CAESARS ENTERTAINMENT Corp
Form 424B3
November 06, 2012
**Table of Contents**

**File No. 333-184517**
**Filed pursuant to Rule 424(b)(3)**

**PROSPECTUS**

# Caesars Entertainment Operating Company, Inc.

## OFFER TO EXCHANGE

**$1,250,000,000 aggregate principal amount of its 8.5% Senior Secured Notes due 2020, the issuance of which has been registered under the Securities Act of 1933, as amended,**

**for**

**any and all of its outstanding and unregistered 8.5% Senior Secured Notes due 2020.**

Caesars Entertainment Operating Company, Inc. (the Issuer ) hereby offers, upon the terms and subject to the conditions set forth in this prospectus and the accompanying applicable letter of transmittal (which together constitute the exchange offer ), to exchange up to $1,250,000,000 in aggregate principal amount of its registered 8.5% Senior Secured Notes due 2020 (the exchange notes ) and any guarantees thereof, for a like principal amount of its unregistered 8.5% Senior Secured Notes due 2020 (the original notes, and together with the exchange notes, the notes ). The terms of the exchange notes and the guarantees thereof are identical to the terms of the related original notes and the guarantees thereof in all material respects, except for the elimination of some transfer restrictions, registration rights and additional interest provisions relating to the original notes. The notes are irrevocably and unconditionally guaranteed by Caesars Entertainment Corporation and are secured by first-priority liens, subject to permitted liens, on certain assets of the Issuer and certain wholly owned, domestic subsidiaries of the Issuer that pledge their assets to secure the Issuer s senior secured credit facilities (the Subsidiary Pledgors ). Subject to the limitations described below and herein, the notes are secured by the pledge of the capital stock of CEOC and the capital stock of the Subsidiary Pledgors. The notes will be exchanged in denominations of $2,000 and in integral multiples of $1,000.

**We will exchange any and all original notes that are validly tendered and not validly withdrawn prior to 5:00 p.m., New York City time, on December 6, 2012 (the expiration date ), unless extended.**

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

**See Risk Factors beginning on page 25 of this prospectus for a discussion of certain risks that you should consider before participating in this exchange offer.**

Each broker-dealer that receives the exchange notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such new securities. The accompanying letter of transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of exchange notes received in exchange for original notes where such original notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. We have agreed that, starting on the expiration date and ending on the close of business one year after the expiration date, we will make this prospectus available to any broker-dealer for use in connection with any such resale. See Plan of Distribution .

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

**The date of this prospectus is November 6, 2012.**

Table of Contents

## TABLE OF CONTENTS



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

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

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

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 Bally s Las Vegas. We have omitted the ® and trademark designations for such trademarks named in this prospectus.

Until February 4, 2013 (90 days after the date of this prospectus), all dealers effecting transactions in the exchange notes, whether or not participating in the exchange offer, may be required to deliver a prospectus.

Table of Contents

## PROSPECTUS SUMMARY

*The following summary contains information about Caesars Entertainment Corporation, Caesars Entertainment Operating Company, Inc. and the notes. It does not contain all of the information that may be important to you in making a decision to participate in the offering. For a more complete understanding of Caesars Entertainment Corporation, Caesars Entertainment Operating Company, Inc. and the notes, 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 More Information. Unless otherwise noted or indicated by the context, the term Caesars and CEC refer to Caesars Entertainment Corporation, and the Company, we, us and our refer to Caesars and its consolidated subsidiaries, and CEOC refers to Caesars Entertainment Operating Company, Inc.*

*As of June 30, 2012, Caesars owned, operated or managed, through various subsidiaries, 53 casinos. In connection with the financing of the Acquisition described under The Acquisition Transactions, six casinos were spun or transferred out of CEOC to entities that are sister subsidiaries of CEOC. See The Acquisition Transactions CMBS Transactions. In addition, in connection with the Acquisition Transactions, London Clubs and its subsidiaries became subsidiaries of CEOC. See The Acquisition Transactions London Clubs Transfer. CEOC has remained a direct, wholly-owned subsidiary of Caesars and as of June 30, 2012 owned, operated or managed, through subsidiaries, 47 of our 53 casinos. Notwithstanding these spin-offs and transfers, management of Caesars continues to manage all of the properties of CEOC and those held by its sister subsidiaries as one company, but CEOC is not entitled to receive any direct contribution or proceeds from its sister subsidiaries operations. Caesars will guarantee the notes; the CMBS Borrowers (as defined below) will not guarantee the notes. As a result, you should review the financial and pro forma financial information of Caesars as well as the financial information of CEOC to obtain a meaningful and complete presentation of the CMBS Transactions and the London Clubs Transfer, among others.*

### Our Company

We are the world s most diversified casino-entertainment provider and the most geographically diverse U.S. casino-entertainment company. As of June 30, 2012, we owned, operated or managed, through various subsidiaries, 53 casinos in 13 U.S. states and seven countries. The majority of these casinos operate 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. Our casino entertainment facilities include 34 land-based casinos, 12 riverboat or dockside casinos, three managed casinos on Indian lands in the United States, one managed casino in Canada, one casino combined with a greyhound racetrack, one casino combined with a thoroughbred racetrack, and one casino combined with a harness racetrack. Our land-based casinos include one in Uruguay, nine in England, one in Scotland, two in Egypt, and one in South Africa. As of June 30, 2012, our facilities had an aggregate of approximately three million square feet of gaming space and approximately 43,000 hotel rooms. Our industry-leading customer loyalty program, Total Rewards, has over 40 million members. We use the Total Rewards system to market promotions and to generate customer play across our network of properties. In addition, we own an online gaming business, providing for real money casino, bingo, and poker games in the United Kingdom, alliances with online gaming providers in Italy and France, play for fun offerings in other jurisdictions, social games on Facebook and other social media websites, and mobile application platforms. We also own and operate the World Series of Poker tournament and brand.

We were incorporated on November 2, 1989 in Delaware and operated under predecessor companies prior to such date.

On January 28, 2008, Caesars was acquired by affiliates of Apollo Global Management, LLC ( Apollo ) and affiliates of TPG Capital, LP (together with such affiliates, TPG and, together with Apollo, the

Table of Contents

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. Subsequent to the Acquisition, CEC s stock was no longer publicly traded.

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

Effective February 8, 2012, as the result of CEC s public offering (the Public Offering ), CEC s common stock trades on the NASDAQ Global Select Market under the symbol CZR.

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

**Our Sponsors**

**Apollo**

Founded in 1990, Apollo is a leading global alternative asset manager with offices in New York, Los Angeles, London, Frankfurt, Luxembourg, Singapore, Hong Kong and Mumbai. As of June 30, 2012, Apollo had assets under management of approximately $104.9 billion in its private equity, capital markets and real estate businesses.

**TPG**

TPG is a leading global private investment firm founded in 1992 with $51.5 billion of capital under management and offices in San Francisco, Beijing, Fort Worth, Hong Kong, London, Luxembourg, Melbourne, Moscow, Mumbai, New York, Paris, Shanghai, Singapore and Tokyo. TPG has extensive experience with global public and private investments executed through leveraged buyouts, recapitalizations, spinouts, growth investments, joint ventures and restructurings.

**Table of Contents**

## Organizational Structure

The chart below is a summary of the organizational structure of CEC and CEOC as of June 30, 2012, and illustrates the long-term debt that will be outstanding following the exchange offer.

(1) Shares held by funds affiliated with and controlled by the Sponsors and their co-investors, representing 69.9% of Caesars outstanding common stock, are subject to the irrevocable proxy that gives Hamlet Holdings LLC, the members of which are comprised of an equal number of individuals affiliated with the Sponsors, sole voting and sole dispositive power with respect to such shares.

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

(3) Includes captive insurance subsidiaries, Harrah s BC, Inc. ( HBC ) and Caesars Interactive Entertainment, Inc. and its subsidiaries.

(4) The subsidiaries of CEC that are borrowers under our CMBS Financing (the CMBS Borrowers ) and their respective subsidiaries do not guarantee, or pledge their assets as security for, the notes and do not guarantee

3

any of CEOC s debt securities set forth above or the senior secured credit facilities or any other indebtedness of CEOC and are not directly liable for any obligations thereunder.

(5) Upon the closing of the Acquisition, we entered into the senior secured credit facilities, which include a $2,000 million revolving credit facility that was reduced to $1,080.2 million due to debt retirements and the conversion of a portion of the revolving credit facility into an extended term loan subsequent to the closing of the Acquisition. As of June 30, 2012, after giving pro forma effect to the 9% Notes Offering Transactions, $699.6 million of additional borrowing capacity was available under our revolving credit facility, with an additional $97.9 million committed to back outstanding letters of credit, all of which is secured on a first priority basis.

(6) Includes (a) the 12.75% second-priority senior notes due 2018 issued under an indenture dated April 16, 2010, (b) the 10.00% second-priority senior notes due 2018 and the 10.00% second-priority senior notes due 2015 issued under a separate indenture on December 24, 2008 and (c) the 10.00% second-priority senior notes due 2018 issued under a separate indenture on April 15, 2009 (collectively, the Second Lien Notes ).

(7) Excludes notes currently held by HBC.

(8) This amount excludes amounts payable by CEOC to CEC on an Intercompany Note Payable and excludes the notes currently held by HBC.

(9) The senior secured credit facilities, the 11.25% notes, the Second Lien Notes and the notes are secured by a pledge of assets by the same wholly-owned domestic subsidiaries of CEOC, provided, however, that the equity interests of CEOC and of CEOC s subsidiaries that have been pledged to secure CEOC s obligations under its first lien indebtedness have not been pledged to secure CEOC s obligations under the Second Lien Notes.

(10) Includes non-domestic subsidiaries, non-wholly owned subsidiaries (including Chester Downs and Marina, LLC ( Chester Downs )) and unrestricted subsidiaries (including PHW Las Vegas, LLC, Octavius Linq Holding Co., LLC and the Escrow Issuers). None of these entities is a borrower under CEOC s senior secured credit facilities or a guarantor of, or pledgor with respect to, any other existing debt of CEOC. The Planet Hollywood Loan, the 9.25% Senior Secured Notes due 2020 of Chester Downs and the $450.0 million Octavius Linq Holding Co., LLC senior secured loan are non-recourse to CEOC, CEC or any other subsidiaries of CEC.

Table of Contents

## Recent Developments

### 9% Notes Offering Transactions

***Issuance of 9% Notes***

On August 22, 2012, Caesars Operating Escrow LLC and Caesars Escrow Corporation (the Escrow Issuers ), wholly owned subsidiaries of CEOC, completed the offering of $750,000,000 aggregate principal amount of 9% Senior Secured Notes due 2020 (the 9% notes ). The Escrow Issuers deposited the gross proceeds of the 9% notes, together with additional amounts necessary to redeem the notes, if applicable, into a segregated escrow account until the date that certain escrow conditions were satisfied. The escrow conditions included, among other things, the assumption by CEOC all obligations of the Escrow Issuers under the 9% notes (the CEOC Assumption ) and the receipt of required regulatory approvals. On October 5, 2012, the escrow conditions were satisfied and the CEOC Assumption was consummated.

***Bank Transactions***

On October 5, 2012, CEOC consummated extension transactions with lenders under its senior secured credit facilities pursuant to which CEOC (i) extended the maturity of approximately $957.5 million aggregate principal amount of B-1, B-2 and B-3 term loans held by consenting lenders from January 28, 2015 to January 28, 2018, subject to the springing maturity referred to in the following sentence, and increased the interest rate with respect to such extended term loans ( Extended Term Loans ), which are new B-6 term loans under the senior secured credit facilities; (ii) converted approximately $210.3 million aggregate principal amount of original maturity revolver commitments held by consenting lenders to Extended Term Loans; and (iii) extended the maturity of approximately $12.2 million aggregate principal amount of original maturity revolver commitments held by consenting lenders who elected not to convert their commitments to term loans, from January 28, 2014 to January 28, 2017 and increased the interest rate and the undrawn commitment fee with respect to such extended revolver commitments. Additionally, on the closing date, lenders elected to convert an additional $66.3 million aggregate principal amount of original maturity revolver commitments to Extended Term Loans. The Extended Term Loans have a springing maturity to April 14, 2017 if more than $250.0 million of CEOC s 11.25% Senior Secured Notes due 2017 remain outstanding on April 14, 2017. As part of these transactions, CEOC repaid approximately $478.8 million principal amount of term loans of extending lenders and terminated approximately $144.4 million principal amount of revolving commitments of extending lenders (in excess of the amount of revolving facility commitments of converting lenders that were converted into Extended Term Loans). In addition to the foregoing, CEOC may elect to extend and/or convert additional term loans and/or revolver commitments from time to time. The transactions described in this paragraph are collectively referred to as the Bank Transactions.

After taking into account of the extensions, repayments and commitment reductions described above, as of October 5, 2012, there was approximately $2,663.9 million of Term B-6 Loans outstanding, $1,026.4 million of B-1, B-2 and B-3 term loans outstanding with a maturity of January 28, 2015, $757.1 million of revolving commitments outstanding with a maturity of January 28, 2014 and $31.1 million of revolving commitments outstanding with a maturity of January 28, 2017.

As used in this prospectus, the term 9% Notes Offering Transactions refers collectively to (1) the issuance of the 9% notes, (2) the CEOC Assumption described above and (3) the Bank Transactions.

### Harrah s St. Louis Disposition

On May 7, 2012, CEC entered into an Equity Interest Purchase Agreement (the Purchase Agreement ) with Penn National Gaming, Inc. ( Buyer ), CEOC, Harrah s Maryland Heights Operating Company ( HMHO ), Players Maryland Heights Nevada, LLC (together with CEOC and HMHO, the Selling Subsidiaries ) and Harrah s Maryland Heights, LLC, owner of the Harrah s St. Louis casino ( HMH ). Each of the Selling Subsidiaries and HMH are wholly-owned subsidiaries of CEC.

Table of Contents

Upon the terms and subject to the conditions set forth in the Purchase Agreement, the Buyer will purchase from the Selling Subsidiaries all of the equity interests of HMH for a purchase price of $610.0 million. The transactions contemplated by the Purchase Agreement are subject to customary closing conditions, including the receipt of regulatory approvals. The transactions are expected to close in the fourth quarter of 2012. We expect to use the net proceeds from the sale to fund CEOC capital expenditures or to repurchase certain outstanding debt obligations of CEOC. We refer to these transactions as the Harrah s St. Louis Disposition.

The footnotes in the sections entitled Summary Historical Consolidated Financial Data of Caesars Entertainment Corporation and Summary Historical Condensed Consolidated Financial Data of Caesars Entertainment Operating Company, Inc. included herein contain summary recasted information to reflect the pending sale of Harrah s St. Louis.

**Additional Information**

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

**Table of Contents**

**Summary of the Terms of the Exchange Offer**

In connection with the issuance of the original notes, CEOC entered into a registration rights agreement with the initial purchasers of the original notes. You are entitled to exchange in the exchange offer your original notes for exchange notes, which are identical in all material respects to the original notes except that:

- the exchange notes have been registered under the Securities Act and will be freely tradable by persons who are not affiliated with us;
- the exchange notes are not entitled to the registration rights applicable to the original notes under the registration rights agreement; and
- our obligation to pay additional interest on the original notes due to the failure to consummate the exchange offer by a prior date does not apply to the exchange notes.

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| Exchange Offer | CEOC is offering to exchange up to $1,250,000,000 aggregate principal amount of the exchange notes, which have been registered under the Securities Act, for an equal amount of the original notes. |
| | CEOC is also offering to satisfy certain of its obligations under the registration rights agreement that CEOC entered into in connection with the issuance of the original notes in transactions exempt from registration under the Securities Act. |
| | In order to exchange your original notes, you must properly tender them and we must accept your tender. We will exchange all outstanding original notes that are validly tendered and not validly withdrawn. Original notes may be exchanged only in denominations of $2,000 and integral multiples of $1,000 in excess thereof. |
| Expiration Date; Withdrawal of Tenders | The exchange offer will expire at 5:00 p.m., New York City time, on December 6, 2012, or such later date and time to which CEOC extends it. CEOC does not currently intend to extend the expiration date. A tender of original notes pursuant to the exchange offer may be withdrawn at any time prior to the expiration date. Any original notes not accepted for exchange for any reason will be returned without expense to the tendering holder promptly after the expiration or termination of the exchange offer. |
| Conditions to the Exchange Offer | The exchange offer is subject to customary conditions, some of which CEOC may waive. For more information, see The Exchange Offer Certain Conditions to the Exchange Offer. |
| Procedures for Tendering Original Notes | If you wish to accept the exchange offer, you must complete, sign and date the accompanying letter of transmittal, or a copy of the letter of transmittal, according to the instructions contained in this prospectus and the letter of transmittal. You must also mail or otherwise deliver the letter of transmittal, or the copy, together with the original notes and any other required documents, to the exchange agent at the address set forth on the cover of the letter of transmittal. If you hold original notes through The Depository Trust |

Company ( DTC ) and wish to participate in the exchange offer, you must comply with the

7

Table of Contents

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| | Automated Tender Offer Program procedures of DTC, by which you will agree to be bound by the letter of transmittal. |
| | By signing or agreeing to be bound by the letter of transmittal, you will represent to us that, among other things: |
| | any exchange notes that you receive will be acquired in the ordinary course of your business; |
| | you have no arrangement or understanding with any person or entity, including any of our affiliates, to participate in the distribution of the exchange notes; |
| | if you are a broker-dealer that will receive exchange notes for your own account in exchange for original notes that were acquired as a result of market-making activities, that you will deliver a prospectus, as required by law, in connection with any resale of the exchange notes; and |
| | you are not our affiliate as defined in Rule 405 under the Securities Act, or, if you are an affiliate, you will comply with any applicable registration and prospectus delivery requirements of the Securities Act. |
| Guaranteed Delivery Procedures | If you wish to tender your original notes and your original notes are not immediately available or you cannot deliver your original notes, the letter of transmittal or any other documents required by the letter of transmittal or comply with the applicable procedures under DTC s Automated Tender Offer Program prior to the expiration date, you must tender your original notes according to the guaranteed delivery procedures set forth in this prospectus under The Exchange Offer Guaranteed Delivery Procedures. |
| Effect on Holders of Original Notes | As a result of the making of, and upon acceptance for exchange of all validly tendered original notes pursuant to the terms of, the exchange offer, CEOC will have fulfilled a covenant contained in the registration rights agreement for the original notes and, accordingly, CEOC will not be obligated to pay additional interest as described in the registration rights agreement. If you are a holder of original notes and do not tender your original notes in the exchange offer, you will continue to hold such original notes and you will be entitled to all the rights and limitations applicable to the original notes in the indenture governing the original notes, except for any rights under the registration rights agreement that, by their terms, terminate upon the consummation of the exchange offer. |
| Consequences of Failure to Exchange | All untendered original notes will continue to be subject to the restrictions on transfer provided for in the original notes and in the indenture governing the original notes. In general, the original notes may not be offered or sold unless registered under the Securities Act, except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. Other than in connection with the exchange offer, CEOC does not currently anticipate that it will register the original notes under the Securities Act. |

**Table of Contents**

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| Resale of the Exchange Notes | Based on an interpretation by the staff of the SEC set forth in no-action letters issued to third parties, we believe that the exchange notes issued pursuant to the exchange offer in exchange for original notes may be offered for resale, resold and otherwise transferred by you (unless you are our affiliate within the meaning of Rule 405 under the Securities Act) without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that you:<br><br>are acquiring the exchange notes in the ordinary course of business; and<br><br>have not engaged in, do not intend to engage in, and have no arrangement or understanding with any person or entity, including any of Caesars affiliates, to participate in, a distribution of the exchange notes.<br><br>In addition, each participating broker-dealer that receives exchange notes for its own account pursuant to the exchange offer in exchange for original notes that were acquired as a result of market-making or other trading activity must also acknowledge that it will deliver a prospectus in connection with any resale of the exchange notes. For more information, see Plan of Distribution. Any holder of original notes, including any broker-dealer, who:<br><br>is our affiliate,<br><br>does not acquire the exchange notes in the ordinary course of its business, or<br><br>tenders in the exchange offer with the intention to participate, or for the purpose of participating, in a distribution of exchange notes,<br><br>cannot rely on the position of the staff of the Commission expressed in Exxon Capital Holdings Corporation, Morgan Stanley & Co., Incorporated or similar no-action letters and, in the absence of an exemption, must comply with the registration and prospectus delivery requirements of the Securities Act in connection with the resale of the exchange notes. |
| U.S. Federal Income Tax Considerations | The exchange of original notes for exchange notes in the exchange offer should not be a taxable event for U.S. federal income tax purposes. For more information, see U.S. Federal Tax Considerations. |
| Use of Proceeds | We will not receive any cash proceeds from the issuance of the exchange notes in the exchange offer. |
| Exchange Agent | U.S. Bank National Association is the exchange agent for the exchange offer. The address and telephone number of the exchange agent are set forth in the section captioned The Exchange Offer Exchange Agent. |

**Table of Contents**

**Summary of the Terms of the Exchange Notes**

The following summary highlights the material information regarding the exchange notes contained elsewhere in this prospectus.

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| Issuer | Caesars Entertainment Operating Company, Inc. |
| Exchange Notes offered | $1,250,000,000 aggregate principal amount of 8.5% Senior Secured Notes due 2020. |
| Maturity Date | The exchanges notes will mature on February 15, 2020. |
| Interest Rate | Interest on the exchange notes will be payable in cash and will accrue from the issue date of the exchange notes at a rate of 8.5% per annum. |
| Interest Payment Date | February 15 and August 15 of each year, commencing on August 15, 2012. |
| Ranking | The exchange notes:<br>will be senior indebtedness of CEOC;<br>will rank pari passu in right of payment with all existing and future senior indebtedness of CEOC,<br>will be senior in right of payment to all existing and future subordinated indebtedness of CEOC, and<br>will be effectively senior in right of payment to all senior indebtedness of CEOC that is unsecured or that is secured by a lien ranking junior in priority to the liens securing the exchange notes, in each case to the extent of the value of the assets securing the exchange notes, and<br>will be structurally subordinated in right of payment to all existing and future indebtedness and liabilities of subsidiaries of CEOC that are not Subsidiary Pledgors.<br>The exchange notes will have the benefit of a security interest in the collateral that will be first in priority and pari passu with the senior secured credit facilities, the 11.25% notes and the 9% notes, subject to permitted liens and exceptions described under Description of Exchange Notes Security for the Notes. All of CEOC s domestic wholly owned subsidiaries that pledge their assets and property to secure the loans under the senior secured credit facilities, the 11.25% notes, the 9% notes and other first priority lien obligations, if any, will become Subsidiary Pledgors with respect to the exchange notes, |

and their assets and property will secure the exchange notes to the extent described under Description of Exchange Notes Security for the Notes.

As of June 30, 2012, on a pro forma basis after giving effect to the 9% Notes Offering Transactions, the exchange notes would have ranked (1) effectively pari passu in right of payment to $8,724.8 million of senior secured credit facilities and other first lien debt (including the 11.25% notes and the 9% notes), (2) effectively senior in right of payment to $5,517.9 million of second lien notes and

Table of Contents

(3) effectively senior in right of payment to $2,520.8 million of senior unsecured indebtedness, in each case, to the extent of the value of the collateral securing the exchange notes, of which $1,145.9 million is owed to CEC. In addition, as of June 30, 2012, on a pro forma basis after giving effect to the 9% Notes Offering Transactions, CEOC would have had $699.6 million of unutilized capacity under its senior secured revolving credit facility with an additional $97.9 million committed to back letters of credit. Subsidiaries of CEOC that are not Subsidiary Pledgors are obligors of $1,295.6 million of indebtedness (excluding intercompany indebtedness).

Substantially all of the operations of CEOC are conducted through its subsidiaries. The exchange notes will be effectively subordinated to holders of indebtedness and other creditors (including trade creditors) and preferred stockholders (if any) of subsidiaries of CEOC that are not Subsidiary Pledgors. See note 23 to our audited consolidated financial statements incorporated by reference in this prospectus for financial information regarding the Subsidiary Pledgors (the entities referred to therein as guarantors are identical to the entities that constitute the Subsidiary Pledgors). Further, holders of the exchange notes will have recourse to the collateral pledged by the Subsidiary Pledgors, but they will have no direct recourse to the Subsidiary Pledgors themselves.

Collateral

The exchange notes will be secured by a first priority security interest in the collateral granted to the collateral agent for the benefit of the holders of the exchange notes and other future parity lien debt that may be issued in compliance with the terms of the indenture governing the exchange notes. The collateral securing the exchange notes is the same as the collateral securing the senior secured credit facilities, the 11.25% notes and the 9% notes. The liens securing the exchange notes are pari passu in priority to the liens on the collateral securing the senior secured credit facilities, the 11.25% notes and the 9% notes. The liens securing the exchange notes and other first priority lien obligations will be held by the collateral agent under the senior secured credit facilities.

While the exchange notes will initially be secured by the pledge of CEOC s capital stock and the capital stock of the Subsidiary Pledgors, these pledges will be released to the extent that separate financial statements pursuant to Rule 3-16 of Regulation S-X would be required in connection with the filing of the registration statement, of which this prospectus forms a part, relating to the exchange notes. We expect that, as a result, a substantial portion of the capital stock of CEOC will be released. See Description of the Exchange Notes Security for the Notes.

Except as set forth above, the collateral securing the exchange notes is substantially all of CEOC s and the Subsidiary Pledgors property and assets that secure the senior secured credit facilities, the 11.25% notes and the 9% notes, which excludes: (i) any property or assets owned by any foreign subsidiaries, (ii) certain real property and

**Table of Contents**

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| | vessels, (iii) any vehicles, (iv) cash, deposit accounts and securities accounts (to the extent that a lien thereon must be perfected by any action other than the filing of customary financing statements), (v) subject to limited exceptions, any assets or any right, title or interest in any license, contract or agreement to the extent that taking a security interest in any of them would violate any applicable law or regulation (including gaming regulations) or any enforceable contractual obligation binding on the assets or would violate the terms of any such license, contract or agreement, and (vi) certain other limited exclusions. For more information, see Description of Exchange Notes Security for the Notes. |
| Parent Guarantee | The exchange notes will be irrevocably and unconditionally guaranteed by Caesars, subject to certain limitations. See Description of Exchange Notes Parent Guarantee. |
| Optional Redemption | CEOC may redeem the exchange notes, in whole or in part, at any time prior to February 15, 2016, at a price equal to 100% of the principal amount of the exchange notes plus accrued and unpaid interest to the date of redemption and an applicable make-whole premium. Thereafter, the exchange notes may be redeemed at the option of CEOC on the redemption dates and at the redemption prices specified under Description of Exchange Notes Optional Redemption. |
| Optional Redemption After Certain Equity Offerings | On or prior to February 15, 2015, CEOC may redeem up to 35% of the aggregate principal amount of exchange notes with the net cash proceeds of one or more equity offerings at the redemption price specified under Description of Exchange Notes Optional Redemption. |
| Change of Control | If CEOC experiences a change of control (as defined in the indenture governing the exchange notes), CEOC will be required to make an offer to repurchase the exchange notes at a price equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of repurchase. See Description of Exchange Notes Change of Control. |
| Certain Covenants | The indenture governing the exchange notes contains covenants limiting CEOC s ability and the ability of its subsidiaries to:<br><br>incur additional debt or issue certain preferred shares;<br><br>pay dividends on or make distributions in respect of its capital stock or make other restricted payments;<br><br>make certain investments;<br><br>sell certain assets;<br><br>create liens on certain assets to secure debt; |

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

Table of Contents

| | |
|---|---|
| | enter into certain transactions with its affiliates; and |
| | designate its subsidiaries as unrestricted subsidiaries. |
| | The covenants are subject to a number of important limitations and exceptions. In addition, the restrictive covenants do not apply to Caesars. See Description of Exchange Notes. Certain covenants will cease to apply to the exchange notes for so long as the exchange notes have investment grade ratings from both Moody s Investors Service, Inc. and Standard & Poor s. |
| No Prior Market | The exchange notes will be new securities for which there is no market. Accordingly, a liquid market for the exchange notes may not develop or be maintained. |
| Risk Factors | See Risk Factors and the other information contained or incorporated by reference in this prospectus for a discussion of the factors you should carefully consider before deciding to invest in the exchange notes. |

Table of Contents

**Summary Historical Consolidated Financial Data of**

**Caesars Entertainment Corporation**

The following table presents CEC s summary historical consolidated financial data for the periods presented. The summary historical consolidated financial data for the years ended December 31, 2009, 2010 and 2011 are derived from and should be read in conjunction with CEC s audited consolidated financial statements incorporated by reference herein. The summary historical consolidated financial data for the six month periods ended June 30, 2011 and 2012 are derived from and should be read in conjunction with CEC s unaudited consolidated condensed financial statements incorporated by reference herein. Except as otherwise described herein, CEC s unaudited consolidated condensed financial statements have been prepared on a basis consistent with CEC s annual audited financial statements and, in the opinion of management, include all adjustments, consisting of normal recurring accruals, considered necessary for a fair presentation of such data.

| | Year ended December 31, 2009(1) | Year ended December 31, 2010(1) | Year ended December 31, 2011(1) (dollars in millions) | Six months ended June 30, 2011(2) | Six months ended June 30, 2012(2) |
|---|---|---|---|---|---|
| **Income Statement Data** | | | | | |
| Revenues | | | | | |
| Casino | $ 7,124.3 | $ 6,917.9 | $ 6,637.1 | $ 3,217.0 | $ 3,178.4 |
| Food and beverage | 1,479.3 | 1,510.6 | 1,534.4 | 748.2 | 768.7 |
| Rooms | 1,068.9 | 1,132.3 | 1,208.2 | 594.9 | 620.2 |
| Management fees | 56.6 | 39.1 | 35.8 | 18.0 | 21.9 |
| Other | 592.4 | 576.3 | 682.5 | 306.3 | 399.9 |
| Less: casino promotional allowances | (1,414.1) | (1,357.6) | (1,263.5) | (606.6) | (615.0) |
| Net revenues | 8,907.4 | 8,818.6 | 8,834.5 | 4,277.8 | 4,374.1 |
| Operating Expenses | | | | | |
| Direct | | | | | |
| Casino | 3,925.5 | 3,948.9 | 3,746.5 | 1,807.9 | 1,824.3 |
| Food and beverage | 596.0 | 621.3 | 665.7 | 322.6 | 332.9 |
| Rooms | 213.5 | 259.4 | 287.1 | 141.7 | 155.8 |
| Property, general, administrative and other | 2,018.8 | 2,061.7 | 2,118.5 | 1,027.5 | 1,034.7 |
| Depreciation and amortization | 683.9 | 735.5 | 712.5 | 341.7 | 364.6 |
| Write-downs, reserves, and project opening costs, net of recoveries | 52.2 | 149.7 | 96.0 | 47.7 | 30.6 |
| Intangible and tangible asset impairment charges | 1,697.3 | 193.0 | 11.0 | | 301.5 |
| Loss on interests in non-consolidated affiliates | 2.2 | 1.5 | 7.9 | 3.0 | 10.3 |
| Corporate expense | 150.7 | 140.9 | 152.8 | 78.6 | 93.5 |
| Acquisition and integration costs | 0.3 | 13.6 | 4.3 | 2.3 | 1.2 |
| Amortization of intangible assets | 174.8 | 160.8 | 156.7 | 78.6 | 86.4 |
| Total operating expenses | 9,515.2 | 8,286.3 | 7,959.0 | 3,851.6 | 4,235.8 |
| (Loss)/income from operations | (607.8) | 532.3 | 875.5 | 426.2 | 138.3 |
| Interest expense, net of interest capitalized | (1,892.5) | (1,981.6) | (2,122.3) | (998.0) | (1,058.5) |
| Gains on early extinguishments of debt | 4,965.5 | 115.6 | 47.9 | 47.9 | 79.5 |
| Other income, including interest income | 33.0 | 41.7 | 25.3 | 8.5 | 14.7 |
| Income/(loss) from continuing operations before income taxes | 2,498.2 | (1,292.0) | (1,173.6) | (515.4) | (826.0) |
| (Provision)/benefit for income taxes | (1,651.8) | 468.7 | 506.9 | 193.5 | 277.4 |
| Income/(loss) from continuing operations, net of income taxes | 846.4 | (823.3) | (666.7) | (321.9) | (548.6) |
| Discontinued operations | | | | | |
| Income from discontinued operations | | | | 39.5 | 41.9 |
| Provision for income taxes | | | | (15.5) | (16.2) |
| Income from discontinued operations, net of income taxes | | | | 24.0 | 25.7 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Net income/(loss) | | 846.4 | | (823.3) | | (666.7) | | (297.9) | | (522.9) |
| Less: net (income)/loss attributable to non-controlling interests | | (18.8) | | (7.8) | | (20.9) | | (5.0) | | 0.6 |
| Net income/(loss) attributable to Caesars | $ | 827.6 | $ | (831.1) | $ | (687.6) | $ | (302.9) | $ | (522.3) |
| **Other Financial Data** | | | | | | | | | | |
| Capital expenditures, net of changes in construction payables | $ | 464.5 | $ | 160.7 | $ | 283.2 | $ | 89.7 | $ | 192.2 |
| Ratio of earnings to fixed charges(3) | | 2.3x | | | | | | | | |

14

Table of Contents

(1) Amounts presented for the years ended December 31, 2009, 2010 and 2011 have not been restated to give effect to the Harrah s St. Louis Disposition. The table below recasts certain amounts in Caesars Entertainment Corporation s consolidated statements of comprehensive loss and consolidated statements of cash flows for the years ended December 31, 2009, 2010 and 2011 to reflect the results of Harrah s St. Louis as discontinued operations, and consolidated balance sheets as of December 31, 2010 and 2011 to reflect the assets and liabilities included in the purchase agreement as held for sale. See Recent Developments Harrah s St. Louis Disposition.

| | 2009 | | 2010 | | 2011 | |
|---|---|---|---|---|---|---|
| | As Reported | As Recast | As Reported | As Recast | As Reported | As Recast |
| | (in millions, except per share data) | | | | | |
| Net revenues | $ 8,907.4 | $ 8,624.4 | $ 8,818.6 | $ 8,556.2 | $ 8,834.5 | $ 8,576.8 |
| Income/(loss) from continuing operations, net of income taxes | 846.4 | 794.9 | (823.3) | (863.1) | (666.7) | (712.5) |
| Income from discontinued operations, net of income taxes | | 51.5 | | 39.8 | | 45.8 |
| Net income/(loss) | 846.4 | 846.4 | (823.3) | (823.3) | (666.7) | (666.7) |
| Earnings/(loss) per share basic: | | | | | | |
| Earnings/(loss) per share from continuing operations | 6.67 | 5.94 | (8.37) | (8.77) | (5.50) | (5.86) |
| Earnings per share from discontinued operations | | 0.73 | | 0.40 | | 0.36 |
| Earnings/(loss) per share basic | 6.67 | 6.67 | (8.37) | (8.37) | (5.50) | (5.50) |
| Earnings/(loss) per share diluted: | | | | | | |
| Earnings/(loss) per share from continuing operations | 3.95 | 3.70 | (8.37) | (8.77) | (5.50) | (5.86) |
| Earnings per share from discontinued operations | | 0.25 | | 0.40 | | 0.36 |
| Earnings/(loss) per share diluted | 3.95 | 3.95 | (8.37) | (8.37) | (5.50) | (5.50) |
| Assets held for sale current | | | | 14.6 | | 11.6 |
| Assets held for sale non-current | | | | 609.3 | | 593.4 |
| Liabilities held for sale current | | | | 13.2 | | 10.1 |
| Cash flows provided by operating activities | 220.2 | 148.0 | 170.8 | 104.7 | 123.1 | 59.8 |
| Cash flows used in investing activities | (523.3) | (518.1) | (287.9) | (286.2) | (1,017.0) | (1,011.8) |
| Cash flows from discontinued operations | | | | | | |
| Cash flows provided by operating activities | | 72.2 | | 66.1 | | 63.3 |
| Cash flows used in investing activities | | (5.2) | | (1.7) | | (5.2) |

(2) Amounts presented for the six months ended June 30, 2011 and 2012 reflect the results of Harrah s St. Louis as discontinued operations. See Recent Developments Harrah s St. Louis Disposition.

Table of Contents

(3) For purposes of computing the ratio of earnings to fixed charges, earnings consist of income before income taxes plus fixed charges and minority interests, excluding equity in undistributed earnings of less-than-50%-owned investments. Fixed charges include interest, amortization of debt expense, discount or premium related to indebtedness and such portion of rental expense we deem to be representative of interest. The method for calculating fixed charges for purposes of the ratio disclosed herein may differ from the method of calculating fixed charges under CEOC s debt agreements. Our earnings were insufficient to cover our fixed charges by $1,280.9 million, $1,175.8 million, $511.4 million and $826.5 million for the year ended December 31, 2010, the year ended December 31, 2011, the six months ended June 30, 2011 and the six months ended June 30, 2012, respectively.

Table of Contents

**Summary Historical Condensed Consolidated Financial Data of**

**Caesars Entertainment Operating Company, Inc.**

The following table presents the historical condensed consolidated financial data of CEOC and its consolidated subsidiaries for the years ended December 31, 2009, 2010 and 2011 and for the six month periods ended June 30, 2011 and 2012. CEOC does not report audited financial information on a stand-alone basis. Accordingly, the financial data presented herein for CEOC has been derived from CEC s financial statements for the relevant periods, as adjusted to remove the historical financial information of all subsidiaries of and account balances at CEC that are not components of CEOC.

We believe that the summary historical condensed consolidated financial data for CEOC as the issuer of the exchange notes offered hereby provides a meaningful presentation for investors to consider given other operations and activities of Caesars that are not included in the credit of CEOC, including the separate real estate financing by other subsidiaries of CEC.

You should read this data in conjunction with CEC s financial statements and the related notes incorporated by reference herein.

| | Year ended December 31, 2009(2) | Year ended December 31, 2010(2) | Year ended December 31, 2011(2) (dollars in millions) | Six months ended June 30, 2011(3) | Six months ended June 30, 2012(3) |
|---|---|---|---|---|---|
| **Income Statement Data(1)** | | | | | |
| Revenues | | | | | |
| Casino | $ 5,757.6 | $ 5,646.1 | $ 5,408.1 | $ 2,604.0 | $ 2,565.5 |
| Food and beverage | 946.3 | 1,012.4 | 1,033.1 | 499.1 | 509.4 |
| Rooms | 636.7 | 704.8 | 754.8 | 368.1 | 389.3 |
| Management fees | 56.6 | 39.1 | 35.8 | 18.0 | 21.9 |
| Other | 443.2 | 438.9 | 478.7 | 237.8 | 243.4 |
| Less: casino promotional allowances | (1,010.0) | (985.2) | (906.5) | (431.5) | (441.0) |
| Net revenues | 6,830.4 | 6,856.1 | 6,804.0 | 3,295.5 | 3,288.5 |
| **Operating Expenses** | | | | | |
| Direct | | | | | |
| Casino | 3,267.2 | 3,289.8 | 3,102.5 | 1,493.5 | 1,503.0 |
| Food and beverage | 345.0 | 385.5 | 422.1 | 203.6 | 206.6 |
| Rooms | 118.2 | 154.7 | 171.3 | 85.0 | 92.7 |
| Property, general, administrative and other | 1,466.6 | 1,499.0 | 1,516.4 | 738.0 | 691.0 |
| Depreciation and amortization | 523.5 | 573.2 | 556.1 | 265.1 | 285.7 |
| Write-downs, reserves, and project opening costs, net of recoveries | 15.5 | 123.8 | 91.9 | 43.4 | 26.5 |
| Intangible and tangible asset impairment charges | 1,238.2 | 193.0 | 11.0 | | 301.5 |
| (Income)/loss on interests in non-consolidated affiliates | (0.4) | 3.7 | 6.9 | 1.5 | 10.8 |
| Corporate expense | 110.7 | 107.5 | 120.9 | 63.7 | 76.8 |
| Acquisition and integration costs | 0.3 | 12.8 | 3.5 | 1.7 | 0.9 |
| Amortization of intangible assets | 115.2 | 101.3 | 97.1 | 48.6 | 51.3 |
| Total operating expenses | 7,200.0 | 6,444.3 | 6,099.7 | 2,944.1 | 3,246.8 |
| (Loss)/income from operations | (369.6) | 411.8 | 704.3 | 351.4 | 41.7 |
| Interest expense, net of interest capitalized | (1,678.5) | (1,782.0) | (2,030.9) | (954.8) | (1,014.1) |
| Gains/(losses) on early extinguishments of debt | 3,929.6 | (4.7) | | | |
| Other income, including interest income | 32.0 | 40.9 | 24.1 | 8.4 | 14.4 |

Table of Contents

| | Year ended December 31, 2009(2) | Year ended December 31, 2010(2) | Year ended December 31, 2011(2) | Six months ended June 30, 2011(3) | Six months ended June 30, 2012(3) |
|---|---|---|---|---|---|
| | | | (dollars in millions) | | |
| Income/(loss) from continuing operations before income taxes | 1,913.5 | (1,334.0) | (1,302.5) | (595.0) | (958.0) |
| (Provision)/benefit for income taxes | (1,287.2) | 490.9 | 533.5 | 223.5 | 325.7 |
| Income/(loss) from continuing operations, net of income taxes | 626.3 | (843.1) | (769.0) | (371.5) | (632.3) |
| Discontinued operations | | | | | |
| Income from discontinued operations | | | | 39.5 | 41.9 |
| Provision for income taxes | | | | (15.5) | (16.2) |
| Income from discontinued operations, net of income taxes | | | | 24.0 | 25.7 |
| Net income/(loss) | 626.3 | (843.1) | (769.0) | (347.5) | (606.6) |
| Less: net income attributable to non-controlling interests | (13.5) | (8.0) | (10.4) | (5.2) | (1.0) |
| Net income/(loss) attributable to Caesars Entertainment Operating Company, Inc. | $ 612.8 | $ (851.1) | $ (779.4) | $ (352.7) | $ (607.6) |
| **Other Financial Data** | | | | | |
| Capital expenditures, net of changes in construction payables | $ 437.8 | $ 135.4 | $ 248.9 | $ 76.6 | $ 159.6 |
| Property EBITDA(4) | 1,633.4 | 1,527.1 | 1,591.7 | 824.0 | 843.6 |
| Ratio of earnings to fixed charges(5) | 2.1x | | | | |

| | Last twelve months ended June 30, 2012 (in millions) |
|---|---|
| LTM Adjusted EBITDA Pro Forma(6) | $ 1,530.1 |

(1) CEOC operates businesses that have inherently low variable costs such that positive change in revenues should drive relatively large improvements in income from operations and EBITDA. A key determinant of hotel revenues is the average daily hotel rate, or ADR, that is charged. Increases in ADR would drive nearly a dollar for dollar improvement in income from operations and EBITDA and on CEOC s room base of approximately 28,000 rooms, CEOC anticipates that a $5 increase in ADR on an annual basis would equate to an improvement to annual income from operations and EBITDA of approximately $39 million. CEOC s average system-wide ADR was $110 in 2007, compared to $100 during the last twelve months ended June 30, 2012. Likewise, CEOC anticipates that a $5 improvement in spend per rated customer gaming trip would equate to an improvement to its annual income from operations and EBITDA of approximately $80 million, and a $5 improvement per unrated customer gaming trip would equate to an improvement to its annual income from operations and EBITDA of approximately $65 million. Average spending per rated customer gaming trip declined from $184 in 2007 to $154 during the last twelve months ended June 30, 2012. While CEOC uses 2007 as a measurement for its financial performance and the gaming industry in general, CEOC may not attain those financial levels in the near term, or at all.

(2) Amounts presented for the years ended December 31, 2009, 2010 and 2011 have not been restated to give effect to the Harrah s St. Louis Disposition. The table below recasts certain amounts in CEOC s consolidated condensed statements of operations and consolidated condensed statements of cash flows for the years ended December 31, 2009, 2010 and 2011 to reflect the results of Harrah s St. Louis as

discontinued operations, and consolidated condensed balance sheets as of December 31, 2010 and 2011 to reflect the assets and liabilities included in the purchase agreement as held for sale. See Recent Developments Harrah s St. Louis Disposition.

| | 2009 | | 2010 | | 2011 | |
|---|---|---|---|---|---|---|
| | As Reported | As Recast | As Reported | As Recast | As Reported | As Recast |
| | | | (in millions) | | | |
| Net revenues | $ 6,830.4 | $ 6,547.4 | $ 6,856.1 | $ 6,593.7 | $ 6,804.0 | $ 6,546.3 |
| Income/(loss) from continuing operations, net of income taxes | 626.3 | 574.8 | (843.1) | (882.9) | (769.0) | (814.8) |
| Income from discontinued operations, net of income taxes | | 51.5 | | 39.8 | | 45.8 |
| Net income/(loss) | 626.3 | 626.3 | (843.1) | (843.1) | (769.0) | (769.0) |
| Assets held for sale current | | | | 14.6 | | 11.6 |
| Assets held for sale non-current | | | | 609.3 | | 593.4 |
| Liabilities held for sale current | | | | 13.2 | | 10.1 |
| Cash flows used in operating activities | (98.3) | (170.5) | (207.9) | (274.0) | (235.7) | (299.0) |
| Cash flows used in investing activities | (496.6) | (491.4) | (257.4) | (255.7) | (768.2) | (763.0) |
| Cash flows from discontinued operations | | | | | | |
| Cash flows provided by operating activities | | 72.2 | | 66.1 | | 63.3 |
| Cash flows used in investing activities | | (5.2) | | (1.7) | | (5.2) |

(3) Amounts presented for the six months ended June 30, 2011 and 2012 reflect the results of Harrah s St. Louis as discontinued operations. See Recent Developments Harrah s St. Louis Disposition.

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

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

Table of Contents

| (In millions) | Year Ended December 31, 2009 | Year Ended December 31, 2010 | Year ended December 31, 2011 | Six months ended June 30, 2011 | Six months ended June 30, 2012 |
|---|---|---|---|---|---|
| Net income/(loss) attributable to CEOC | $ 612.8 | $ (851.1) | $ (779.4) | $ (352.7) | $ (607.6) |
| Net income attributable to non-controlling interests | 13.5 | 8.0 | 10.4 | 5.2 | 1.0 |
| Net loss/(loss) | 626.3 | (843.1) | (769.0) | (347.5) | (606.6) |
| Income from discontinued operations, net of income taxes | | | | (24.0) | (25.7) |
| Net income/(loss) from continuing operations, net of income taxes | | | | (371.5) | (632.3) |
| Provision/(benefit) for income taxes | 1,287.2 | (490.9) | (533.5) | (223.5) | (325.7) |
| Income/(loss) from continuing operations before income taxes | 1,913.5 | (1,334.0) | (1,302.5) | (595.0) | (958.0) |
| Other income, including interest income | (32.0) | (40.9) | (24.1) | (8.4) | (14.4) |
| (Gains)/losses on early extinguishments of debt | (3,929.6) | 4.7 | | | |
| Interest expense, net of interest capitalized | 1,678.5 | 1,782.0 | 2,030.9 | 954.8 | 1,014.1 |
| (Loss)/income from operations | (369.6) | 411.8 | 704.3 | 351.4 | 41.7 |
| Depreciation and amortization | 523.5 | 573.2 | 556.1 | 265.1 | 285.7 |
| Amortization of intangible assets | 115.2 | 101.3 | 97.1 | 48.6 | 51.3 |
| Intangible and tangible asset impairment charges | 1,238.2 | 193.0 | 11.0 | | 301.5 |
| Write-downs, reserves, and project opening costs, net of recoveries | 15.5 | 123.8 | 91.9 | 43.4 | 26.5 |
| Acquisition and integration costs | 0.3 | 12.8 | 3.5 | 1.7 | 0.9 |
| (Income)/loss on interests in non-consolidated affiliates | (0.4) | 3.7 | 6.9 | 1.5 | 10.8 |
| Corporate expense | 110.7 | 107.5 | 120.9 | 63.7 | 76.8 |
| EBITDA attributable to Harrah s St. Louis | | | | 48.6 | 48.4 |
| Property EBITDA | $ 1,633.4 | $ 1,527.1 | $ 1,591.7 | $ 824.0 | $ 843.6 |

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

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

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

does not reflect CEOC s corporate expenses not specifically related to its properties, including, without limitation, management fees that may be paid to the Sponsors;

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

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

(5) For purposes of computing the ratio of earnings to fixed charges, earnings consist of income before income taxes plus fixed charges and minority interests, excluding equity in undistributed earnings of less-than-50%-owned investments. Fixed charges include interest, amortization of debt expense, discount or premium related to indebtedness and such portion of rental expense management deems to be representative of interest. The method for calculating fixed charges for purposes of the ratio disclosed herein may differ from the method of calculating fixed charges under CEOC s debt agreements. For the year ended December 31, 2010, the year ended December 31, 2011, the six months ended June 30, 2011 and the six months ended June 30, 2012, CEOC s earnings were insufficient to cover its fixed charges by $1,322.1 million, $1,313.8 million, $591.2 million and $959.7 million, respectively.

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

Accordingly, CEOC believes it is useful to provide the calculation of LTM Adjusted EBITDA Pro Forma for purposes of determining its ability to engage in these activities. CEOC is in compliance with all the covenants under its various debt agreements. CEOC also presents LTM Adjusted EBITDA Pro Forma to provide investors with additional information regarding the pro forma impact of properties that are anticipated to be acquired or disposed and of yet-to-be realized savings from CEOC s cost savings initiatives.

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

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

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

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

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

- does not reflect changes in, or cash requirements for, CEOC s working capital needs;

- does not reflect CEOC s capital expenditures, future requirements for capital expenditures or contractual commitments; and

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

LTM Adjusted EBITDA Pro Forma includes further adjustments for pro forma adjustments for yet-to-be realized cost savings. No assurance can be given that such cost savings will occur. See Item 1A. Risk Factors We may not realize any or all of our projected cost savings, which would have the effect of reducing our LTM Adjusted EBITDA Pro Forma, which would have a negative effect on our results of operations and negatively impact our covenant calculation and could have a negative effect on our stock price included in our Annual Report on Form 10-K for the year ended December 31, 2011, which is incorporated by reference in this prospectus.

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

Adjustments similar to the ones reflected in the calculation of LTM Adjusted EBITDA Pro Forma have been recorded in earlier periods, and similar types of adjustments can reasonably be expected to be recorded in future periods. CEOC s presentation of LTM Adjusted EBITDA Pro Forma should not be construed as in inference that its future results will be unaffected by unusual or non-recurring items. Using only the non-GAAP earnings measure would have material limitations because its calculation is based on the subjective determination of management regarding the nature and classification of events and circumstances that investors may find material. Management compensates for these limitations by using both GAAP and non-GAAP earnings measures reflected above to understand and analyze the results of the business. CEOC believes investors find the non-GAAP information helpful in understanding the ongoing performance of operations separate from items that may have a disproportionate positive or negative impact on CEOC s financial results in any particular period.

Table of Contents

Set forth below is a reconciliation of net income/(loss) attributable to CEOC, CEOC s most comparable measure in accordance with GAAP, to LTM Adjusted EBITDA Pro Forma for the last twelve months ended June 30, 2012:

| (In Millions) | (1) Six months ended June 30, 2012 | (2) Six months ended June 30, 2011 | (3) Year ended December 31, 2011 | (4) Last twelve months ended June 30, 2012 |
|---|---|---|---|---|
| Net loss attributable to CEOC | $ (607.6) | $ (352.7) | $ (779.4) | $ (1,034.3) |
| Interest expense, net of capitalized interest and interest income | 1,001.2 | 946.4 | 2,007.5 | 2,062.3 |
| Benefit for income taxes(a) | (309.5) | (208.0) | (533.5) | (635.0) |
| Depreciation and amortization(b) | 349.8 | 328.7 | 665.3 | 686.4 |
| EBITDA | 433.9 | 714.4 | 1,359.9 | 1,079.4 |
| Project opening costs, abandoned projects and development costs(c) | 16.5 | 3.9 | 36.4 | 49.0 |
| Acquisition and integration costs(d) | 0.9 | 1.7 | 3.5 | 2.7 |
| Net income attributable to non-controlling interests, net of (distributions)(e) | (1.8) | 1.3 | 0.6 | (2.5) |
| Impairment of intangible and tangible assets(f) | 301.5 | | 11.0 | 312.5 |
| Non-cash expense for stock compensation benefits(g) | 16.5 | 9.9 | 21.3 | 27.9 |
| Adjustments for recoveries from insurance claims for flood losses(h) | (6.6) | 14.0 | 6.6 | (14.0) |
| Other items(i) | 27.1 | 45.0 | 74.5 | 56.6 |
| Adjusted EBITDA | $ 788.0 | $ 790.2 | $ 1,513.8 | 1,511.6 |
| Pro forma adjustment for estimated cost savings yet to be realized(j) | | | | 103.0 |
| Pro forma adjustment for discontinued operations(k) | | | | (84.5) |
| LTM Adjusted EBITDA Pro Forma | | | | $ 1,530.1 |

(a) Amounts include the provision for income taxes related to discontinued operations of $16.2 million, $15.5 million, and $29.5 million for the six months ended June 30, 2012 and 2011, and for the year ended December 31, 2011, respectively.

(b) Amounts include depreciation and amortization related to discontinued operations of $6.5 million, $9.1 million, and $18.2 million for the six months ended June 30, 2012 and 2011, and for the year ended December 31, 2011, respectively.

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

(d) Amounts include certain costs associated with development activities in Ohio, Massachusetts, and other markets which are infrequently occurring costs and associated with acquisition initiatives.

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

Table of Contents

(f) Amounts represent non-cash charges to impair intangible and tangible assets primarily resulting from changes in the business outlook in light of economic conditions.

(g) Amounts represent non-cash stock-based compensation expense related to stock options granted to CEOC s employees.

(h) Amounts represent adjustments for insurance claims related to lost profits during the floods that occurred in 2011.

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

(j) Amount represents adjustments of CEOC to reflect the impact of annualized run-rate cost savings and anticipated future cost savings to be realized from the Company s announced Project Renewal and other profitability improvement programs.

(k) Per CEOC s senior secured credit facilities, EBITDA related to the discontinued operations of Harrah s St. Louis is deducted from LTM Adjusted EBITDA Pro Forma.

Table of Contents

## RISK FACTORS

*You should carefully consider the risk factors set forth below, as well as the other information contained in this prospectus or incorporated by reference in this prospectus. In addition to those listed below and elsewhere in this prospectus, you should also consider the risks, uncertainties and assumptions discussed under the caption Item 1A. Risk Factors included in our Annual Report on Form 10-K for the year ended December 31, 2011, which is incorporated by reference in this prospectus. Any of these 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. These risk factors may be amended, supplemented or superseded from time to time by other reports we file with the SEC in the future.*

### Risks Relating to the Exchange Offer

***You may have difficulty selling the original notes that you do not exchange.***

If you do not exchange your original notes for exchange notes in the exchange offer, you will continue to be subject to the restrictions on transfer of your original notes described in the legend on your original notes. The restrictions on transfer of your original notes arise because we issued the original notes under exemptions from, or in transactions not subject to, the registration requirements of the Securities Act and applicable state securities laws. In general, you may only offer or sell the original notes if they are registered under the Securities Act and applicable state securities laws, or offered and sold under an exemption from these requirements. Except as required by the registration rights agreement, we do not intend to register the original notes under the Securities Act. The tender of original notes under the exchange offer will reduce the principal amount of the currently outstanding original notes. Due to the corresponding reduction in liquidity, this may have an adverse effect upon, and increase the volatility of, the market price of any currently outstanding original notes that you continue to hold following completion of the exchange offer. See The Exchange Offer Consequences of Failure to Exchange.

***There is no public market for the exchange notes, and we do not know if a market will ever develop or, if a market does develop, whether it will be sustained.***

The exchange notes are a new issue of securities for which there is no existing trading market. Accordingly, we cannot assure you that a liquid market will develop for the exchange notes, that you will be able to sell your exchange notes at a particular time or that the prices that you receive when you sell the exchange notes will be favorable.

We do not intend to apply for listing or quotation of the exchange notes on any securities exchange or automated quotation system. The liquidity of any market for the exchange notes is subject to a number of factors, including:

- the number of holders of exchange notes;
- our operating performance and financial condition;
- our ability to complete the offer to exchange the original notes for the exchange notes;
- the market for similar securities;
- the interest of securities dealers in making a market in the exchange notes; and
- prevailing interest rates.

We understand that one or more of the dealer managers and initial purchasers with respect to the original notes intend to make a market in the exchange notes. However, they are not obligated to do so, and any market-

Table of Contents

making activity with respect to the exchange notes may be discontinued at any time without notice. In addition, any market-making activity will be subject to the limits imposed by the Securities Act and the Exchange Act and may be limited during the exchange offer or the pendency of an applicable shelf registration statement. There can be no assurance that an active trading market will exist for the exchange notes or that any trading market that does develop will be liquid.

***You must comply with the exchange offer procedures in order to receive new, freely tradable exchange notes.***

Delivery of exchange notes in exchange for original notes tendered and accepted for exchange pursuant to the exchange offer will be made only after timely receipt by the exchange agent of book-entry transfer of original notes into the exchange agent s account at DTC, as depositary, including an agent s message (as defined herein). We are not required to notify you of defects or irregularities in tenders of original notes for exchange. Original notes that are not tendered or that are tendered but we do not accept for exchange will, following consummation of the exchange offer, continue to be subject to the existing transfer restrictions under the Securities Act and, upon consummation of the exchange offer, certain registration and other rights under the registration rights agreement will terminate. See The Exchange Offer Procedures for Tendering and The Exchange Offer Consequences of Failure to Exchange.

***Some holders who exchange their original notes may be deemed to be underwriters, and these holders will be required to comply with the registration and prospectus delivery requirements in connection with any resale transaction.***

If you exchange your original notes in the exchange offer for the purpose of participating in a distribution of the exchange notes, you may be deemed to have received restricted securities and, if so, will be required to comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction.

**Risks Relating to the Notes and Other Indebtedness**

***The notes are structurally subordinated to all liabilities of CEOC s and CEC s subsidiaries that are not Subsidiary Pledgors.***

The notes are structurally subordinated to indebtedness and other liabilities of CEOC s subsidiaries that are not Subsidiary Pledgors, and the claims of creditors of these subsidiaries, including trade creditors, will have priority as to the assets of these subsidiaries. As of June 30, 2012, subsidiaries of CEOC that are not Subsidiary Pledgors had $1,295.6 million face value of outstanding indebtedness. In the event of a bankruptcy, liquidation or reorganization of any subsidiaries that are not Subsidiary Pledgors, these subsidiaries will pay the holders of their debts, holders of preferred equity interests and their trade creditors before they will be able to distribute any of their assets to CEOC. In addition, the guarantee of the notes by CEC is structurally subordinated to the CMBS Facilities of $4,829.1 million, as well as any other indebtedness of subsidiaries of CEC that are not also Subsidiary Pledgors. See notes 7 and 23 to the audited consolidated financial statements and notes 5 and 17 to the unaudited consolidated financial statements incorporated by reference in this prospectus for financial information regarding certain of CEOC s subsidiaries that are not subsidiary guarantors of certain other obligations of CEOC (the entities referred to therein as subsidiary guarantors are identical to the Subsidiary Pledgors).

The notes are not be secured by the assets of any of CEOC s non-U.S. subsidiaries or any other subsidiaries that are not wholly owned by CEOC. These subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts due pursuant to the notes, or to make any funds available therefore, whether by dividends, loans, distributions or other payments. Any right that CEC, CEOC or the Subsidiary Pledgors have to receive any assets of any of these subsidiaries upon their liquidation or reorganization, and the consequent rights of holders of notes to realize proceeds from the sale of any of those

Table of Contents

subsidiaries assets, will be effectively subordinated to the claims of those subsidiaries creditors, including trade creditors and holders of preferred equity interests of those subsidiaries.

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

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

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

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

In addition, not all of CEOC s assets secure the notes. See Description of Exchange Notes Security for the Notes. For example, the collateral does not include, among other things:

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

In addition, while the notes are initially secured by the pledge of CEOC s capital stock and the capital stock of the Subsidiary Pledgors, these pledges will be released to the extent that separate financial statements pursuant to Rule 3-16 of Regulation S-X would be required in connection with the filing of the registration statement of which this prospectus forms a part. Therefore, we expect that a substantial portion of the capital stock of CEOC will be released. See Description of Exchange Notes Security for the Notes.

Table of Contents

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

***Even though the holders of the notes benefit from a first-priority lien on the collateral that secures our senior secured credit facilities, our 11.25% notes and our 9% notes, the representative of the lenders under the senior secured credit facilities initially controls actions with respect to that collateral.***

The rights of the holders of the notes with respect to the collateral that secures the notes on a first-priority basis are subject to a first lien intercreditor agreement among all holders of obligations secured by that collateral on a first-priority basis, including the obligations under our senior secured credit facilities, our 11.25% notes and our 9% notes. Under the first lien intercreditor agreement, any actions that may be taken with respect to such collateral, including the ability to cause the commencement of enforcement proceedings against such collateral, to control such proceedings and to approve amendments to releases of such collateral from the lien of, and waive past defaults under, such documents relating to such collateral, are (1) at the direction of the authorized representative of the lenders under our senior secured credit facilities until (x) our obligations under our senior secured credit facilities are discharged (which discharge does not include certain refinancings of our senior secured credit facilities) or (y) 180 days after the occurrence of an event of default under the agreement governing the series of first priority lien obligations representing the largest outstanding principal amount of indebtedness secured by a first-priority lien on the collateral (other than our senior secured credit facilities) and has complied with the applicable notice provisions and (2) after the discharge of our obligations under our senior secured credit facilities (which discharge does not include certain refinancings of our senior secured credit facilities), at the direction of the authorized representative of holders of the series of first priority lien obligations representing the largest outstanding principal amount of indebtedness secured by a first-priority lien on the collateral until (x) the discharge of our obligations under such series of first priority lien obligations representing the largest outstanding principal amount of indebtedness secured by a first-priority lien on the collateral (which discharge does not include certain refinancings of such first-lien obligations) or (y) 180 days after the occurrence of an event of default under the agreement governing the series of first priority lien obligations representing the second-largest outstanding principal amount of indebtedness secured by a first-priority lien on the collateral and has complied with the applicable notice provisions. Bank of America, N.A., the administrative agent under our senior secured credit facilities, is also the collateral agent for such facilities and is the collateral agent for the noteholders as well.

However, even if the authorized representative of the notes gains the right to direct the collateral agent in the circumstances described in clause 1(y) or 2(y) above, the authorized representative must stop doing so (and those powers with respect to the collateral would revert to the authorized representative of the lenders under our senior secured credit facilities) if, in the case of clause 1(y) above, the authorized representative of the lenders under the senior secured credit facilities or, in the case of clause 2(y) above, the authorized representative of the lenders under the series of first priority lien obligations representing the largest outstanding principal amount of indebtedness secured by a first-priority lien on the collateral (other than our senior secured credit facilities) has commenced and is diligently pursuing enforcement action with respect to the collateral or the grantor of the security interest in that collateral (whether our company or the applicable subsidiary guarantor) is then a debtor under or with respect to (or otherwise subject to) an insolvency or liquidation proceeding.

In addition, we currently have $2,095.0 million of 11.25% notes outstanding and $750.0 million of 9% notes outstanding. The senior secured credit facilities, the indenture governing the 11.25% notes, the indenture governing the 9% notes and the indenture governing the notes permit us to issue additional series of notes or

Table of Contents

other debt that also have a first-priority lien on the same collateral. At any time that the representative of the lenders under our senior secured credit facilities does not have the right to take actions with respect to the collateral pursuant to the first lien intercreditor agreement, that right passes to the authorized representative of the holders of the next largest outstanding principal amount of indebtedness secured by a first-priority lien on the collateral. As of the issue date of the exchange notes, that would be the authorized representative for the 11.25% notes and, if we issue additional first lien notes or other debt in the future in a greater principal amount than the notes, then the authorized representative for those additional notes or other debt would be next in line to exercise rights under the first lien intercreditor agreement, rather than the authorized representative for the notes.

Under the first lien intercreditor agreement, the authorized representative of the holders of the notes may not object following the filing of a bankruptcy petition to any debtor-in-possession financing or to the use of the shared collateral to secure that financing, subject to conditions and limited exceptions. After such a filing, the value of this collateral could materially deteriorate, and holders of the notes would be unable to raise an objection.

The collateral that secures the notes on a first-priority basis is also subject to any and all exceptions, defects, encumbrances, liens and other imperfections as may be accepted by the authorized representative of the lenders under our senior secured credit facilities or, if our senior secured credit facilities have been discharged, the authorized representative for the series of first priority lien obligations representing the largest outstanding principal amount of indebtedness secured by a first priority lien on the collateral, during any period that such authorized representative controls actions with respect to the collateral pursuant to the first lien intercreditor agreement. The existence of any such exceptions, defects, encumbrances, liens and other imperfections could adversely affect the value of the collateral securing the notes as well as the ability of the collateral agent to realize or foreclose on such collateral for the benefit of the holders of the notes. The initial purchasers of the original notes have neither analyzed the effect of, nor participated in any negotiations relating to, such exceptions, defects, encumbrances, liens and imperfections, and the existence thereof could adversely affect the value of the collateral that secures the notes as well as the ability of the collateral agent to realize or foreclose on such collateral for the benefit of the holders of the notes.

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

The collateral documents allow us to remain in possession of, retain exclusive control over, freely operate, and collect, invest and dispose of any income from, the collateral securing the notes, except, under certain circumstances, cash transferred to accounts controlled by the administrative agent under our senior secured credit facilities.

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

***The pledge of the capital stock, other securities and similar items of our subsidiaries that secure the notes will automatically be released from the lien on them and no longer constitute collateral to the extent and for so long as the pledge of such capital stock or such other securities would require the filing of separate financial statements with the SEC for the subsidiary.***

The notes and the guarantee are secured by a pledge of the stock of CEOC and certain of its subsidiaries. Under the SEC regulations in effect as of the issue date of the notes, if the par value, book value as carried by us

Table of Contents

or market value (whichever is greatest) of the capital stock, other securities or similar items of a subsidiary pledged as part of the collateral is greater than or equal to 20% of the aggregate principal amount of the notes then outstanding, such subsidiary would be required to provide separate financial statements to the SEC. Therefore, the indenture and the collateral documents provide that any capital stock and other securities of any of our subsidiaries will be excluded from the collateral to the extent and for so long as the pledge of such capital stock or other securities to secure the notes would cause such subsidiary to be required to file separate financial statements with the SEC pursuant to Rule 3-16 of Regulation S-X (as in effect from time to time). We expect that, as a result, a substantial portion of the capital stock of CEOC will be released.

In addition, the absence of a lien on a portion of the capital stock of a subsidiary pursuant to this provision in certain circumstances could result in less than a majority of the capital stock of a subsidiary being pledged to secure the notes, which could impair the ability of the collateral agent, acting on behalf of the holders of the notes, to sell a controlling interest in such subsidiary or to otherwise realize value on its security interest in such subsidiary s stock or assets.

As a result, holders of the notes could lose a portion or all of their security interest in the capital stock or other securities of those subsidiaries during such period. It may be more difficult, costly and time-consuming for holders of the notes to foreclose on the assets of a subsidiary than to foreclose on its capital stock or other securities, so the proceeds realized upon any such foreclosure could be significantly less than those that would have been received upon any sale of the capital stock or other securities of such subsidiary. See Description of Exchange Notes Security for the Notes.

***There are circumstances other than repayment or discharge of the notes under which the collateral securing the notes will be released automatically, without your consent or the consent of the trustee.***

Under various circumstances, collateral securing the notes will be released automatically, including:

- a sale, transfer or other disposal of such collateral in a transaction not prohibited under the indenture;

- to release excess proceeds and collateral excess proceeds that remain unexpended after the conclusion of an asset sale offer or a collateral asset sale offer conducted in accordance with the indenture;

- in respect of the property and assets of a Subsidiary Pledgor, upon the designation of such Subsidiary Pledgor to be an unrestricted subsidiary in accordance with the terms of the indenture;

- in respect of the property and assets of a Subsidiary Pledgor, upon the release or discharge of the pledge by such Subsidiary Pledgor of the credit agreement or other indebtedness or the guarantee of any other indebtedness which resulted in the obligation to become a Subsidiary Pledgor other than (x) in connection with a release or discharge by or as a result of payment in respect of the senior secured credit facilities or such other indebtedness or guarantees or (y) at any time that the senior secured credit facilities or such other indebtedness or guarantees does not constitute a majority of the aggregate principal amount of first lien obligations outstanding at such time; and

- with respect to the collateral upon which the notes have a first-priority lien, upon any release in connection with a foreclosure or exercise of remedies with respect to that collateral directed by the authorized representative then in control of actions with respect to the collateral pursuant to the first lien intercreditor agreement. Even though the holders of the notes share ratably with the lenders under our senior secured credit facilities and holders of our 11.25% notes, the authorized representative of the lenders under our senior secured credit facilities will initially control actions with respect to the collateral, whether or not the holders of the notes agree or disagree with those actions and, following the discharge of our obligations under or senior secured credit facilities, control will pass to the authorized representative under the agreement governing the largest outstanding principal amount of indebtedness secured by a first priority lien on the collateral, which may not be the Collateral Agent for the notes. See Even though the holders of the notes benefit from a first-priority lien on the collateral

Table of Contents

that secures our senior secured credit facilities, our 11.25% notes and our Existing 8.5% notes, the representative of the lenders under the senior secured credit facilities initially controls actions with respect to that collateral.

While the notes are initially secured by the pledge of CEOC s capital stock and the capital stock of the Subsidiary Pledgors, these pledges will be released to the extent that separate financial statements pursuant to Rule 3-16 of Regulation S-X would be required in connection with the filing of the registration statement related to the notes to which this prospectus forms a part. We expect that, as a result, a substantial portion of the capital stock of CEOC will be released. See Description of Exchange Notes Security for the Notes.

The indenture governing the notes permits us to designate one or more of our restricted subsidiaries that is a Subsidiary Pledgor of the notes as an unrestricted subsidiary. If we designate a Subsidiary Pledgor as an unrestricted subsidiary for purposes of the indenture governing the notes, all of the liens on any collateral owned by such subsidiary or any of its subsidiaries will be released under the indenture but not necessarily under our senior secured credit facilities. Designation of a Subsidiary Pledgor as an unrestricted subsidiary will reduce the aggregate value of the collateral securing the notes to the extent that liens on the assets of the unrestricted subsidiary and its subsidiaries are released. In addition, the creditors of the unrestricted subsidiary and its subsidiaries will have a senior claim on the assets of such unrestricted subsidiary and its subsidiaries. See Description of Exchange Notes.

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

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

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

***In the event of our bankruptcy, the ability of the holders of notes to realize upon the collateral will be subject to certain bankruptcy law limitations.***

The ability of holders of the notes to realize upon the collateral will be subject to certain bankruptcy law limitations in the event of our bankruptcy. Under federal bankruptcy law, secured creditors are prohibited from repossessing their security from a debtor in a bankruptcy case, or from disposing of security repossessed from such a debtor, without bankruptcy court approval, which may not be given. Moreover, applicable federal bankruptcy laws generally permit the debtor to continue to use and expend collateral, including cash collateral, and to provide liens senior to the collateral agent for the notes liens to secure indebtedness incurred after the commencement of a bankruptcy case, provided that the secured creditor either consents or is given adequate protection. Adequate protection could include cash payments or the granting of additional security, if and at such times as the presiding court in its discretion determines, for any diminution in the value of the collateral as a result of the stay of repossession or disposition of the collateral during the pendency of the bankruptcy case, the use of collateral (including cash collateral) and the incurrence of such senior indebtedness. In view of the broad discretionary powers of a bankruptcy court, it is impossible to predict how long payments under the notes could be delayed following commencement of a bankruptcy case, whether or when the collateral agent would repossess or dispose of the collateral, or whether or to what extent holders of the notes would be compensated for any delay in payment of loss of value of the collateral through the requirements of adequate protection. Furthermore, in the event the bankruptcy court determines that the value of the collateral is not sufficient to repay all amounts due on the notes, the indebtedness under the notes would be undersecured and the holders of the notes would have unsecured claims as to the difference. Federal bankruptcy laws do not permit the payment or accrual of interest, costs, and attorneys fees on undersecured indebtedness during the debtor s bankruptcy case.

***The collateral securing the notes may be diluted under certain circumstances.***

The collateral that secures the notes also secures our obligations under the senior secured credit facilities, the 11.25% notes and the 9% notes . This collateral may secure on a first priority basis additional senior indebtedness that CEOC or certain of its subsidiaries incurs in the future, subject to restrictions on their ability to incur debt and liens under the senior secured credit facilities, the indenture governing the 11.25% notes, the indenture governing the 9% notes and the indenture governing the notes. Your rights to the collateral would be diluted by any increase in the indebtedness secured on a first priority basis by this collateral.

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

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

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

- was left with inadequate capital to conduct its business; or

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

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

A court would likely find that CEOC or a Subsidiary Pledgor did not receive reasonably equivalent value or fair consideration for the notes or its pledge securing the notes (or guarantee, if applicable), if CEOC or a Subsidiary Pledgor did not substantially benefit directly or indirectly from the issuance of the notes. If a court were to void the issuance of the notes or any pledge (or guarantee, if applicable) you would no longer have any

Table of Contents

claim against CEOC or the applicable Subsidiary Pledgor. Sufficient funds to repay the notes may not be available from other sources, including the remaining obligors, if any. In addition, the court might direct you to repay any amounts that you already received from CEOC or a Subsidiary Pledgor.

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

- the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all of its assets; or
- if the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or
- it could not pay its debts as they become due.

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

***Delivery of security interests in collateral after the issue date of the original notes increases the risk that the other security interests could be avoidable in bankruptcy.***

Certain collateral, including mortgages on real property, was, or will be, granted as security after the issue date of the original notes. If the grantor of such security interest were to become subject to a bankruptcy proceeding, any mortgage or security interest in collateral delivered after the issue date of the original notes would face a greater risk than security interests in place on the issue date of being avoided by the pledgor (as debtor in possession) or by its trustee in bankruptcy as a preference under bankruptcy law if certain events or circumstances exist or occur, including if the pledgor is insolvent at the time of the pledge, the pledge permits the holders of the notes to receive a greater recovery than if the pledge had not been given and a bankruptcy proceeding in respect of the pledgor is commenced within 90 days following the pledge, or, in certain circumstances, a longer period. To the extent that the grant of any such security interest is voided as a preference, you would lose the benefit of the security interest.

***CEOC may not be able to repurchase the notes upon a change of control.***

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

***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 June 30, 2012, on a pro forma basis after giving effect to the 9% Notes Offering Transactions, CEOC had $19,873.5 million face value of outstanding indebtedness. This amount includes $1,145.9 million of notes that are held by HBC, all of which are deemed outstanding by CEOC but not by CEC. Assuming constant outstanding balances and interest rates, CEOC s debt service obligation for the next 12 months is $1,798.0 million, which includes required interest payments of $1,759.1 million.

Our substantial indebtedness could:

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

Any of the foregoing could have a material adverse effect on our business, financial condition, results of operations, prospects and ability to satisfy our obligations under the notes.

As our cash flow from operations is currently insufficient to fund our debt service obligations, we will be dependent on outside capital to supplement the funding of our debt service obligations and to fund projects and capital expenditures should our current liquidity be exhausted and our cash flows fail to improve. As a result, unless our cash flow from operations improves, we may be forced to reduce or delay capital expenditures, sell assets, raise debt or equity capital or seek to restructure or refinance our indebtedness, including the notes. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations.

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

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

For example, as of June 30, 2012, we had $982.3 million available for additional borrowing under our senior secured revolving credit facility after giving effect to $97.9 million in outstanding letters of credit thereunder, all of which would be secured. After giving pro forma effect to the 9% Notes Offering Transactions, we have $699.6 million borrowing availability under the revolving credit facility. None of our existing indebtedness limits

Table of Contents

the amount of debt that may be incurred by CEC. 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 and acquisition opportunities.

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

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

- incur additional debt or issue certain preferred shares;
- pay dividends on or make distributions in respect of our 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 CMBS Loans, our first lien notes, our second lien notes, the senior secured loan of PHW Las Vegas, LLC ( PHW Las Vegas ), the senior secured loan related to the development of the Octavius Tower, and a retail, dining and entertainment corridor located between the Imperial Palace Hotel and Casino and the Flamingo Las Vegas on the Las Vegas strip ( Project Linq ), or the senior secured notes 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. Specifically, our senior secured credit facilities requires us to maintain a senior secured leverage ratio of no more than 4.75 to 1.0, which is the ratio of our senior first priority secured debt to LTM Adjusted EBITDA Pro Forma. This ratio excludes up to $2,200.0 million of first priority senior secured notes and up to $350.0 million aggregate principal amount of consolidated debt of subsidiaries that are not wholly owned. This ratio also reduces the amount of senior first priority secured debt by the amount of unrestricted cash on hand. As of June 30, 2012, the senior secured leverage ratio was 4.30 to 1.0. In addition, under certain circumstances, our senior secured credit facilities allow us to apply cash contributions received by us as an increase to LTM Adjusted EBITDA Pro Forma if we are unable to meet its senior secured leverage ratio. Many factors affect our continuing ability to comply with the covenant, including (a) changes in gaming trips, spend per trip and hotel

**Table of Contents**

metrics, which are correlated to a consumer recovery, (b) increases in cost-savings actions, (c) asset sales, (d) issuing additional second lien or unsecured debt, (e) equity financings, (f) delays in investments in new developments, or (g) a combination thereof. 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 effect 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. If we are unable to satisfy or refinance our debt obligations as they come due, your interests as a noteholder may be adversely affected.***

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. Our ability to restructure or refinance our debt will depend on the condition of the capital markets and our financial condition at such time. As of June 30, 2012, after giving pro forma effect to the 9% Notes Offering Transactions, approximately $3,177.2 million face value of CEOC s indebtedness, including the PHW Las Vegas senior secured loan (assuming the extension option with respect to such debt is exercised), is scheduled to mature on or before December 31, 2015, representing approximately16% of CEOC s total pro forma face value of debt at June 30, 2012. In addition, the CMBS Financing is scheduled to mature in 2015, subject to our ability to exercise extension options to extend the maturity date to 2015, which ability to exercise such extension options is subject to certain conditions. For a discussion of our debt maturities, see Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Guarantees of Third-Party Debt and Other Obligations and Commitments Contractual Obligations in the annual and quarterly reports incorporated by reference in this prospectus. We do not expect that CEOC s cash flow from operations will be sufficient to repay this indebtedness, and we will have to seek a refinancing. We cannot predict at this time whether we will be able to secure any such refinancing, even if market conditions and our financial condition improve between now and then. Even if refinancing alternatives were available to us, we may not find them suitable or at comparable interest rates to the indebtedness being refinanced. In addition, the terms of existing or

36

Table of Contents

future debt agreements may restrict us from securing a refinancing on terms that are available to us at that time. In the absence of such operating results and resources, we would face substantial liquidity problems and would likely be required to dispose of material assets or operations to meet our debt service and other obligations. We may not be able to consummate those dispositions for fair market value or at all. Furthermore, any proceeds that we could realize from any such dispositions may not be adequate to meet our debt service obligations then due. We could also be required to reorganize our Company in its entirety. Neither the Sponsors nor any of their respective affiliates has any continuing obligation to provide us with debt or equity financing. Even if we are able to refinance our debt, any refinancing is likely to be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. For example, the interest rates on our first and second lien notes are substantially higher than the interest rates under our senior secured credit facility, and the interest rates on our first lien notes, the proceeds of which were used to refinance term loans under our senior secured credit facilities, are substantially higher than the interest rates applicable to such term loans. If we are unable to service our debt obligations generally, and if we are unable to refinance our debt obligations that mature in 2015 or thereafter, we cannot assure you that our Company will continue in its current state and your interests as a noteholder may be adversely affected.

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

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

***If CEOC defaults on its obligations to pay its other indebtedness, CEOC may not be able to make payments on the notes.***

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

Table of Contents

## 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 the cautionary statements.

We disclose important factors that could cause actual results to differ materially from our expectations under Risk Factors herein and under Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2011, which is incorporated by reference in this prospectus, and elsewhere in this prospectus, including, without limitation, in conjunction with the forward looking statements included in this prospectus. All subsequent written and oral forward looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by the cautionary statements. Some of the factors that we believe could materially affect our results include:

- the impact of the our substantial indebtedness;
- the impact, if any, of unfunded pension benefits under the multi-employer pension plans in which we participate;
- the effects of local and national economic, credit and capital market conditions on the economy in general, and on the gaming industry in particular;
- construction factors, including delays, increased costs of labor and materials, availability of labor and materials, zoning issues, environmental restrictions, soil and water conditions, weather and other hazards, site access matters and building permit issues;
- the effects of environmental and structural building conditions relating to our properties;
- 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 or hotel sales;

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

Table of Contents

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

access to insurance on reasonable terms for our assets;

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

the potential difficulties in employee retention and recruitment as a result of our substantial indebtedness 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  herein and under  Item 1A. Risk Factors  in our Annual Report on Form 10-K for the year ended December 31, 2011, which is incorporated by reference in this prospectus.

You are cautioned to not 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.

Table of Contents

## THE EXCHANGE OFFER

### Purpose and Effect of the Exchange Offer

We have entered into a registration rights agreement with the initial purchasers of the original notes, in which we agreed to file a registration statement relating to an offer to exchange the original notes for exchange notes. The registration statement of which this prospectus forms a part was filed in compliance with this obligation. We also agreed to use our commercially reasonable efforts to file such a registration statement with the SEC and to cause it to become effective under the Securities Act. The exchange notes will have terms substantially identical to the original notes except that the exchange notes will not contain terms with respect to transfer restrictions and registration rights and additional interest payable for the failure to consummate the exchange offer by the date set forth in the registration rights agreement. The original notes in an aggregate principal amount of $1,250,000,000 were issued on February 9, 2012 and remain outstanding.

Under the circumstances set forth below, we will use our commercially reasonable efforts to cause the SEC to declare effective a shelf registration statement with respect to the resale of the original notes and to keep the shelf registration statement effective for up to two years after the effective date of the shelf registration statement. These circumstances include:

- the exchange offer is not permitted by applicable law or SEC policy;
- prior to the consummation of the exchange offer, existing SEC interpretations are changed such that the debt securities received by the holders in the exchange offer would not be transferable without restriction under the Securities Act;
- if any initial purchaser so requests on or prior to the 60th day after consummation of this exchange offer with respect to original notes not eligible to be exchanged for the exchange notes and held by it following the consummation of this exchange offer; or
- if any holder that participates in this exchange offer does not receive freely transferable exchange notes in exchange for tendered original notes and so requests on or prior to the 60th day after the consummation of the exchange offer.

Each holder of original notes that wishes to exchange such original notes for transferable exchange notes in the exchange offer will be required to make the following representations:

- any exchange notes to be received by it will be acquired in the ordinary course of the holder s business;
- the holder has no arrangement or understanding with any person or entity, including any of our affiliates, to participate in the distribution (within the meaning of Securities Act) of the exchange notes in violation of the Securities Act;
- the holder is not our affiliate, as defined in Rule 405 under the Securities Act, or, if it is an affiliate, that it will comply with applicable registration and prospectus delivery requirements of the Securities Act; and
- if such holder is not a broker-dealer, that it is not engaged in, and does not intend to engage in, the distribution of the exchange notes and if such holder is a broker-dealer, that it will receive exchange notes for its own account in exchange for original notes that were acquired as a result of market-making activities or other trading activities and such holder will acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes.

In addition, each broker-dealer that receives exchange notes for its own account in exchange for original notes, where such original notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. See Plan of Distribution.

Table of Contents

**Resale of Exchange Notes**

Based on interpretations of the SEC staff set forth in no action letters issued to unrelated third parties, we believe that exchange notes issued in the exchange offer in exchange for original notes may be offered for resale, resold and otherwise transferred by any exchange note holder without compliance with the registration and prospectus delivery provisions of the Securities Act, if:

- such holder is not an affiliate of ours within the meaning of Rule 405 under the Securities Act;
- such exchange notes are acquired in the ordinary course of the holder s business; and
- the holder does not intend to participate in the distribution of such exchange notes.

Any holder who tenders in the exchange offer with the intention of participating in any manner in a distribution of the exchange notes:

- cannot rely on the position of the staff of the SEC set forth in Exxon Capital Holdings Corporation or similar interpretive letters; and
- must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale transaction.

If, as stated above, a holder cannot rely on the position of the staff of the SEC set forth in Exxon Capital Holdings Corporation or similar interpretive letters, any effective registration statement used in connection with a secondary resale transaction must contain the selling security holder information required by Item 507 of Regulation S-K under the Securities Act.

This prospectus may be used for an offer to resell, for the resale or for other retransfer of exchange notes only as specifically set forth in this prospectus. With regard to broker-dealers, only broker-dealers that acquired the original notes as a result of market-making activities or other trading activities may participate in the exchange offer. Each broker-dealer that receives exchange notes for its own account in exchange for original notes, where such original notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of the exchange notes. Please read the section captioned Plan of Distribution for more details regarding these procedures for the transfer of exchange notes. We have agreed that, starting on the expiration date of the exchange offer and ending on the close of business one year after the expiration date, we will make this prospectus, as amended or supplemented, available to any broker-dealer for use in connection with any resale of the exchange notes.

**Terms of the Exchange Offer**

Upon the terms and subject to the conditions set forth in this prospectus and in the letter of transmittal, we will accept for exchange any original notes properly tendered and not withdrawn prior to the expiration date. We will issue $1,000 principal amount of exchange notes in exchange for each $1,000 principal amount of original notes surrendered under the exchange offer. Original notes may be tendered only in denominations of $2,000 and in integral multiples of $1,000.

The form and terms of the exchange notes will be substantially identical to the form and terms of the original notes except the exchange notes will be registered under the Securities Act, will not bear legends restricting their transfer and will not provide for any additional interest upon our failure to fulfill our obligations under the registration rights agreement to file, and cause to become effective, a registration statement. The exchange notes will evidence the same debt as the original notes. The exchange notes will be issued under and entitled to the benefits of the same indenture that authorized the issuance of the outstanding original notes. Consequently, both series of notes will be treated as a single class of debt securities under the indenture.

The exchange offer is not conditioned upon any minimum aggregate principal amount of original notes being tendered for exchange.

As of the date of this prospectus, $1,250,000,000 in aggregate principal amount of original notes was outstanding. There was one registered holder, CEDE & Co., a nominee of DTC, for the original notes. This prospectus and the letters of transmittal are being sent to all registered holders of original notes. There will be no fixed record date for determining registered holders of original notes entitled to participate in the exchange offer.

We will conduct the exchange offer in accordance with the provisions of the registration rights agreement, the applicable requirements of the Securities Act and the Securities Exchange Act of 1934, as amended (the Exchange Act ), and the rules and regulations of the SEC. Original notes that are not tendered for exchange in the exchange offer will remain outstanding and continue to accrue interest and will be entitled to the rights and benefits such holders have under the indenture relating to the original notes.

We will be deemed to have accepted for exchange properly tendered original notes when we have given oral or written notice of the acceptance to the exchange agent. The exchange agent will act as agent for the tendering holders for the purposes of receiving the exchange notes from us and delivering exchange notes to such holders. Subject to the terms of the registration rights agreement, we expressly reserve the right to amend or terminate the exchange offer, and not to accept for exchange any original notes not previously accepted for exchange, upon the occurrence of any of the conditions specified below under the caption Certain Conditions to the Exchange Offer.

Holders who tender original notes in the exchange offer will not be required to pay brokerage commissions or fees, or, subject to the instructions in the letters of transmittal, transfer taxes with respect to the exchange of original notes. We will pay all charges and expenses, other than those transfer taxes described below, in connection with the exchange offer. It is important that you read the section labeled Fees and Expenses below for more details regarding fees and expenses incurred in the exchange offer.

**Expiration Date; Extensions; Amendments**

The exchange offer will expire at 5:00 p.m., New York City time, on December 6, 2012 unless we extend it in our sole discretion.

In order to extend the exchange offer, we will notify the exchange agent orally or in writing of any extension. We will notify in writing or by public announcement the registered holders of original notes of the extension no later than 9:00 a.m., New York City time, on the business day after the previously scheduled expiration date.

We reserve the right, in our sole discretion:

- to delay accepting for exchange any original notes in connection with the extension of the exchange offer;

- to extend the exchange offer or to terminate the exchange offer and to refuse to accept original notes not previously accepted if any of the conditions set forth below under Certain Conditions to the Exchange Offer have not been satisfied, by giving oral or written notice of such delay, extension or termination to the exchange agent; or

- subject to the terms of the registration rights agreement, to amend the terms of the exchange offer in any manner, provided that in the event of a material change in the exchange offer, including the waiver of a material condition, we will extend the exchange offer period, if necessary, so that at least five business days remain in the exchange offer following notice of the material change.

Any such delay in acceptance, extension, termination or amendment will be followed as promptly as practicable by written notice or public announcement thereof to the registered holders of original notes. If we amend the exchange offer in a manner that we determine to constitute a material change, we will promptly

Table of Contents

disclose such amendment in a manner reasonably calculated to inform the holders of original notes of such amendment, provided that in the event of a material change in the exchange offer, including the waiver of a material condition, we will extend the exchange offer period, if necessary, so that at least five business days remain in the exchange offer following notice of the material change. If we terminate this exchange offer as provided in this prospectus before accepting any original notes for exchange or if we amend the terms of this exchange offer in a manner that constitutes a fundamental change in the information set forth in the registration statement of which this prospectus forms a part, we will promptly file a post-effective amendment to the registration statement of which this prospectus forms a part. In addition, we will in all events comply with our obligation to make prompt payment for all original notes properly tendered and accepted for exchange in the exchange offer.

Without limiting the manner in which we may choose to make public announcements of any delay in acceptance, extension, termination or amendment of the exchange offer, we shall have no obligation to publish, advertise, or otherwise communicate any such public announcement, other than by issuing a timely press release to a financial news service.

**Certain Conditions to the Exchange Offer**

Despite any other term of the exchange offer, we will not be required to accept for exchange, or exchange any exchange notes for, any original notes, and we may terminate the exchange offer as provided in this prospectus before accepting any original notes for exchange if in our reasonable judgment:

- the exchange notes to be received will not be tradable by the holder without restriction under the Securities Act or the Exchange Act, and without material restrictions under the blue sky or securities laws of substantially all of the states of the United States;

- the exchange offer, or the making of any exchange by a holder of original notes, would violate applicable law or any applicable interpretation of the staff of the SEC; or

- any action or proceeding has been instituted or threatened in any court or by or before any governmental agency with respect to the exchange offer that, in our judgment, would reasonably be expected to impair our ability to proceed with the exchange offer.

In addition, we will not be obligated to accept for exchange the original notes of any holder that has not made:

- the representations described under Purpose and Effect of the Exchange Offer, Procedures for Tendering and Plan of Distribution, and

- such other representations as may be reasonably necessary under applicable SEC rules, regulations or interpretations to make available to us an appropriate form for registration of the exchange notes under the Securities Act.

We expressly reserve the right, at any time or at various times on or prior to the scheduled expiration date of the exchange offer, to extend the period of time during which the exchange offer is open. Consequently, we may delay acceptance of any original notes by giving written notice of such extension to the registered holders of the original notes. During any such extensions, all original notes previously tendered will remain subject to the exchange offer, and we may accept them for exchange unless they have been previously withdrawn. We will return any original notes that we do not accept for exchange for any reason without expense to their tendering holder promptly after the expiration or termination of the exchange offer.

We expressly reserve the right to amend or terminate the exchange offer on or prior to the scheduled expiration date of the exchange offer, and to reject for exchange any original notes not previously accepted for exchange, upon the occurrence of any of the conditions of the exchange offer specified above. We will give

Table of Contents

written notice or public announcement of any extension, amendment, non-acceptance or termination to the registered holders of the original notes as promptly as practicable. In the case of any extension, such notice will be issued no later than 9:00 a.m., New York City time, on the business day after the previously scheduled expiration date.

These conditions are for our sole benefit and we may, in our sole discretion, assert them regardless of the circumstances that may give rise to them or waive them in whole or in part at any or at various times except that all conditions to the exchange offer must be satisfied or waived by us prior to the expiration of the exchange offer. If we fail at any time to exercise any of the foregoing rights, that failure will not constitute a waiver of such right. Each such right will be deemed an ongoing right that we may assert at any time or at various times prior to the expiration of the exchange offer. Any waiver by us will be made by written notice or public announcement to the registered holders of the notes.

In addition, we will not accept for exchange any original notes tendered, and will not issue exchange notes in exchange for any such original notes, if at such time any stop order is threatened or in effect with respect to the registration statement of which this prospectus constitutes a part or the qualification of the indenture under the Trust Indenture Act.

**Procedures for Tendering**

Only a holder of original notes may tender such original notes in the exchange offer. To tender in the exchange offer, a holder must make:

- the representations described under Purpose and Effect of the Exchange Offer, Procedures for Tendering and Plan of Distribution, and

- such other representations as may be reasonably necessary under applicable SEC rules, regulations or interpretations to make available to us an appropriate form for registration of the exchange notes under the Securities Act.

In addition, either:

- the exchange agent must receive original notes along with the applicable letter of transmittal; or

- the exchange agent must receive, prior to the expiration date, a timely confirmation of book-entry transfer of such original notes into the exchange agent s account at DTC according to the procedures for book-entry transfer described below or a properly transmitted agent s message; or

- the holder must comply with the guaranteed delivery procedures described below.

To be tendered effectively, the exchange agent must receive any physical delivery of the letter of transmittal and other required documents at the address set forth below under Exchange Agent prior to the expiration date.

The tender by a holder that is not withdrawn prior to the expiration date will constitute an agreement between such holder and us in accordance with the terms and subject to the conditions set forth in this prospectus and in the letters of transmittal.

The method of delivery of original notes, the letters of transmittal and all other required documents to the exchange agent is at the holder s election and risk. Rather than mail these items, we recommend that holders use an overnight or hand delivery service. In all cases, holders should allow sufficient time to assure delivery to the exchange agent before the expiration date. Holders should not send us the letters of transmittal or original notes. Holders may request their respective brokers, dealers, commercial banks, trust companies or other nominees to effect the above transactions for them.

Table of Contents

Any beneficial owner whose original notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and who wishes to tender should contact the registered holder promptly and instruct it to tender on the owners behalf. If such beneficial owner wishes to tender on its own behalf, it must, prior to completing and executing the applicable letter of transmittal and delivering its original notes, either:

- make appropriate arrangements to register ownership of the original notes in such owner s name; or
- obtain a properly completed bond power from the registered holder of original notes.

The transfer of registered ownership may take considerable time and may not be completed prior to the expiration date.

Signatures on a letter of transmittal or a notice of withdrawal described below must be guaranteed by a member firm of a registered national securities exchange or of the National Association of Securities Dealers, Inc., a commercial bank or trust company having an office or correspondent in the United States or another eligible institution within the meaning of Rule 17Ad-15 under the Exchange Act, unless the original notes tendered pursuant thereto are tendered:

- by a registered holder who has not completed the box entitled Special Issuance Instructions or Special Delivery Instructions on the letter of transmittal; or
- for the account of an eligible institution.

If the letter of transmittal is signed by a person other than the registered holder of any original notes listed on the original notes, such original notes must be endorsed or accompanied by a properly completed bond power. The bond power must be signed by the registered holder as the registered holder s name appears on the original notes and an eligible institution must guarantee the signature on the bond power.

If a letter of transmittal or any original notes or bond powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing. Unless waived by us, they should also submit evidence satisfactory to us of their authority to deliver the letter of transmittal.

The exchange agent and DTC have confirmed that any financial institution that is a participant in DTC s system may use DTC s Automated Tender Offer Program to tender. Participants in the program may, instead of physically completing and signing the letter of transmittal and delivering it to the exchange agent, transmit their acceptance of the exchange offer electronically. They may do so by causing DTC to transfer the original notes to the exchange agent in accordance with its procedures for transfer. DTC will then send an agent s message to the exchange agent. The term agent s message means a message transmitted by DTC, received by the exchange agent and forming part of the book-entry confirmation, to the effect that:

- DTC has received an express acknowledgment from a participant in its Automated Tender Offer Program that is tendering original notes that are the subject of such book-entry confirmation;
- such participant has received and agrees to be bound by the terms of the applicable letter of transmittal (or, in the case of an agent s message relating to guaranteed delivery, that such participant has received and agrees to be bound by the applicable notice of guaranteed delivery); and
- the agreement may be enforced against such participant.

We will determine in our sole discretion all questions as to the validity, form, eligibility (including time of receipt), acceptance of tendered original notes and withdrawal of tendered original notes. Our determination will be final and binding. We reserve the absolute right to reject any original notes not properly tendered or any original notes the acceptance of which would, in the opinion of our counsel, be unlawful. Our interpretation of the terms and conditions of the exchange offer (including the instructions in the letter of transmittal) will be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of original notes must be cured within such time as we shall determine. Although we intend to notify holders of defects or irregularities with respect to tenders of original notes, neither we, the exchange agent nor any other person will incur any liability for failure to give such notification. Tenders of original notes will not be deemed made until such defects or irregularities have been cured or waived. Any original notes received by the exchange agent that are not properly tendered and as to which the defects or irregularities have not been cured or waived will be returned to the exchange agent without cost to the tendering holder, unless otherwise provided in the letter of transmittal, promptly following the expiration date or termination of the exchange offer, as applicable.

In all cases, we will issue exchange notes for original notes that we have accepted for exchange under the exchange offer only after the exchange agent timely receives:

- original notes or a timely book-entry confirmation of such original notes into the exchange agent s account at DTC; and
- a properly completed and duly executed letter of transmittal and all other required documents or a properly transmitted agent s message.

By signing the letter of transmittal, each tendering holder of original notes will represent that, among other things:

- any exchange notes that the holder receives will be acquired in the ordinary course of its business;
- the holder has no arrangement or understanding with any person or entity, including any of our affiliates, to participate in the distribution of the exchange notes;
- if the holder is not a broker-dealer, that it is not engaged in and does not intend to engage in the distribution of the exchange notes;
- if the holder is a broker-dealer that will receive exchange notes for its own account in exchange for original notes that were acquired as a result of market-making activities, that it will deliver a prospectus, as required by law, in connection with any resale of such exchange notes; and
- the holder is not our affiliate, as defined in Rule 405 of the Securities Act, or, if it is an affiliate, that it will comply with applicable registration and prospectus delivery requirements of the Securities Act.

In addition, each broker-dealer that receives exchange notes for its own account in exchange for original notes, where such original notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. See Plan of Distribution.

**Book-Entry Transfer**

The exchange agent will make a request to establish an account with respect to the original notes at DTC for purposes of the exchange offer promptly after the date of this prospectus; and any financial institution participating in DTC s system may make book-entry delivery of original notes by causing DTC to transfer such original notes into the exchange agent s account at DTC in accordance with DTC s procedures for transfer. Holders of original notes who are unable to deliver confirmation of the book-entry tender of their original notes into the exchange agent s account at DTC or all other documents of transmittal to the exchange agent on or prior to the expiration date must tender their original notes according to the guaranteed delivery procedures described below.

**Guaranteed Delivery Procedures**

Holders wishing to tender their original notes but whose original notes are not immediately available or who cannot deliver their original notes, the letter of transmittal or any other required documents to the exchange agent or comply with the applicable procedures under DTC s Automated Tender Offer Program prior to the expiration date may tender if:

- the tender is made through an eligible institution;
- prior to the expiration date, the exchange agent receives from such eligible institution either a properly completed and duly executed notice of guaranteed delivery by facsimile transmission, mail or hand delivery or a properly transmitted agent s message and notice of guaranteed delivery:
  - setting forth the name and address of the holder, the registered number(s) of such original notes and the principal amount of original notes tendered;
  - stating that the tender is being made thereby; and
  - guaranteeing that, within three New York Stock Exchange trading days after the expiration date, the letter of transmittal or facsimile thereof together with the original notes or a book-entry confirmation, and any other documents required by the letter of transmittal will be deposited by the eligible institution with the exchange agent; and
- the exchange agent receives such properly completed and executed letter of transmittal or facsimile thereof, as well as all tendered original notes in proper form for transfer or a book-entry confirmation, and all other documents required by the letter of transmittal, within three New York Stock Exchange trading days after the expiration date.

Upon request to the exchange agent, a notice of guaranteed delivery will be sent to holders who wish to tender their original notes according to the guaranteed delivery procedures set forth above.

**Withdrawal of Tenders**

Except as otherwise provided in this prospectus, holders of original notes may withdraw their tenders at any time prior to the expiration date.

For a withdrawal to be effective:

- the exchange agent must receive a written notice of withdrawal, which notice may be by telegram, telex, facsimile transmission or letter, at one of the addresses set forth below under  Exchange Agent ; or
- holders must comply with the appropriate procedures of DTC s Automated Tender Offer Program system.

Any such notice of withdrawal must:

- specify the name of the person who tendered the original notes to be withdrawn;
- identify the original notes to be withdrawn, including the principal amount of such original notes; and

where certificates for original notes have been transmitted, specify the name in which such original notes were registered, if different from that of the withdrawing holder.

If certificates for original notes have been delivered or otherwise identified to the exchange agent, then, prior to the release of such certificates, the withdrawing holder must also submit:

the serial numbers of the particular certificates to be withdrawn; and

a signed notice of withdrawal with signatures guaranteed by an eligible institution unless such holder is an eligible institution.

If original notes have been tendered pursuant to the procedure for book-entry transfer described above, any notice of withdrawal must specify the name and number of the account at DTC to be credited with the withdrawn

Table of Contents

original notes and otherwise comply with the procedures of such facility. We will determine all questions as to the validity, form and eligibility, including time of receipt, of such notices, and our determination shall be final and binding on all parties. We will deem any original notes so withdrawn not to have been validly tendered for exchange for purposes of the exchange offer. Any original notes that have been tendered for exchange but which are not exchanged for any reason will be returned to the holder thereof without cost to such holder (or, in the case of original notes tendered by book-entry transfer into the exchange agent s account at DTC according to the procedures described above, such original notes will be credited to an account maintained with DTC for original notes) promptly after withdrawal, rejection of tender or termination of the exchange offer. Properly withdrawn original notes may be retendered by following one of the procedures described under Procedures for Tendering above at any time prior to the expiration date.

**Exchange Agent**

U.S. Bank National Association has been appointed as exchange agent for the exchange offer. You should direct questions and requests for assistance, requests for additional copies of this prospectus or of the letter of transmittal and requests for the notice of guaranteed delivery to the exchange agent addressed as follows:

U.S. Bank National Association

(Exchange Agent/Depositary addresses)

*By Registered & Certified Mail:*

U.S. BANK NATIONAL ASSOCIATION
Corporate Trust Services
EP-MN-WS3C
60 Livingston Avenue
St. Paul, Minnesota 55107-1419

*Regular Mail or Overnight Courier:*

U.S. BANK NATIONAL ASSOCIATION
60 Livingston Avenue
St. Paul, Minnesota 55107
Attention: Specialized Finance

*In Person by Hand Only:*

U.S. BANK NATIONAL ASSOCIATION
60 Livingston Avenue
1st Floor Bond Drop Window
St. Paul, Minnesota 55107-1419

*By Facsimile (for Eligible Institutions only):*

(651) 466-7372

*For Information or Confirmation by Telephone:*

1-800-934-6802

**DELIVERY OF THE LETTER OF TRANSMITTAL TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE OR TRANSMISSION VIA FACSIMILE OTHER THAN AS SET FORTH ABOVE DOES NOT CONSTITUTE A VALID DELIVERY OF SUCH LETTER OF TRANSMITTAL.**

**Fees and Expenses**

We will bear the expenses of soliciting tenders. The principal solicitation is being made by mail, however, we may make additional solicitations by telephone or in person by our officers and regular employees and those of our affiliates.

We have not retained any dealer-manager in connection with the exchange offer and will not make any payments to broker-dealers or others soliciting acceptances of the exchange offer. We will, however, pay the exchange agent reasonable and customary fees for its services and reimburse it for its related reasonable out-of-pocket expenses.

Our expenses in connection with the exchange offer include:

- SEC registration fees;

Table of Contents

- fees and expenses of the exchange agent and trustee;
- accounting and legal fees and printing costs; and
- related fees and expenses.

**Transfer Taxes**

We will pay all transfer taxes, if any, applicable to the exchange of original notes under the exchange offer. The tendering holder, however, will be required to pay any transfer taxes, whether imposed on the registered holder or any other person, if:

- certificates representing original notes for principal amounts not tendered or accepted for exchange are to be delivered to, or are to be issued in the name of, any person other than the registered holder of original notes tendered;
- tendered original notes are registered in the name of any person other than the person signing the letter of transmittal; or
- a transfer tax is imposed for any reason other than the exchange of original notes under the exchange offer.

If satisfactory evidence of payment of such taxes is not submitted with the letter of transmittal, the amount of such transfer taxes will be billed to that tendering holder.

Holders who tender their original notes for exchange will not be required to pay any transfer taxes. However, holders who instruct us to register exchange notes in the name of, or request that original notes not tendered or not accepted in the exchange offer be returned to, a person other than the registered tendering holder will be required to pay any applicable transfer tax.

**Consequences of Failure to Exchange**

Holders of original notes who do not exchange their original notes for exchange notes under the exchange offer, including as a result of failing to timely deliver original notes to the exchange agent, together with all required documentation, including a properly completed and signed letter of transmittal, will remain subject to the restrictions on transfer of such original notes:

- as set forth in the legend printed on the original notes as a consequence of the issuance of the original notes pursuant to the exemptions from, or in transactions not subject to, the registration requirements of the Securities Act and applicable state securities laws; and
- otherwise as set forth in the prospectus distributed in connection with the private offering of the original notes.

In addition, you will no longer have any registration rights or be entitled to additional interest with respect to the original notes.

In general, you may not offer or sell the original notes unless they are registered under the Securities Act, or if the offer or sale is exempt from registration under the Securities Act and applicable state securities laws. Except as required by the registration rights agreement, we do not intend to register resales of the original notes under the Securities Act. Based on interpretations of the SEC staff, exchange notes issued pursuant to the exchange offer may be offered for resale, resold or otherwise transferred by their holders, other than any such holder that is our affiliate within the meaning of Rule 405 under the Securities Act, without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that the holders acquired the exchange notes in the ordinary course of the holders business and the holders have no arrangement or

understanding with respect to the distribution of the exchange notes to be acquired in the exchange offer. Any holder who tenders in the exchange offer for the purpose of participating in a distribution of the exchange notes:

- could not rely on the applicable interpretations of the SEC; and

- must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale transaction.

After the exchange offer is consummated, if you continue to hold any original notes, you may have difficulty selling them because there will be fewer original notes outstanding.

**Accounting Treatment**

We will record the exchange notes in our accounting records at the same carrying value as the original notes, as reflected in our accounting records on the date of exchange. Accordingly, we will not recognize any gain or loss for accounting purposes in connection with the exchange offer.

**Other**

Participation in the exchange offer is voluntary, and you should carefully consider whether to accept. You are urged to consult your financial and tax advisors in making your own decision on what action to take.

We may in the future seek to acquire untendered original notes in the open market or privately negotiated transactions, through subsequent exchange offers or otherwise. We have no present plans to acquire any original notes that are not tendered in the exchange offer or to file a registration statement to permit resales of any untendered original notes.

Table of Contents

## THE ACQUISITION TRANSACTIONS

### The Acquisition

On December 19, 2006, CEC entered into a definitive merger agreement with Hamlet Holdings LLC, a Delaware limited liability company ( Hamlet Holdings ), and Hamlet Merger Inc., a Delaware corporation and a wholly owned subsidiary of Hamlet Holdings ( Merger Sub ). Hamlet Holdings and Merger Sub were formed and are controlled by affiliates of the Sponsors. Pursuant to the merger agreement, on January 28, 2008, Merger Sub merged with and into CEC, and each share of CEC s common stock issued and outstanding immediately prior to the effective time of the merger, was converted into the right to receive $90.00 in cash, which, when taken together with the net settlement of outstanding options, stock appreciation rights, restricted stock and restricted stock units, represents merger consideration of $17,375 million in the aggregate. We refer to the merger and payment of merger consideration as the Acquisition.

Upon completion of the Acquisition, Hamlet Holdings, funds affiliated with and controlled by the Sponsors, certain co-investors and certain members of management became the owners of all of the outstanding equity interests of CEC.

### CMBS Transactions

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

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

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

### London Clubs Transfer

In December 2006, we acquired London Clubs, which owns and/or manages casinos in the United Kingdom, Egypt and South Africa. When acquired, London Clubs and its subsidiaries became wholly owned subsidiaries of CEC and not subsidiaries of CEOC. In connection with the CMBS Transactions and the financing described

Table of Contents

below under The Financing, London Clubs and its subsidiaries, with the exception of those related to the London Clubs South African operations, became subsidiaries of CEOC on or before the closing of the Acquisition. During the second quarter of 2008, CEC transferred to CEOC the London Clubs South African operations, as well. We refer to the transfer of the London Clubs operations to CEOC as the London Clubs Transfer.

**The Financing**

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

- a cash equity investment by the Sponsors, their co-investors and certain members of management in CEC of approximately $6,079 million;
- the proceeds from the incurrence by CEOC of $5,275 million of senior unsecured cash pay interim loans;
- the proceeds from the incurrence by CEOC of $1,500 million of senior unsecured PIK toggle interim loans;
- borrowings of $7,250 million by CEOC under the term loan portion of its senior secured credit facilities, which also includes a $2,000 million revolving credit facility none of which was drawn at closing, but was subject to $188 million in outstanding letters of credit; and
- $6,500 million of mortgage loans and related mezzanine financing under a real estate facility (the CMBS Financing ) entered into by the CMBS Borrowers (with a payment guarantee by CEC of the operating leases thereunder) and secured initially by the CMBS Closing Assets and, after the Post-Closing CMBS Transaction, the CMBS Assets.
- CEOC used the proceeds of the Old Cash Pay Notes and Old Toggle Notes, which were issued on February 1, 2008, to reduce its interim loan borrowings described above on a dollar-for-dollar basis.

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

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

**Hedging Arrangements**

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

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

52

Table of Contents

## USE OF PROCEEDS

This exchange offer is intended to satisfy certain of our obligations under the registration rights agreement entered into in connection with the issuance of the original notes. We will not receive any proceeds from the issuance of the exchange notes in the exchange offer. In exchange for each of the exchange notes, CEOC will receive original notes in like principal amount. CEOC will retire or cancel all of the original notes tendered in the exchange offer. Accordingly, issuance of the exchange notes will not result in any change in our capitalization.

Table of Contents

## CAPITALIZATION

The following table sets forth as of June 30, 2012:

(1) CEOC s cash and cash equivalents and capitalization on an actual basis; and

(2) CEOC s cash and cash equivalents and capitalization on an as adjusted basis to give effect to the 9% Notes Offering Transactions.

| | As of June 30, 2012 | |
|---|---|---|
| | Actual | As adjusted for the 9% Notes Offering Transactions |
| | (in millions) | |
| Cash and cash equivalents(1) | $ 657.7 | $ 1,049.2 |
| Debt: | | |
| Revolving credit facility(2) | $ | $ |
| Term loan(3) | 6,181.3 | 5,840.8 |
| First lien notes(4) | 3,307.3 | 4,057.3 |
| Second lien notes(5) | 3,102.5 | 3,102.5 |
| Linq/Octavius senior secured loan(6) | 446.2 | 446.2 |
| PHW Las Vegas senior secured loan(6) | 427.8 | 427.8 |
| Chester Downs senior secured notes(6) | 330.0 | 330.0 |
| Subsidiary guaranteed unsecured senior debt(7) | 491.0 | 491.0 |
| Unsecured senior notes(8) | 1,594.4 | 1,594.4 |
| Other(9) | 564.4 | 564.4 |
| Total debt, including current portion | 16,444.9 | 16,854.4 |
| Stockholder s deficit | (1,833.6) | (1,833.6) |
| Total capitalization | $ 14,611.3 | $ 15,020.8 |

(1) Excludes restricted cash of $283.8 million and proceeds of $610.0 million less fees from the pending sale of Harrah s St. Louis. See Summary Recent Developments Harrah s St. Louis Disposition.

(2) Upon the closing of the Acquisition, CEOC entered into the senior secured credit facilities, which included a $2,000.0 million revolving credit facility that was reduced to $1,080.2 million due to debt retirements and the conversion of a portion of the revolving credit facility to an extended term loan subsequent to the closing of the Acquisition. At June 30, 2012, after giving pro forma effect to the 9% Notes Offering Transactions, $699.6 million of borrowing capacity was available under our revolving credit facility, with an additional $97.9 million committed to back letters of credit. CEC guarantees this facility, and all of the material wholly owned domestic subsidiaries of CEOC, other than Planet Hollywood, Caesars Octavius and Caesars Linq, have pledged their assets to secure this facility.

(3) Upon the closing of the Acquisition, CEOC entered into a seven-year $7,250.0 million term loan facility, all of which was drawn at the closing of the Acquisition. The outstanding borrowings under the term loan have been increased by an incremental term loan drawn in October 2009 and $543.6 million of revolver commitments converted to extended term loans, including as part of the 9% Notes Offering Transactions. The outstanding borrowings have been reduced by payments made subsequent to the Acquisition. CEC guarantees this facility, and all of the material wholly owned domestic subsidiaries of CEOC, other than Planet Hollywood, Caesars Octavius and Caesars Linq, have pledged their assets to secure this facility. In connection with the issuance of the 9% notes, $478.8 million of the term loans were repaid with a portion of the net proceeds from the sale of the 9% notes.

(4) Consists of the book value of the $2,095.0 million aggregate principal amount of 11.25% notes, the $1,250.0 million aggregate principal amount of 8.5% original notes and the $750.0 million aggregate principal amount of 9% notes.

Table of Contents

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

(6) The Planet Hollywood Loan, the 9.25% Senior Secured Notes due 2020 of Chester Downs and the $450.0 million Octavius Linq Holding Co., LLC senior secured loan with an aggregate book value of $1,204.0 million as of June 30, 2012 are non-recourse to CEOC, CEC or any other subsidiaries of CEC.

(7) Consists of $478.6 million of 10.75% Senior Notes due 2016 and $12.4 million of 10.75%/11.5% Senior PIK Toggle Notes due 2018. All of this indebtedness is guaranteed on a joint and several basis by CEC and all of the material wholly owned domestic subsidiaries of CEOC, other than Planet Hollywood, Caesars Octavius and Caesars Linq, that have pledged their assets to secure the senior secured credit facilities. Of these notes, $3.2 million face value of the outstanding 10.75%/11.5% Senior PIK Toggle Notes due 2018 are owned by another subsidiary of CEOC.

(8) The Actual unsecured senior notes consist of the book values of the following notes: $125.2 million face value of 5.375% Senior Notes due 2013, $791.8 million face value of 5.625% Senior Notes due 2015, $538.8 million face value of 5.75% Senior Notes due 2017, $573.2 million face value of 6.5% Senior Notes due 2016, $0.6 million face value of 7% Senior Notes due 2013 and $0.2 million face value of Floating Rate Contingent Convertible Senior Notes due 2024, all of which are obligations of CEOC and guaranteed by Caesars. The aggregate face value of such notes is $2,029.8 million. Of these notes, $427.3 million face value of the outstanding 5.625% Senior Notes due 2015, $390.9 million face value of the outstanding 5.75% Senior Notes due 2017 and $324.5 million face value of the outstanding 6.5% Senior Notes due 2016 are owned by another subsidiary of CEOC.

(9) Consists of the book values of $64.3 million of principal obligations to fund Clark County, Nevada, Special Improvement District bonds, $475.6 million due to CEC and $24.5 million of miscellaneous other indebtedness.

Table of Contents

## DESCRIPTION OF OTHER INDEBTEDNESS

### Senior Secured Credit Facilities

*Overview*. In connection with the Acquisition, CEOC entered into the senior secured credit facilities (the Credit Facilities ). This financing is neither secured nor guaranteed by Caesars other direct, wholly owned subsidiaries, including the subsidiaries that own properties that are security for the CMBS Financing and certain of CEOC s subsidiaries that are unrestricted subsidiaries. In late 2009, CEOC completed cash tender offers for certain of its outstanding debt, and in connection with these tender offers, CEOC borrowed $1,000.0 million of new term loans (the Incremental Loans ) under the Credit Facilities pursuant to an incremental amendment. In May 2011 and March 2012, CEOC amended the Credit Facilities. Pursuant to the amendments, CEOC extended the maturity of a portion of the term loans held by consenting lenders to January 28, 2018 (the extended maturity term loans ), converted a portion of the revolver commitments into extended maturity term loans, extended the maturity of a portion of the revolver commitments and increased the interest rate with respect to the extended maturity term loans.

As of June 30, 2012, after giving pro forma effect to the 9% Notes Offering Transactions, our Credit Facilities provide for senior secured financing of up to $6,677.3 million, consisting of (i) senior secured term loans in an aggregate principal amount of $5,879.8 million comprised of $1,029.5 million maturing on January 28, 2015, $975.0 million maturing on October 31, 2016, and $3,875.3 million maturing on January 28, 2018 and (ii) a senior secured revolving credit facility in an aggregate principal amount of up to $797.5 million, with $766.4 million maturing January 28, 2014 and $31.1 million maturing on January 28, 2017, including both a letter of credit sub-facility and a swingline loan sub-facility. The term loans under the Credit Facilities require scheduled quarterly payments of $3.8 million, with the balance due at maturity. As of June 30, 2012, $97.9 million of the revolving credit facility is committed to outstanding letters of credit. After consideration of the letter of credit commitments, $699.6 million of additional borrowing capacity was available to us under its revolving credit facility as of June 30, 2012.

The Credit Facilities allow us to request one or more incremental term loan facilities and/or increase commitments under our revolving facility in an aggregate amount of up to $750.0 million, subject to certain conditions and receipt of commitments by existing or additional financial institutions or institutional lenders.

All borrowings under the Credit Facilities are subject to the satisfaction of customary conditions, including the absence of a default and the accuracy of representations and warranties, and the requirement that such borrowing does not reduce the amount of obligations otherwise permitted to be secured under our new senior secured credit facilities without ratably securing the retained notes.

Proceeds from the term loans drawn on the closing date were used to refinance existing debt and pay expenses related to the Acquisition. Proceeds of the revolving loan draws, swingline and letters of credit will be used for working capital and general corporate purposes. Proceeds from the Incremental Loans were used to refinance or retire existing debt and to provide additional liquidity.

*Interest and Fees*. Borrowings under the Credit Facilities, other than borrowings under the Incremental Loans, bear interest at a rate equal to the then-current LIBOR rate or at a rate equal to the alternate base rate, in each case plus an applicable margin. The Incremental Loans bear interest at a rate equal to the greater of the then current LIBOR rate subject to a 2.00% floor or at a rate equal to the alternate base rate, in each case plus an applicable margin. In addition, on a quarterly basis, we are required to pay each lender (i) a commitment fee in respect of any unused commitments under the revolving credit facility and (ii) a letter of credit fee in respect of the aggregate face amount of outstanding letters of credit under the revolving credit facility. As of June 30, 2012, the Credit Facilities, other than borrowings under the Incremental Loans, bore interest at LIBOR plus 300 basis points for the original maturity term loans and a portion of the revolver loan, at LIBOR plus 425 basis points for the extended maturity term loans, at alternate base rate plus 150 basis points for the swingline loan and at the

**Table of Contents**

alternate base rate plus 200 basis points for the remainder of the revolver loan, and bore a commitment fee for unborrowed amounts of 50 basis points. The borrowings under the Incremental Loans bore interest at the minimum base rate of 2.0% plus 750 basis points as of June 30, 2012.

*Collateral and Guarantors*. CEOC s Credit Facilities are guaranteed by CEC, and are secured by a pledge of CEOC s capital stock, and by substantially all of the existing and future property and assets of CEOC and its material, wholly owned domestic subsidiaries other than certain unrestricted subsidiaries, including a pledge of the capital stock of CEOC s material, wholly owned domestic subsidiaries and 65% of the capital stock of the first-tier foreign subsidiaries, in each case subject to exceptions. The following casino properties have mortgages under the Credit Facilities.

| **Las Vegas** | **Atlantic City** | **Louisiana/Mississippi** | **Iowa/Missouri** |
|---|---|---|---|
| Caesars Palace | Bally s Atlantic City | Harrah s New Orleans (Hotel only) | Harrah s St. Louis |
| Bally s Las Vegas | Caesars Atlantic City | Harrah s Louisiana Downs | Harrah s Council Bluffs |
| Imperial Palace | Showboat Atlantic City | Horseshoe Bossier City | Horseshoe Council Bluffs/ Bluffs Run |
| Bill s Gamblin Hall & Saloon | | Harrah s Tunica Horseshoe Tunica Tunica Roadhouse Hotel & Casino | |
| **Illinois/Indiana** | **Other Nevada** | | |
| Horseshoe Southern Indiana | Harrah s Reno | | |
| Harrah s Metropolis | Harrah s Lake Tahoe | | |
| Horseshoe Hammond | Harveys Lake Tahoe | | |

Additionally, certain undeveloped land in Las Vegas also is mortgaged.

*Restrictive Covenants and Other Matters*. The Credit Facilities require compliance on a quarterly basis with a maximum net senior secured first lien debt leverage test. In addition, the Credit Facilities include negative covenants, subject to certain exceptions, restricting or limiting CEOC s ability and the ability of its restricted subsidiaries to, among other things: (i) incur additional debt; (ii) create liens on certain assets; (iii) enter into sale and lease-back transactions (iv) make certain investments, loans and advances; (v) consolidate, merge, sell or otherwise dispose of all or any part of its assets or to purchase, lease or otherwise acquire all or any substantial part of assets of any other person; (vi) pay dividends or make distributions or make other restricted payments; (vii) enter into certain transactions with its affiliates; (viii) engage in any business other than the business activity conducted at the closing date of the loan or business activities incidental or related thereto; (ix) amend or modify the articles or certificate of incorporation, by-laws and certain agreements or make certain payments or modifications of indebtedness; and (x) designate or permit the designation of any indebtedness as Designated Senior Debt .

CEC is not bound by any financial or negative covenants contained in CEOC s credit agreement, other than with respect to the incurrence of liens on and the pledge of its stock of CEOC.

In addition, certain covenants contained in CEOC s senior secured credit facilities and indentures covering its second priority senior secured notes and first priority senior secured notes restrict our ability to take certain actions such as incurring additional debt or making acquisitions if we are unable to meet a fixed charge coverage ratio (LTM Adjusted EBITDA-Pro Forma CEOC Restricted to fixed charges) of at least 2.0 to 1.0, a total first priority secured leverage ratio (first priority senior secured debt to LTM Adjusted EBITDA-Pro Forma CEOC Restricted) of no more than 4.5 to 1.0, and/or a consolidated leverage ratio (consolidated total debt to LTM Adjusted EBITDA-Pro Forma CEOC Restricted) of no more than 7.25 to 1.0. As of June 30, 2012, after giving pro forma effect to the 9% Notes Offering Transactions, CEOC s total first priority secured leverage ratio and consolidated leverage ratio were 6.06 to 1.0 and 12.03 to 1.0, respectively. For the twelve months ended June 30, 2012, CEOC s LTM Adjusted EBITDA-Pro Forma CEOC Restricted was insufficient to cover fixed charges by

Table of Contents

$614.8 million. For purposes of calculating the fixed charge coverage ratio, fixed charges includes consolidated interest expense less interest income and any cash dividends paid on preferred stock (other than amounts eliminated in consolidation). For purposes of calculating the total first priority secured leverage ratio and the consolidated leverage ratio, the amounts of first priority senior secured debt and consolidated total debt, respectively, are reduced by the amount of unrestricted cash on hand. The covenants that provide for the fixed charge coverage ratio, total first priority secured leverage ratio, and consolidated leverage ratio described in this paragraph are not maintenance covenants. Failure to comply with these covenants can result in limiting our long-term growth prospects by hindering our ability to incur future indebtedness or grow through acquisitions.

**Retained Notes**

As of June 30, 2012, CEOC had an aggregate principal amount of $2,029.8 million face value of notes that remained outstanding upon the closing of the Acquisition, consisting of the following series:

- $125.2 million aggregate principal amount of 5.375% Senior Notes due 2013;
- $0.6 million aggregate principal amount of 7.00% Senior Notes due 2013;
- $791.8 million aggregate principal amount of 5.625% Senior Notes due 2015;
- $573.2 million aggregate principal amount of 6.5% Senior Notes due 2016;
- $538.8 million aggregate principal amount of 5.75% Senior Notes due 2017; and
- $0.2 million aggregate principal amount of Floating Rate Contingent Convertible Senior Notes due 2024.

These amounts include $1,142.7 million of notes that are held by HBC, all of which are deemed outstanding by CEOC but not by CEC.

These notes contain covenants that limit the amount of secured indebtedness we may incur and our ability to enter into sale/leaseback transactions. CEC is a guarantor of these notes. Subject to the terms of the Credit Facilities and the indenture governing the notes, we may refinance these notes with debt that is guaranteed by our subsidiaries and/or secured by their and our assets.

**Other First Lien Notes**

CEOC currently has an aggregate principal amount of face value of $2,095.0 million 11.25% Senior Secured Notes due 2017. These notes are CEOC s senior obligations and rank equally and ratably with all of its existing and future senior indebtedness and senior to any of its subordinated indebtedness, and are secured by first-priority liens, subject to permitted liens, by the assets of the subsidiaries that have pledged their assets to secure the Credit Facilities. These notes are guaranteed by CEC.

**Second Lien Notes**

CEOC currently has 10.0% Second-Priority Senior Secured Notes with a face value of $214.8 million due 2015, 10.0% Second-Priority Senior Secured Notes with a face value of $4,553.1 million due 2018 and 12.75% Second-Priority Senior Secured Notes with a face value of $750.0 million due 2018. These notes are secured by a second priority security interest in substantially all of CEOC s and its subsidiaries property and assets that secure the Credit Facilities. These liens are junior in priority to the liens on substantially the same collateral securing the Credit Facilities. The notes are guaranteed by Caesars.

**Guaranteed Senior Notes**

In connection with the Acquisition, CEOC issued unsecured senior indebtedness that was guaranteed by the subsidiaries that have pledged their assets to secure the Credit Facilities. Of this guaranteed senior indebtedness,

Table of Contents

$491.0 million remains outstanding, consisting of $478.6 million of 10.75% Senior Notes due 2016 and $12.4 million of 10.75%/11.5% Senior Toggle Notes due 2018. These notes do not contain operating covenants.

**CMBS Financing**

The properties securing our commercial mortgage-backed securities ( CMBS properties ) originally borrowed $6,500.0 million of CMBS Financing. The CMBS Financing is secured by the assets of the CMBS properties and certain aspects of the financing are guaranteed by Caesars. The CMBS properties are Harrah s Las Vegas, Rio, Flamingo Las Vegas, Harrah s Atlantic City, Paris Las Vegas, and Harrah s Laughlin. As of June 30, 2012, there were $4,829.1 million aggregate principal amount of CMBS Loans outstanding.

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

The initial maturity date of the CMBS Loans is February 13, 2013, with two successive 1-year extension options.

*Restrictive Covenants and Other Matters*. The CMBS Financing includes negative covenants, subject to certain exceptions, restricting or limiting the ability of the borrowers and operating companies under the CMBS Financing to, among other things: (i) incur additional debt; (ii) create liens on assets; (iii) make certain investments, loans and advances; (iv) consolidate, merge, sell or otherwise dispose of all or any part of its assets or to purchase, lease or otherwise acquire all or any substantial part of assets of any other person; (v) enter into certain transactions with its affiliates; (vi) engage in any business other than the ownership of the properties and business activities ancillary thereto; and (vi) amend or modify the articles or certificate of incorporation, by-laws and certain agreements.

The CMBS Financing also includes affirmative covenants that require the CMBS Entities to, among other things, maintain the borrowers as special purpose entities , maintain certain reserve funds in respect of furniture, fixtures, and equipment, taxes, and insurance, and comply with other customary obligations for CMBS real estate financings. Amounts deposited into the specified reserve funds represent restricted cash. In addition, the CMBS Financing obligates the CMBS Entities to apply excess cash flow in certain specified manners, depending on the outstanding principal amount of various tranches of the CMBS Loans and other factors. These obligations will limit the amount of excess cash flow from the CMBS Entities that may be distributed to Caesars.

**Other Indebtedness**

As of June 30, 2012, we had other indebtedness in the aggregate principal amount of $1,420.2 million as described below.

$515.6 million of debt borrowed by PHW Las Vegas under a senior secured term loan;

$450.0 million of debt borrowed by subsidiaries of CEOC under a senior secured term facility for Project Linq and Project Octavius;

$330.0 million of senior secured notes issued by a subsidiary of CEOC (Chester Downs);

$64.3 million of principal obligations to fund Clark County, Nevada, Special Improvement District bonds; and

$60.3 million of miscellaneous other unsecured indebtedness.

Table of Contents

## DESCRIPTION OF EXCHANGE NOTES

### General

For the purposes of this section, the references to the Issuer refer only to Caesars Entertainment Operating Company, Inc. ( Caesars Operating ) and not to any of its subsidiaries.

The Issuer issued $1,250,000,000 aggregate principal amount of the 8.50% Senior Secured Notes due 2020 (the 8.5% original notes ) under an indenture (the Indenture ) dated February 14, 2012 by and among itself, Caesars Entertainment Corporation ( Caesars Entertainment ) and U.S. Bank National Association, as trustee (in such capacity, the Trustee ).

The terms of the 8.5% exchange notes are identical in all material respects to the 8.5% original notes except that upon completion of the exchange offer, the 8.5% exchange notes will be registered under the Securities Act and free of any covenants regarding exchange registration rights. For the purposes of this section, we refer to the 8.5% original notes as the original notes and to the 8.5% exchange notes as the exchange notes. Unless otherwise indicated by the context, references in this Description of Exchange Notes section to the Notes include the exchange notes and the original notes.

The following summary of certain provisions of the Indenture, the Notes, the Security Documents, the First Lien Intercreditor Agreement and the Intercreditor Agreement does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all the provisions of those agreements, including the definitions of certain terms therein and those terms made a part thereof by the TIA (as defined in this section). Capitalized terms used in this Description of Exchange Notes section and not otherwise defined have the meanings set forth in the section Certain Definitions.

The Issuer will issue exchange notes with an initial aggregate principal amount of up to $1,250,000,000. The Issuer may issue additional Notes from time to time after this offering. Any offering of additional Notes is subject to the covenants described below under the caption Certain Covenants Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock and Liens. The Notes and any additional Notes subsequently issued under the Indenture may, at our election, be treated as a single class for all purposes under the Indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase. Unless the context otherwise requires, for all purposes of the Indenture and this Description of Exchange Notes, references to the Notes include any additional Notes actually issued.

Principal of, premium, if any, and interest on the Notes will be payable, and the Notes may be exchanged or transferred, at the office or agency designated by the Issuer (which initially shall be the principal corporate trust office of the Trustee).

The exchange notes will be issued only in fully registered form, without coupons, in minimum denominations of $2,000 and any integral multiple of $1,000 in excess thereof. No service charge was or will be made for any registration of transfer or exchange of Notes, but the Issuer may require payment of a sum sufficient to cover any transfer tax or other similar governmental charge payable in connection therewith.

### Terms of the Notes

The Notes are senior obligations of the Issuer and have the benefit of the first-priority security interest in the Collateral described below under Security for the Notes and will mature on February 15, 2020. Each Note bears interest at a rate of 8.50% per annum from the Issue Date or from the most recent date to which interest has been paid or provided for, payable semiannually to holders of record at the close of business on February 1 or August 1 immediately preceding the interest payment date on and of each year, commencing August 15, 2012.

Table of Contents

**Optional Redemption**

On or after February 15, 2016, the Issuer may redeem the Notes at its option, in whole at any time or in part from time to time, upon not less than 30 nor more than 60 days prior notice delivered to each holder s registered address, at the following redemption prices (expressed as a percentage of principal amount), plus accrued and unpaid interest and additional interest, if any, to the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the 12-month period commencing on February 15 of the years set forth below:

| Period | Redemption price |
|---|---|
| 2016 | 104.250% |
| 2017 | 102.125% |
| 2018 and thereafter | 100.000% |

In addition, prior to February 15, 2016, the Issuer may redeem the Notes at its option, in whole at any time or in part from time to time, upon not less than 30 nor more than 60 days prior notice mailed by first-class mail to each holder s registered address, at a redemption price equal to 100% of the principal amount of the Notes redeemed plus the Applicable Premium as of, and accrued and unpaid interest and additional interest, if any, to, the applicable redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Notwithstanding the foregoing, at any time and from time to time on or prior to February 15, 2015, the Issuer may redeem in the aggregate up to 35% of the original aggregate principal amount of the Notes (calculated after giving effect to any issuance of additional Notes) with the net cash proceeds of one or more Equity Offerings (1) by the Issuer or (2) by any direct or indirect parent of the Issuer to the extent the net cash proceeds thereof are contributed to the common equity capital of the Issuer or used to purchase Capital Stock (other than Disqualified Stock) of the Issuer from it, at a redemption price (expressed as a percentage of principal amount thereof) of 108.500%, plus accrued and unpaid interest and additional interest, if any, to the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date); provided, however, that at least 50% of the original aggregate principal amount of the Notes (calculated after giving effect to any issuance of additional Notes) must remain outstanding after each such redemption; provided, further, that such redemption shall occur within 90 days after the date on which any such Equity Offering is consummated upon not less than 30 nor more than 60 days notice mailed to each holder of Notes being redeemed and otherwise in accordance with the procedures set forth in the Indenture.

Notice of any redemption upon any Equity Offering may be given prior to the completion thereof, and any such redemption or notice may, at the Issuer s discretion, be subject to one or more conditions precedent, including, but not limited to, completion of the related Equity Offering.

**Selection**

In the case of any partial redemption, selection of Notes for redemption will be made by the Trustee on a pro rata basis to the extent practicable or by lot, or as the rules and procedures of DTC require; provided that no Notes of $2,000 (and integral multiples of $1,000 in excess thereof) or less shall be redeemed in part. If any Note is to be redeemed in part only, the notice of redemption relating to such Note shall state the portion of the principal amount thereof to be redeemed. A new Note in principal amount equal to the unredeemed portion thereof will be issued in the name of the holder thereof upon cancellation of the original Note. On and after the redemption date, interest will cease to accrue on Notes or portions thereof called for redemption so long as the Issuer has deposited with the Paying Agent funds sufficient to pay the principal of, plus accrued and unpaid interest and additional interest (if any) on, the Notes to be redeemed.

Table of Contents

**Offers to purchase; open market purchases**

The Issuer will not be required to make any mandatory redemption or sinking fund payments with respect to the Notes. However, under certain circumstances, the Issuer may be required to offer to purchase Notes as described under the captions Change of Control and Certain Covenants Asset Sales. In addition, in the event any holder is found unsuitable by a Gaming Authority to hold the Notes, the Notes may be redeemed by the Issuer pursuant to the procedures described under the caption Mandatory Disposition Pursuant to Gaming Laws. Caesars Operating may at any time and from time to time purchase Notes in the open market or otherwise.

**Ranking**

The indebtedness evidenced by the Notes is senior Indebtedness of the Issuer, ranks pari passu in right of payment with all existing and future senior Indebtedness of the Issuer, and is senior in right of payment to all existing and future Subordinated Indebtedness of the Issuer. The Notes have the benefit of a security interest in the Collateral that is be pari passu in priority with the senior secured credit facilities, the Existing First Lien Notes and all other existing and future First Priority Lien Obligations with respect to all Collateral, subject to Permitted Liens and exceptions described under Security for the Notes, and senior in priority to the Existing Second Lien Notes and all other existing and future Junior Lien Obligations, with respect to all Collateral. Although none of the Issuer s Subsidiaries guarantee the Notes, all of the Issuer s Domestic Wholly Owned Subsidiaries that pledge their assets and property to secure the existing First Priority Lien Obligations are Subsidiary Pledgors with respect to the Notes, and their assets and property (other than a pledge of their capital stock) secure the Notes to the extent described below under Security for the Notes.

At June 30, 2012, on a *pro forma* basis after giving effect to the 9% Notes Offering Transactions:

(1) the Issuer and its Subsidiaries would have had $9,974.8 million in aggregate principal amount of outstanding Indebtedness constituting First Priority Lien Obligations (including the Notes), including $5,879.8 million of Secured Indebtedness outstanding under the senior secured credit facilities, $2,845.0 million outstanding under the 11.25% notes and the 9% notes and $1,250.0 million of the Notes;

(2) the Issuer and its Subsidiaries would have had $5,517.9 million in aggregate principal amount of Existing Second Lien Notes outstanding; and

(3) the Issuer and its Subsidiaries would have had $2,520.8 million of senior unsecured Indebtedness outstanding.

In addition, on a *pro forma* basis after giving effect to the 9% Notes Offering Transactions, of the $19,873.5 million in aggregate principal amount of Indebtedness that would have been outstanding at June 30, 2012, the Issuer s Subsidiaries that are not Subsidiary Pledgors would have had total Indebtedness of approximately $1,295.6 million (excluding intercompany liabilities of Subsidiaries that are not Subsidiary Pledgors). Further, as of June 30, 2012, the Real Estate Subsidiaries of Caesars Entertainment had $4,836.3 million of additional Indebtedness.

Although the Indenture contains limitations on the amount of additional Indebtedness that the Issuer and its Subsidiaries may incur, under certain circumstances the amount of such Indebtedness could be substantial and, subject to certain limitations, such Indebtedness may be Secured Indebtedness constituting a First-Priority Lien Obligation. See Certain Covenants Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock and Liens.

A significant portion of the operations of the Issuer is conducted through its Subsidiaries. Unless the Subsidiary is a Subsidiary Pledgor, claims of creditors of such Subsidiaries, including trade creditors, and claims of preferred stockholders (if any) of such Subsidiaries generally will have priority with respect to the assets and earnings of such Subsidiaries over the claims of creditors of the Issuer, including holders of the Notes. The Notes, therefore, are effectively subordinated to holders of indebtedness and other creditors (including trade creditors) and preferred stockholders (if any) of Subsidiaries of the Issuer that are not Subsidiary Pledgors. See note 23 to our audited consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2011 and note 17 to our unaudited consolidated financial statements in our Quarterly Report on Form 10-Q for the six months ended June 30, 2012, in each case, incorporated by reference in this prospectus, for financial information regarding our subsidiaries that are not Subsidiary Pledgors. Although the Indenture limits the Incurrence of Indebtedness by, and the issuance of Disqualified Stock and Preferred Stock of, certain of the Issuer s Subsidiaries, such limitation is subject to a number of significant qualifications. See Certain Covenants Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock. Further, unless the Subsidiary Pledgors guarantee the Notes pursuant to the covenant described below under Certain Covenants Future Subsidiary Guarantors, holders of the Notes have recourse to the Collateral pledged by the Subsidiary Pledgors, but they have no direct recourse to the Subsidiary Pledgors, themselves. In addition, neither the Parent Guarantor nor any of its Subsidiaries (including the Real Estate Subsidiaries, but other than the Issuer and the Restricted Subsidiaries) are subject to the covenants of the Indenture. See Parent Guarantee.

**Security for the Notes**

***General***

The Notes are secured by first-priority security interests (subject to Permitted Liens) in the Collateral, and the Notes share in the benefit of such security interest based on the respective amounts of the Obligations thereunder.

The Collateral consists of substantially all of the property and assets, in each case, that are held by the Issuer or any of the Subsidiary Pledgors, to the extent that such assets secure the First Priority Lien Obligations consisting of Secured Bank Indebtedness, subject to the exceptions described below. The initial Collateral does not include, subject to certain exceptions, (i) any property or assets owned by any Foreign Subsidiaries, (ii) any Real Property or Vessel held by the Issuer or any of its Subsidiary Pledgors as a lessee under a lease or any Real Property owned in fee that is not Owned Real Property or any Vessel owned in fee that does not have an individual fair market value (as determined in good faith by the Issuer) of at least $15.0 million, (iii) any vehicle, (iv) cash, deposit accounts and securities accounts (to the extent that a Lien thereon must be perfected by any action other than the filing of customary financing statements), (v) any assets to the extent that, and for so long as, taking a security interest in such assets would violate any applicable law or regulation (including any Gaming Law or regulation) or an enforceable contractual obligation binding on the assets that existed at the time of the acquisition thereof and was not created or made binding on the assets in contemplation or in connection with the acquisition of such assets (except in the case of assets (A) owned on the Issue Date or (B) acquired after the Issue Date with Indebtedness of the type permitted pursuant to clauses (c) or (v) of the second paragraph under Certain Covenants Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock that is secured by a Permitted Lien), (vi) any securities or other equity interests of the Issuer or any of the Issuer s Subsidiaries to the extent that the pledge of such securities and/or equity interest and other securities results in the Issuer s being required to file separate financial statements of such Subsidiary with the SEC, but only to the extent necessary to not be subject to such requirement and only for so long as such requirement is in existence and only with respect to the relevant Notes affected; provided that neither the Issuer nor any Subsidiary shall take any action in the form of a reorganization, merger or other restructuring a principal purpose of which is to provide for the release of the Lien on any Capital Stock pursuant to this clause (vi), (vii) any right, title or interest in any license, contract or agreement to which the Issuer or a Subsidiary Pledgor is a party or any of its right, title or interest thereunder to the extent, but only to the extent, that such a grant would violate applicable Gaming Laws or the terms of such license, contract or agreement, or result in a breach of the terms of, or constitute a default under, any such license, contract or agreement to which the Issuer or such Subsidiary Pledgor is a party; provided, that immediately upon the ineffectiveness, lapse or termination of any such provision, the Collateral shall include all such rights and interests as if such provision had never been in effect, (viii) any equipment or other asset owned by the Issuer or any Subsidiary Pledgor that is subject to a purchase money lien or a Capitalized Lease Obligation, in each case, as permitted under the Indenture, if the contract or other agreement in which the Lien is granted (or the documentation providing for such Capitalized Lease Obligation) prohibits or requires the consent of any Person other than the Issuer or the Subsidiary Pledgors as a condition to the creation of any other security interest on such Equipment or asset and, in each case, the prohibition or requirement is permitted under the Indenture, and (ix) certain other exceptions described in the Security Documents (all such excluded assets referred to as Excluded Assets ). In addition, the aggregate principal amount of Notes secured by the Collateral will at all times be limited to the maximum amount that is permitted to be secured without equally and ratably securing the Existing Notes in accordance with the terms thereof as in effect on the Issue Date. Except for securities or other equity interests of certain of our Domestic Subsidiaries or first tier Foreign Subsidiaries, which secure the obligations outstanding under our senior secured credit facilities, the foregoing excluded property and assets do not secure any other First Priority Lien Obligations.

In addition, with respect to clause (vi) above, in the event that Rule 3-16 of Regulation S-X under the Securities Act is amended, modified or interpreted by the SEC to require (or is replaced with another rule or regulation, or any other law, rule or regulation is adopted, which would require) the filing with the SEC (or any other governmental agency) of separate financial statements of any Subsidiary of the Issuer due to the fact that such Subsidiary s Capital Stock secures the Notes affected thereby, then the Capital Stock of such Subsidiary will automatically be deemed not to be part of the Collateral securing the relevant Notes affected thereby but only to the extent necessary to not be subject to such requirement and only for so long as required to not be subject to such requirement. We expect that, as a result, a portion of the capital stock of the Issuer may be released. In such event, the Security Documents may be amended or modified, without the consent of any holder of such Notes, to the extent necessary to release the security interests in favor of the First Lien Collateral Agent on the shares of Capital Stock that are so deemed to no longer constitute part of the Collateral for the relevant Notes. In the event that Rule 3-16 of Regulation S-X under the Securities Act is amended, modified or interpreted by the SEC to permit (or is replaced with another rule or regulation, or any other law, rule or regulation is adopted, which would permit) such Subsidiary s Capital Stock to secure the Notes in excess of the amount then pledged without the filing with the SEC (or any other governmental agency) of separate financial statements of such Subsidiary, then the Capital Stock of such Subsidiary will automatically be deemed to be a part of the Collateral for the relevant Notes.

For the avoidance of doubt, if the Company or any applicable Guarantor fails to enter into a Security Document after using commercially reasonable efforts the Company shall be solely responsible for determining whether it has used commercially reasonable efforts, which shall be set forth in an Officers Certificate delivered to the Trustee and the Collateral Agent, (upon which the Trustee and the Collateral Agent may conclusively rely without any investigation) and the Company shall notify the holders of Notes. Neither the Collateral Agent nor the Trustee shall have any obligation to enter in such an agreement and shall have the right to decline signing such an agreement if, after being advised by counsel, the Trustee or Collateral Agent determines in good faith that such action would expose the Trustee or Collateral Agent to liability or if doing so is not consistent with its rights, privileges, protections and immunities set forth in this Indenture, the Collateral Agreement or other Notes Documents.

In connection with any enforcement action with respect to the Collateral or any insolvency or liquidation proceeding, all proceeds of Collateral (after paying the fees and expenses of the Collateral Agent and any expenses of selling or otherwise foreclosing on the Collateral) will be applied pro rata to the repayment of the obligations under the Notes and the other outstanding First Priority Lien Obligations. The Issuer and the Subsidiary Pledgors are able to incur additional Indebtedness in the future that could share in the Collateral, including additional First Priority Lien Obligations. The amount of such First Priority Lien Obligations and additional Indebtedness is limited by the covenants described under Certain Covenants Liens and Certain Covenants Limitation on Incurrence of Indebtedness and Issuances of Disqualified Stock and

Table of Contents

Preferred Stock. Under certain circumstances, the amount of such additional First Priority Lien Obligations and additional Indebtedness could be significant.

***After-Acquired Collateral***

Subject to certain limitations and exceptions (including the exclusion of any securities or other equity interests of any of the Issuer s Subsidiaries), if the Issuer or any Subsidiary Pledgor creates any additional security interest upon any property or asset to secure any First Priority Lien Obligations (which include Obligations in respect of Secured Bank Indebtedness), it must concurrently grant a first priority security interest (subject to Permitted Liens) upon such property as security for the Notes.

***Security Documents***

The Issuer, the Subsidiary Pledgors and the First Lien Collateral Agent have entered into an amended and restated collateral agreement (the Collateral Agreement ) establishing the terms of the security interests and Liens that secure the Notes. The First Lien Collateral Agent has entered into a joinder to the Collateral Agreement whereby these security interests secure the payment and performance when due of all of the Obligations of the Issuer under the Notes, the Indenture and the Security Documents, as provided in the Security Documents.

Subject to the terms of the Security Documents, the Issuer and the Subsidiary Pledgors have the right to remain in possession and retain exclusive control of the Collateral securing the Notes (other than any cash, securities, obligations and Cash Equivalents constituting part of the Collateral and deposited with the Credit Agreement Agent in accordance with the provisions of the Security Documents and other than as set forth in the Security Documents), to freely operate the Collateral and to collect, invest and dispose of any income therefrom.

***First Lien Intercreditor Agreement***

The trustee for the Existing First Lien Notes and the First Lien Collateral Agent have entered into a First Lien Intercreditor Agreement (as the same may be amended from time to time, the First Lien Intercreditor Agreement ) with the Authorized Representative of the Credit Agreement Obligations with respect to the Collateral, which may be amended from time to time without the consent of the