size expenses with business levels. The efforts have included organizational restructurings within our functional and operating units, reduction of employee travel and entertainment expenses, rationalization of our corporate-wide marketing expenses, and procurement savings, among others. During the fourth quarter of 2010, the Company began a new initiative to attempt to reinvent certain aspects of its functional and operating units in an effort to gain significant further cost reductions and streamline our operations.

Since the inception of our cost initiatives programs, Caesars Entertainment has identified $856.3 million in estimated cost savings, of which approximately $648.8 million had been realized as of December 31, 2010. Included in the $856.3 million program size are additional initiatives that total $153.2 million identified during the fourth quarter of 2010.

Capital Spending and Development

In addition to the development and expansion projects discussed in the Regional 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, joint venture partners, specific project financing, guarantees of third-party debt and additional debt offerings. Our capital spending for the year ended December 31, 2010 totaled approximately $160.7 million. Estimated total capital expenditures for 2011 are expected to be between $425.0 million and $500.0 million.

Capital spending in 2009 totaled approximately $464.5 million. Our capital spending for the combined Predecessor and Successor periods of 2008 totaled approximately $1,307.0 million.

Liquidity

We generate substantial cash flows from operating activities, as reflected on the Consolidated Statements of Cash Flows in our audited Consolidated Financial Statements, included herein. We use the cash flows generated by our operations to fund debt service, to reinvest in existing properties for both refurbishment and expansion projects and to pursue additional growth opportunities via new development. 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, upon economic and other factors that are beyond our control, and disruptions in capital markets and restrictive covenants related to our existing debt could impact our ability to secure additional funds through

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financing activities. We believe that our cash and cash equivalents balance, our cash flows from operations and the financing sources discussed herein will be sufficient to meet our normal operating requirements during the next twelve months and to fund capital expenditures. In addition, we may consider issuing additional debt in the future to refinance existing debt or to finance specific capital projects. In connection with the Acquisition, we incurred substantial additional debt, which has significantly impacted our financial position.

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.

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

Our cash and cash equivalents totaled $987.0 million at December 31, 2010, compared to $918.1 million at December 31, 2009. The following provides a summary of our cash flows for the Successor periods ended December 31, 2010 and 2009, the Successor period from January 28, 2008 through December 31, 2008, and the Predecessor period from January 1, 2008 through January 27, 2008:

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

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The increase in cash and cash equivalents from 2009 to 2010 was primarily due to the scaling back of capital spending in our investing activities, and due to the net cash impact of our debt related activities. For additional information regarding cash provided by financing activities, refer to the Consolidated Statement of Cash Flows in our Consolidated Financial Statements, included herein.

Capital Resources

The majority of our debt is due in 2015 and beyond. Payments of short-term debt obligations and other commitments are expected to be made from operating cash flows and from borrowings under our established debt programs. Long-term obligations are expected to be paid through operating cash flows, refinancing of debt, joint venture partners or, if necessary, additional debt offerings.

The following table presents our outstanding debt as of December 31, 2010 and 2009:

Detail of Debt (dollars in millions)	**Final Maturity**	**Rate(s) at Dec. 31, 2010**	**Face Value at Dec 31, 2010**	**Book Value at Dec 31, 2010**	**Book Value at Dec. 31, 2009**
Credit Facilities and Secured Debt					
Term Loans B1-B3	2015	3.29%-3.30%	$ 5,815.1	$ 5,815.1	$ 5,835.3
Term Loans B4	2016	9.5%	990.0	968.3	975.3
Revolving Credit Facility	2014	3.23%-3.75%			427.0
Senior Secured notes	2017	11.25%	2,095.0	2,049.7	2,045.2
CMBS financing	2015*	3.25%	5,189.6	5,182.3	5,551.2
Second-Priority Senior Secured Notes	2018	12.75%	750.0	741.3	
Second-Priority Senior Secured Notes	2018	10.0%	4,553.1	2,033.3	1,959.1
Second-Priority Senior Secured Notes	2015	10.0%	214.8	156.2	150.7
Secured debt	2010	6.0%			25.0
Chester Downs term loan	2016	12.375%	248.4	237.5	217.2
PHW Las Vegas senior secured loan	2015**	3.12%	530.5	423.8	
Other	Various	4.25%-6.0%	1.4	1.4	
Subsidiary-guaranteed debt					
Senior Notes, including senior interim loans	2016	10.75%	478.6	478.6	478.6
Senior PIK Toggle Notes, including senior interim loans	2018	10.75%/11.5%	10.5	10.5	9.4
Unsecured Senior Debt					
5.5%	2010	5.5%			186.9
8.0%	2011	8.0%			12.5
5.375%	2013	5.375%	125.2	101.6	95.5
7.0%	2013	7.0%	0.6	0.6	0.7
5.625%	2015	5.625%	364.6	273.9	319.5
6.5%	2016	6.5%	248.7	183.8	251.9
5.75%	2017	5.75%	153.9	105.5	151.3
Floating Rate Contingent Convertible Senior Notes	2024	0.51%	0.2	0.2	0.2
Unsecured Senior Subordinated Notes					
7.875%	2010	7.875%			142.5
8.125%	2011	8.125%			11.4
Other Unsecured Borrowings					
5.3% special improvement district bonds	2035	5.3%	67.1	67.1	68.4
Other	Various	Various	1.0	1.0	18.1
Capitalized Lease Obligations					
6.42%-9.8%	to 2020	6.42%-9.8%	9.4	9.4	10.2