

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended June 30, 2007

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File No. 1-10410

HARRAH'S ENTERTAINMENT, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation or organization)

One Caesars Palace Drive
Las Vegas, Nevada
(Address of principal executive offices)

I.R.S. No. 62-1411755
(I.R.S. Employer
Identification No.)

89109
(Zip Code)

(702) 407-6000
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of July 31, 2007, there were 187,238,778 shares of the Company's Common Stock outstanding.

Item 1. Financial Statements

The accompanying unaudited Consolidated Condensed Financial Statements of Harrah's Entertainment, Inc., a Delaware corporation, have been prepared in accordance with the instructions to Form 10-Q and, therefore, do not include all information and notes necessary for complete financial statements in conformity with generally accepted accounting principles in the United States. The results for the periods indicated are unaudited, but reflect all adjustments (consisting only of normal recurring adjustments) that management considers necessary for a fair presentation of operating results.

Results of operations for interim periods are not necessarily indicative of a full year of operations. These Consolidated Condensed Financial Statements should be read in conjunction with the Consolidated Financial Statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2006.

HARRAH'S ENTERTAINMENT, INC.
CONSOLIDATED CONDENSED BALANCE SHEETS
(UNAUDITED)

(In millions, except share amounts)	June 30, 2007	Dec. 31, 2006
ASSETS		
Current assets		
Cash and cash equivalents	\$ 721.0	\$ 799.6
Receivables, less allowance for doubtful accounts of \$109.1 and \$94.7	378.1	429.6
Deferred income taxes	194.1	143.6
Income tax receivable	27.1	28.5
Prepayments and other	216.2	166.5
Inventories	74.3	63.0
Total current assets	<u>1,610.8</u>	<u>1,630.8</u>
Land, buildings, riverboats and equipment	17,759.7	16,744.9
Less: accumulated depreciation	<u>(3,058.7)</u>	<u>(2,723.9)</u>
	14,701.0	14,021.0
Assets held for sale (Notes 1 and 11)	7.2	387.3
Goodwill (Notes 3 and 4)	3,691.5	3,689.4
Intangible assets (Notes 3 and 4)	2,060.6	2,044.5
Escrow deposit	115.2	—
Deferred costs and other	525.2	511.9
	<u>\$ 22,711.5</u>	<u>\$ 22,284.9</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 347.2	\$ 465.0
Accrued expenses	1,369.8	1,324.8
Current portion of long-term debt (Note 6)	10.3	451.2
Total current liabilities	1,727.3	2,241.0
Liabilities held for sale (Notes 1 and 11)	0.6	0.6
Long-term debt (Note 6)	12,191.9	11,638.7
Deferred credits and other	471.4	384.2
Deferred income taxes	1,828.8	1,896.9
	<u>16,220.0</u>	<u>16,161.4</u>
Minority interests	58.5	52.4
Commitments and contingencies (Notes 6, 8, 9 and 11)		
Stockholders' equity (Notes 5 and 6)		
Common stock, \$0.10 par value, authorized—720,000,000 shares, outstanding—186,790,838 and 186,146,738 shares (net of 36,009,651 and 35,735,329 shares held in treasury)	18.7	18.6
Capital surplus	5,236.8	5,148.2
Retained earnings	1,163.4	907.1
Accumulated other comprehensive income/(loss)	14.1	(2.8)
	<u>6,433.0</u>	<u>6,071.1</u>
	<u>\$ 22,711.5</u>	<u>\$ 22,284.9</u>

See accompanying Notes to Consolidated Condensed Financial Statements.

HARRAH'S ENTERTAINMENT, INC.
CONSOLIDATED CONDENSED STATEMENTS OF INCOME
(UNAUDITED)

(In millions, except per share amounts)	Second Quarter Ended		Six Months Ended	
	June 30, 2007	June 30, 2006	June 30, 2007	June 30, 2006
Revenues				
Casino	\$ 2,200.7	\$ 1,916.2	\$4,353.0	\$3,814.3
Food and beverage	429.7	386.4	854.0	781.0
Rooms	348.0	312.5	694.4	626.7
Management fees	21.3	21.6	43.7	43.1
Other	174.8	148.2	340.3	286.9
Less: casino promotional allowances	(472.8)	(411.0)	(928.0)	(821.2)
Total revenues	2,701.7	2,373.9	5,357.4	4,730.8
Operating expenses				
Direct				
Casino	1,162.6	955.8	2,248.9	1,871.0
Food and beverage	188.3	162.2	359.4	344.5
Rooms	68.7	60.8	134.1	131.1
Property general, administrative and other	568.2	522.4	1,202.6	1,021.3
Depreciation and amortization	204.3	161.9	394.6	317.9
Write-downs, reserves and recoveries	(20.8)	7.2	(28.3)	10.4
Project opening costs	8.3	4.7	17.2	9.1
Corporate expense	26.6	45.7	60.1	88.2
Merger and integration costs	3.5	6.4	7.6	19.8
Income on interests in nonconsolidated affiliates	(3.8)	(1.0)	(3.6)	(3.1)
Amortization of intangible assets	17.9	16.1	35.7	35.8
Total operating expenses	2,223.8	1,942.2	4,428.3	3,846.0
Income from operations	477.9	431.7	929.1	884.8
Interest expense, net of interest capitalized	(176.6)	(162.2)	(362.4)	(326.5)
Losses on early extinguishments of debt	—	(61.1)	—	(61.1)
Other income, including interest income	15.6	1.6	23.8	1.8
Income from continuing operations before income taxes and minority interests	316.9	210.0	590.5	499.0
Provision for income taxes	(116.3)	(77.7)	(216.6)	(183.3)
Minority interests	(5.1)	(3.6)	(11.2)	(9.5)
Income from continuing operations	195.5	128.7	362.7	306.2
Discontinued operations				
Income/(loss) from discontinued operations	66.5	(0.1)	94.3	7.3
Provision for income taxes	(24.5)	—	(34.2)	(2.5)
Income/(loss) from discontinued operations, net	42.0	(0.1)	60.1	4.8
Net income	\$ 237.5	\$ 128.6	\$ 422.8	\$ 311.0
Earnings per share—basic				
Income from continuing operations	\$ 1.05	\$ 0.70	\$ 1.95	\$ 1.67
Discontinued operations, net	0.23	—	0.33	0.02
Net income	\$ 1.28	\$ 0.70	\$ 2.28	\$ 1.69
Earnings per share—diluted				
Income from continuing operations	\$ 1.03	\$ 0.69	\$ 1.91	\$ 1.64
Discontinued operations, net	0.22	—	0.32	0.02
Net income	\$ 1.25	\$ 0.69	\$ 2.23	\$ 1.66
Dividends declared per share	\$ 0.40	\$ 0.36	\$ 0.80	\$ 0.73
Weighted average common shares outstanding				
Additional shares based on average market price for period applicable to:	186.0	184.0	185.7	183.6
Restricted stock	0.3	0.3	0.3	0.3
Stock options	2.4	2.5	2.4	3.0
Stock appreciation rights	0.2	—	0.2	—
Convertible debt	1.3	0.3	1.3	0.3
Weighted average common and common equivalent shares outstanding	190.2	187.1	189.9	187.2

See accompanying Notes to Consolidated Condensed Financial Statements.

HARRAH'S ENTERTAINMENT, INC.
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(UNAUDITED)

(In millions)	Six Months Ended	
	June 30, 2007	June 30, 2006
Cash flows from operating activities		
Net income	\$ 422.8	\$ 311.0
Adjustments to reconcile net income to cash flows from operating activities:		
Income from discontinued operations, before income taxes	(94.3)	(7.3)
Income from insurance claims for hurricane losses	(55.7)	—
Losses on early extinguishments of debt		61.1
Depreciation and amortization	435.5	334.1
Write-downs, reserves and recoveries	5.1	3.5
Other noncash items	32.2	18.9
Share-based compensation expense	26.5	23.3
Deferred income taxes	8.6	10.8
Tax benefit from stock equity plans	0.9	0.8
Minority interests' share of income	11.2	9.5
Income on interests in nonconsolidated affiliates	(3.6)	(3.1)
Net change in insurance receivables for hurricane damage	0.2	—
Returns on investment in nonconsolidated affiliate	1.0	1.0
Insurance proceeds for hurricane losses	44.3	—
Net gains from asset sales	(17.6)	(1.1)
Net change in long-term accounts	7.9	(2.6)
Net change in working capital accounts	(175.1)	(67.1)
Cash flows provided by operating activities	<u>649.9</u>	<u>692.8</u>
Cash flows from investing activities		
Land, buildings, riverboats and equipment additions	(765.8)	(1,072.0)
Escrow deposit	(115.2)	—
Payments for businesses acquired, net of cash acquired	(4.0)	—
Insurance proceeds for hurricane losses for discontinued operations	28.7	74.0
Insurance proceeds for hurricane losses for continuing operations	13.3	58.6
(Decrease)/Increase in construction payables	(21.0)	17.4
Investments in and advances to nonconsolidated affiliates	5.9	(0.9)
Proceeds from other asset sales	94.6	6.2
Proceeds from sales of discontinued operations	—	388.5
Proceeds from sale of long-term investments	—	49.4
Other	(68.5)	(20.2)
Cash flows used in investing activities	<u>(832.0)</u>	<u>(499.0)</u>
Cash flows from financing activities		
Borrowings under lending agreements, net of deferred financing costs	14,373.0	3,075.2
Repayments under lending agreements	(13,246.2)	(3,201.6)
Scheduled debt retirements	(1,001.7)	(5.0)
Dividends paid	(149.2)	(133.9)
Minority interests' (distributions)/contributions, net	(7.2)	9.4
Proceeds from exercises of stock options	43.5	50.3
Excess tax benefit from stock equity plans	26.3	16.7
Proceeds from issuance of senior notes, net of issue costs	—	739.1
Early extinguishments of debt	—	(795.0)
Premiums paid on early extinguishments of debt	—	(55.7)
Losses on derivative instrument	—	(2.6)
Other	(3.7)	5.0
Cash flows provided by/(used in) financing activities	<u>34.8</u>	<u>(298.1)</u>
Cash flows from discontinued operations		
Cash flows from operating activities	68.9	20.2
Cash flows from investing activities	(0.2)	(3.4)
Cash flows provided by discontinued operations	<u>68.7</u>	<u>16.8</u>
Net decrease in cash and cash equivalents	(78.6)	(87.5)
Cash and cash equivalents, beginning of period	799.6	724.4
Cash and cash equivalents, end of period	<u>\$ 721.0</u>	<u>\$ 636.9</u>

See accompanying Notes to Consolidated Condensed Financial Statements.

HARRAH'S ENTERTAINMENT, INC.
CONSOLIDATED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)

(In millions)	Second Quarter Ended		Six Months Ended	
	June 30, 2007	June 30, 2006	June 30, 2007	June 30, 2006
Net income	\$ 237.5	\$ 128.6	\$422.8	\$311.0
Other comprehensive income:				
Foreign currency translation adjustments, net of tax provision of \$1.0, \$0.1, \$0.7 and \$0.1	(0.1)	0.2	0.9	0.2
Minimum pension liability adjustment, net of tax provision of \$6.7, \$0.0, \$6.7 and \$0.0	15.7	—	15.7	—
Reclassification of loss on derivative instrument from other comprehensive income to net income, net of tax provision of \$0.1, \$0.1, \$0.2 and \$0.2	0.2	0.1	0.3	0.3
	15.8	0.3	16.9	0.5
Comprehensive income	\$ 253.3	\$ 128.9	\$439.7	\$311.5

See accompanying Notes to Consolidated Condensed Financial Statements.

Note 1—Basis of Presentation and Organization

Harrah's Entertainment, Inc. ("Harrah's Entertainment," the "Company," "we," "our" or "us," and including our subsidiaries where the context requires) is a Delaware corporation. As of June 30, 2007, we own or manage 49 casinos, primarily under the Harrah's, Caesars and Horseshoe brand names in the United States. Our casino entertainment facilities include 30 land-based casinos, 12 riverboat or dockside casinos, three managed casinos on Indian lands, one combination thoroughbred racetrack and casino, one combination greyhound racetrack and casino, one combination harness racetrack and casino and one managed casino in Canada. Our 30 land-based casinos include one in Uruguay, eight in the United Kingdom, two in Egypt and one in South Africa. We view each property as an operating segment and aggregate all operating segments into one reporting segment.

On December 19, 2006, we entered into a definitive agreement for affiliates of TPG, formerly Texas Pacific Group, and Apollo Management, L.P. ("Apollo") to acquire Harrah's Entertainment in an all cash transaction valued on that date at approximately \$27.8 billion, including the assumption of \$10.7 billion of debt. Under the terms of the agreement, holders of Harrah's Entertainment stock will receive \$90.00 in cash for each outstanding share of common stock.

At a special meeting on April 5, 2007, Harrah's Entertainment's stockholders approved the merger and merger agreement.

The transaction is expected to be completed in late 2007 or early 2008 and is subject to customary closing conditions, including regulatory approvals. It is not subject to financing conditions. If the other closing conditions in the agreement are satisfied or waived, the affiliates of TPG and Apollo will merge with and into Harrah's Entertainment, and Harrah's Entertainment will be the surviving corporation and a wholly-owned subsidiary of an entity controlled by TPG and Apollo.

As a result of the merger, if completed, our stock will no longer be publicly traded.

The merger agreement with affiliates of TPG and Apollo contains customary restrictions on the operations of the Company prior to the consummation of the transaction, including restrictions related to the incurrence of debt and capital expenditures.

Certain of our properties were sold in 2006, and prior to their sales, assets and liabilities of these properties were classified in our Consolidated Condensed Balance Sheets as Assets/Liabilities held for sale, and their operating results through the date of their sales were presented as discontinued operations. See Note 11 for further information regarding discontinued operations.

Note 2—Stock-Based Employee Compensation

Effective January 1, 2006, we adopted the Financial Accounting Standards Board ("FASB") Statement of Financial Accounting Standards No. 123 (revised 2004), "Share-Based Payment" (SFAS No. 123(R)). We recognized expense for stock-based employee compensation of \$19.3 million and \$36.3 million in second quarter and the first six months of 2007, respectively, and \$14.0 million and \$27.9 million in the second quarter and first six months of 2006, respectively. Effective January 1, 2007, we began allocating a portion of the expense related to stock options and stock appreciation rights to the applicable reporting unit, whereas, in 2006, that expense was included in Corporate expense. For the second quarter and first six months of 2007, \$8.7 million and \$14.5 million, respectively, of this expense is included in Corporate expense, and \$10.6 million and \$21.8 million, respectively, of the expense is included in Property general, administrative and other in our 2007 Consolidated Condensed Statement of Income. For the second quarter and first six months of 2006, \$13.1 million and \$26.1 million, respectively, of this expense is included in Corporate expense, and \$0.9 million and \$1.8 million, respectively, of the expense is included in Property general, administrative and other in our 2006 Consolidated Condensed Statement of Income.

There was no material award activity in the six months ended June 30, 2007.

Note 3—Goodwill and Other Intangible Assets

The following table sets forth changes in our goodwill for the period ended June 30, 2007.

(In millions)	
Balance at December 31, 2006	\$ 3,689.4
Additions or adjustments	2.1
Balance at June 30, 2007	<u>\$ 3,691.5</u>

The following table provides the gross carrying value and accumulated amortization for each major class of intangible assets.

(In millions)	June 30, 2007			December 31, 2006		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Amortizing intangible assets:						
Trademarks	\$ 31.0	\$ 12.6	\$ 18.4	\$ 31.0	\$ 9.6	\$ 21.4
Gaming rights	37.5	2.8	34.7	37.4	2.0	35.4
Contract rights	131.7	43.5	88.2	131.7	36.6	95.1
Customer relationships	654.2	118.2	536.0	654.2	93.0	561.2
	<u>\$ 854.4</u>	<u>\$ 177.1</u>	<u>677.3</u>	<u>\$ 854.3</u>	<u>\$ 141.2</u>	<u>713.1</u>
Nonamortizing intangible assets:						
Trademarks			570.2			570.2
Gaming rights			813.1			761.2
			<u>1,383.3</u>			<u>1,331.4</u>
Total			<u>\$2,060.6</u>			<u>\$2,044.5</u>

The aggregate amortization expense for the quarter and six months ended June 30, 2007, for those assets that are amortized under the provisions of SFAS No. 142 was \$17.9 million and \$35.7 million, respectively. Estimated annual amortization expense for those assets for the years ending December 31, 2007, 2008, 2009, 2010 and 2011 is \$71.3 million, \$69.7 million, \$68.2 million, \$61.1 million and \$55.5 million, respectively. The amount of amortization to be recorded in future periods is subject to change as the purchase price allocations are refined and finalized (see Note 4).

Note 4—Acquisitions

London Clubs

In December 2006, we completed our acquisition of 100% of the ordinary shares of London Clubs International Limited (“London Clubs”) for approximately \$590.1 million, including acquisition costs, and assumed the entity’s debt of approximately \$78.5 million. As of June 30, 2007, London Clubs operates eight casinos in the United Kingdom, two in Egypt and one in South Africa. London Clubs also has three additional casinos under development in the United Kingdom. The results for London Clubs are included in our operating results subsequent to its acquisition.

For purposes of these financial statements, we have assigned values to the assets, including intangible assets, and liabilities of London Clubs equal to their historical net book values. The initial value of \$150.3 million that has been assigned to intangible assets represents London Clubs’ costs for gaming licenses, which are not subject to amortization. We have assumed that the excess of the purchase price over the net book value of the assets acquired is goodwill. Values assigned to assets will be revised upon review of reports from third parties that we have engaged to perform valuation studies. The purchase price allocation will be completed within one year of the acquisition.

Barbary Coast

On February 27, 2007, we exchanged certain real estate, acquired for \$367.9 million, that we owned on the Las Vegas Strip for property formerly known as the Barbary Coast, located at the northeast corner of Flamingo Road and Las Vegas Boulevard, between Bally's Las Vegas and Flamingo Las Vegas. With the closing of this acquisition and other parcels under an acquisition agreement, we have a total of nearly 350 acres of land encompassing the area between Paris Las Vegas to the south, Harrah's Las Vegas to the north, Koval Avenue to the east and the Rio to the west. We have essentially completed our land assemblage goals in Las Vegas. We began operating the acquired property on March 1, 2007, as Bill's Gamblin' Hall & Saloon, and its results are included in our operating results from the date of its acquisition. For purposes of these financial statements, we have assumed that the excess of the purchase price over the net book value of the assets acquired is land costs. Values assigned to assets, including land, will be revised upon finalization of the purchase price allocation, which will be completed within one year of the acquisition.

Note 5—Stockholders' Equity

In addition to its common stock, Harrah's Entertainment has the following classes of stock authorized but unissued:

Preferred stock, \$100 par value, 150,000 shares authorized

Special stock, \$1.125 par value, 5,000,000 shares authorized—

Series A Special Stock, 4,000,000 shares designated

In April 2007, the Company declared a regular cash dividend of 40 cents per share, which was paid on May 23, 2007, to stockholders of record as of the close of business on May 9, 2007. The Company has paid quarterly cash dividends since third quarter 2003. Subsequent to the end of second quarter 2007, we declared a regular quarterly cash dividend of 40 cents per share, payable on August 22, 2007, to stockholders of record as of the close of business on August 8, 2007.

Note 6—Debt

At June 30, 2007, \$250 million, face amount, of our Floating Rate Senior Notes due February 2008, are classified as long-term in our Consolidated Condensed Balance Sheet because the Company has both the intent and the ability to refinance these notes.

Credit Agreement

Our primary credit facilities (the "Credit Agreement") provide for up to \$5.0 billion in borrowings, maturing on April 25, 2011. Interest on the Credit Agreement is based on our debt ratings and leverage ratio and is subject to change. As of June 30, 2007, the Credit Agreement bore interest based upon 62.5 basis points over LIBOR and bore a facility fee for borrowed and unborrowed amounts of 17.5 basis points, a combined 80.0 basis points. At our option, we may borrow at the prime rate under the Credit Agreement. As of June 30, 2007, \$4.3 billion in borrowings was outstanding under the Credit Agreement with an additional \$117.8 million committed to back letters of credit. After consideration of these borrowings, \$604.4 million of additional borrowing capacity was available to the Company under this facility as of June 30, 2007.

Additional Credit Agreement

On February 14, 2007, we entered into an Additional Credit Agreement that provides for a term loan of \$1.125 billion and revolving advances of \$1.125 billion, totaling an aggregate principal amount of \$2.25 billion, maturing February 14, 2010. The additional credit facilities will provide funds to cover debt service requirements and other working capital needs until the merger is complete. The Credit Agreement remains in effect and is not affected by the Additional Credit Agreement. As of June 30, 2007, \$1.125 billion in borrowings was outstanding under the Additional Credit Agreement, with an additional \$1.125 billion of borrowing capacity available to the Company under this agreement.

Included in the debt assumed in the Caesars acquisition is \$375 million Floating Rate Contingent Convertible Senior Notes due 2024. The notes bear interest at an annual rate equal to the three month LIBOR, adjusted quarterly. The interest rate on these notes was 5.4% at June 30, 2007. The notes are convertible into cash and shares of common stock in the following circumstances:

- during any fiscal quarter, if the closing sale price of the Company's common stock for 20 out of the last 30 consecutive trading days during the previous quarter is more than 120% of the Conversion Price of the notes;
- the Company has called the notes for redemption and the redemption has not yet occurred;
- during the five trading day period immediately after any five consecutive trading day period in which the trading price of the notes per \$1,000 principal amount for each day of such period was less than 95% of the product of the closing sale price of the Company's common stock on such day multiplied by the number of shares issuable upon conversion; provided that, if on such date, the common stock price is between the Conversion Price and 120% of the Conversion Price, as defined, then the holders will receive the principal amount of the notes surrendered plus accrued but unpaid interest; or
- upon the occurrence of specified corporate transactions as defined in the indenture covering these notes.

Because the closing price of our common stock was more than 120% of the Conversion Price of the notes for 20 of the last 30 trading days of the quarter ended June 30, 2007, these notes are currently convertible.

Holders may convert any outstanding notes into cash and shares of the Company's common stock at a conversion price per share of \$65.85 (the "Conversion Price") at June 30, 2007. This represents a conversion rate of approximately 15.186 shares of common stock per \$1,000 principal amount of notes (the "Conversion Rate"). Subject to certain exceptions described in the indenture covering these notes, at the time the notes are tendered for conversion, the value (the "Conversion Value") of the cash and shares of the Company's common stock, if any, to be received by a holder converting \$1,000 principal amount of the notes will be determined by multiplying the Conversion Rate by the "Ten Day Average Closing Stock Price," which equals the average of the closing per share prices of the Company's common stock on the New York Stock Exchange on the ten consecutive trading days beginning on the second trading day following the day the notes are submitted for conversion. The Conversion Value will be delivered to holders as follows: (1) an amount in cash (the "Principal Return") equal to the lesser of (a) the aggregate Conversion Value of the notes to be converted and (b) the aggregate principal amount of the notes to be converted, and (2) if the aggregate Conversion Value of the notes to be converted is greater than the Principal Return, any amount in shares (the "Net Shares") equal to the aggregate Conversion Value less the Principal Return (the "Net Share Amount"). The Company will pay the Principal Return and deliver the Net Shares, if any, as promptly as practicable after determination of the Net Share Amount. The number of Net Shares to be paid will be determined by dividing the Net Share Amount by the Ten Day Average Closing Stock Price.

The Conversion Price decreases when cash dividends are declared so that the Conversion Price equals the price determined by multiplying the Conversion Price in effect immediately prior to the record date for such dividend by a fraction, (i) the numerator of which is the average of the pre-dividend sale price, as defined in the agreement, minus the amount of the cash dividend, and (ii) the denominator of which is the pre-dividend sale price. As a result of the second quarter 2007 cash dividend, the Conversion Price was adjusted from \$66.47 at December 31, 2006, to \$65.85 at June 30, 2007.

The notes are redeemable by the Company at any time on or after April 20, 2009, at 100 percent of the principal amount of the notes plus accrued and unpaid interest. Holders may require the Company to purchase all or a portion of these notes on April 15, 2009, 2014, or 2019 at 100 percent of the principal amount of the notes plus accrued and unpaid interest. The notes are unsecured obligations, rank equal with our other senior indebtedness and are senior to all of our subordinated indebtedness.

Upon consummation of the pending sale of the Company and for a period of 15 days thereafter, the holders of our notes will have the right to convert the notes into the merger consideration. Each \$1,000 note would be divided by the then current conversion rate and the holder would receive the merger consideration for each share on an as-converted basis. In addition, the merger would be deemed a change in control under the indenture governing the notes. Upon any change of control, we must make an offer to repurchase any outstanding notes within 30 days of the closing of the merger at a price equal to 100% of the principal amount plus accrued interest. To the extent the notes are not converted into the merger consideration or repurchased by us, they will be assumed by the buyers pursuant to a supplemental indenture.

Derivative Instruments

We account for derivative instruments in accordance with SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," and all amendments thereto. SFAS No. 133 requires that all derivative instruments be recognized in the financial statements at fair value. Any changes in fair value are recorded in the income statement or in other comprehensive income, depending on whether the derivative is designated and qualifies for hedge accounting, the type of hedge transaction and the effectiveness of the hedge. The estimated fair values of our derivative instruments are based on market prices obtained from dealer quotes. Such quotes represent the estimated amounts we would receive or pay to terminate the contracts.

Our derivative instruments contain a credit risk that the counterparties may be unable to meet the terms of the agreements. We minimize that risk by evaluating the creditworthiness of our counterparties, which are limited to major banks and financial institutions, and we do not anticipate nonperformance by the counterparties.

We use interest rate swaps to manage the mix of our debt between fixed and variable rate instruments. As of June 30, 2007, we have five variable-for-fixed interest rate swap agreements for a notional amount of \$1.0 billion. The difference to be paid or received under the terms of the interest rate swap agreements is accrued as interest rates change and recognized as an adjustment to interest expense for the related debt. Changes in the variable interest rates to be paid or received pursuant to the terms of the interest rate swap agreements will have a corresponding effect on future cash flows. The major terms of the interest rate swaps are as follows.

<u>Effective Date</u>	<u>Type of Hedge</u>	<u>Fixed Rate Paid</u>	<u>Variable Rate Received as of June 30, 2007</u>	<u>Notional Amount (In millions)</u>	<u>Maturity Date</u>
April 25, 2007	Cash Flow	4.898%	5.355%	\$ 200	April 25, 2011
April 25, 2007	Cash Flow	4.896%	5.355%	200	April 25, 2011
April 25, 2007	Cash Flow	4.925%	5.355%	200	April 25, 2011
April 25, 2007	Cash Flow	4.917%	5.355%	200	April 25, 2011
April 25, 2007	Cash Flow	4.907%	5.355%	200	April 25, 2011

Our interest rate swap agreements are not designated as hedging instruments; therefore, the gain or loss resulting from changes in the fair values of the swaps is recognized in earnings in the period of change. In the second quarter of 2007, \$14.3 million, representing the gain from the change in the fair value of our interest rate swaps, is included in Interest expense in our 2007 Consolidated Condensed Statement of Income.

Commercial Paper

To provide the Company with cost-effective borrowing flexibility, we have a \$200 million commercial paper program that is used to borrow funds for general corporate purposes. At June 30, 2007, there were no borrowings under this program.

Shelf Registration

To provide for additional financing flexibility, Harrah's Entertainment, in connection with its wholly-owned subsidiary, Harrah's Operating Company, Inc. ("HOC"), filed a shelf registration statement with the Securities

and Exchange Commission in April 2006 for Harrah's Entertainment's common stock or HOC debt securities. The issue price of Harrah's common stock or the terms and conditions of HOC debt securities, which may be guaranteed by Harrah's Entertainment, will be determined by market conditions at the time of issuance. The shelf registration statement is available until April 2009.

Retirement of Debt

In February 2007, \$496.7 million of our 9.375% Senior Subordinated Notes matured and was retired, and in June 2007, \$500.0 million of our 7.125% Senior Notes matured and was retired. The retirements were funded using proceeds from our Additional Credit Agreement and Credit Agreement, respectively.

Subsequent to the end of second quarter, we retired a \$120.1 million credit facility of London Clubs, our subsidiary in the United Kingdom.

Debt Repurchase Program

In July 2003, our Board of Directors authorized the Company to retire, from time to time through cash purchases, portions of our outstanding debt in open market purchases, privately negotiated transactions or otherwise. These repurchases will be funded through available cash from operations and borrowings from our established debt programs. Such repurchases will depend on prevailing market conditions, the Company's liquidity requirements, contractual restrictions and other factors. No repurchases were made under this program during the first six months of 2007.

Parent Company Guarantee Of Subsidiary Debt

HOC, a 100% owned subsidiary and the principal asset of Harrah's Entertainment, is the issuer of certain debt securities that have been guaranteed by Harrah's Entertainment. Due to the comparability of HOC's consolidated financial information with that of Harrah's Entertainment, separate financial statements and other disclosures regarding HOC have not been presented. Management has determined that such information is not material to holders of HOC's debt securities. Harrah's Entertainment has no independent assets or operations, its guarantee of HOC's debt securities is full and unconditional and its only other subsidiaries are minor. There are no significant restrictions on Harrah's Entertainment's ability to obtain funds from its subsidiaries by dividends or loans. In addition, the amount of consolidated retained earnings representing undistributed earnings of 50-percent-or-less owned persons accounted for under the equity method is less than 0.5 percent and there are no significant restrictions on the payment of dividends by the Company.

Note 7—Supplemental Cash Flow Disclosures

Cash Paid for Interest and Taxes

The following table reconciles our Interest expense, net of interest capitalized, per the Consolidated Condensed Statements of Income, to cash paid for interest:

(In millions)	Six Months Ended	
	June 30, 2007	June 30, 2006
Interest expense, net of interest capitalized	\$362.4	\$326.5
Adjustments to reconcile to cash paid for interest:		
Net change in accruals	16.2	14.2
Amortization of deferred finance charges	(5.0)	(4.4)
Net amortization of discounts and premiums	20.9	35.7
Change in fair value of interest rate swaps	14.3	—
Cash paid for interest, net of amount capitalized	<u>\$408.8</u>	<u>\$372.0</u>
Cash payments for income taxes, net of refunds	<u>\$222.8</u>	<u>\$120.0</u>

Note 8—Commitments and Contingent Liabilities

Contractual Commitments

We continue to pursue additional casino development opportunities that may require, individually and in the aggregate, significant commitments of capital, up-front payments to third parties, guarantees by the Company of third-party debt and development completion guarantees.

The agreements under which we manage casinos on Indian lands contain provisions required by law that provide that a minimum monthly payment be made to the tribe. That obligation has priority over scheduled payments of borrowings for development costs and over the management fee earned and paid to the manager. In the event that insufficient cash flow is generated by the operations of the Indian-owned properties to fund this payment, we must pay the shortfall to the tribe. Subject to certain limitations as to time, such advances, if any, would be repaid to us in future periods in which operations generate cash flow in excess of the required minimum payment. These commitments will terminate upon the occurrence of certain defined events, including termination of the management contract. As of June 30, 2007, our aggregate monthly commitment for the minimum guaranteed payment pursuant to these contracts for the three managed Indian-owned facilities now open, which extend for periods of up to 77 months from June 30, 2007, is \$1.2 million. The maximum exposure for the minimum guaranteed payments to the tribes is unlikely to exceed \$62.2 million.

We may guarantee all or part of the debt incurred by Indian tribes, with which we have entered into management contracts, to fund development or expansion of casino facilities on the Indian lands. For all existing guarantees of Indian debt, we have obtained a first lien on certain personal property (tangible and intangible) of the casino enterprise. There can be no assurance, however, that the value of such property would satisfy our obligations in the event these guarantees were enforced. Additionally, we have received limited waivers from the Indian tribes of their sovereign immunity to allow us to pursue our rights under the contracts between the parties and to enforce collection efforts as to any assets in which a security interest is taken. The aggregate outstanding balance of such debt as of June 30, 2007, was \$173.5 million.

Some of our guarantees of the debt for casinos on Indian lands were modified during 2003, resulting in the requirement under FASB Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of indebtedness of Others," to recognize a liability for the estimated fair value of those guarantees. Liabilities, representing the fair value of our guarantees, and corresponding assets, representing the portion of our management fee receivable attributable to our agreements to provide the related guarantees, were recorded and are being amortized over the lives of the related agreements. We estimate the fair value of the obligations by considering what premium would have been required by us or by an unrelated party. The amounts recognized represent the present value of the premium in interest rates and fees that would have been charged to the tribes if we had not provided the guarantees. Because we did not renew the management agreement for one of the properties for which we had such a guarantee, the liability and corresponding asset were written off in first quarter 2007. The unamortized balance of the liability for the remaining guarantee and of the related asset at June 30, 2007, was \$1.8 million.

In February 2007, we entered into an agreement with the State of Louisiana whereby we extended our guarantee of an annual payment obligation of JCC, our wholly-owned subsidiary, of \$60 million owed to the State of Louisiana. The guarantee was extended for one year to end March 31, 2010.

In addition to the guarantees discussed above, as of June 30, 2007, we had commitments and contingencies of \$1,867.9 million, including construction-related commitments.

Severance Agreements

As of June 30, 2007, we have severance agreements with 27 of our senior executives, which provide for payments to the executives in the event of their termination after a change in control, as defined. These agreements provide, among other things, for a compensation payment of 1.5 to 3.0 times the executive's average

annual compensation, as defined, as well as for accelerated payment or accelerated vesting of any compensation or awards payable to the executive under any of our incentive plans. The estimated amount, computed as of June 30, 2007, that would be payable under the agreements to these executives based on the compensation payments and stock awards aggregated approximately \$227.3 million. The estimated amount that would be payable to these executives does not include an estimate for the tax gross-up payment, provided for in the agreements, that would be payable to the executive if the executive becomes entitled to severance payments which are subject to federal excise tax imposed on the executive.

Self-Insurance

We are self-insured for various levels of general liability, workers' compensation and employee medical coverage. Insurance claims and reserves include accruals of estimated settlements for known claims, as well as accruals of actuarial estimates of incurred but not reported claims.

Note 9—Litigation

Certain of our legal proceedings are reported in our Annual Report on Form 10-K for the year ended December 31, 2006, with material developments since that report described below. We are involved in various inquiries, administrative proceedings and litigation relating to contracts, sales of property and other matters arising in the normal course of business. While any proceeding or litigation has an element of uncertainty, we believe that the final outcome of these matters will not have a material adverse effect upon our consolidated financial position or our results of operations.

On March 8, 2007, Harrah's Entertainment, our board of directors, and the other named defendants in the Delaware and Nevada Lawsuits described in our Annual Report on Form 10-K for the year ended December 31, 2006, entered into a memorandum of understanding with plaintiffs' counsel in those lawsuits. Under the terms of the memorandum, Harrah's Entertainment, our board of directors, the other named defendants, and the plaintiffs have agreed in principle that the Initial Nevada Lawsuits and the Delaware Lawsuit will be dismissed without prejudice and, subject to court approval, the Subsequent Nevada Lawsuits would be dismissed with prejudice.

Harrah's Entertainment, our board of directors, and the other defendants deny all of the allegations in the lawsuits. Nevertheless, the defendants have agreed in principle to settle the purported class action litigations in order to avoid costly litigation and mitigate the risk of any delay to the closing of the merger. Pursuant to the terms of the memorandum, we have agreed to provide certain additional information to stockholders that has been included in our definitive proxy statement dated March 8, 2007. In addition, Harrah's Entertainment or its successor has agreed to pay the legal fees and expenses of plaintiffs' counsel, up to a certain limit and subject to approval by the court. Any payment of legal fees and expenses will not affect the amount of consideration to be paid in the acquisition by affiliates of TPG and Apollo. The entry of a final judgment and the grant of a release against Harrah's Entertainment, our board of directors and the other named defendants will not affect the rights of any stockholders who timely and validly request exclusion from the settlement class pursuant to applicable law or who seek appraisal rights in compliance with all requirements of Delaware law. Additional details of the settlement in principle will be set forth in a separate notice to be sent to stockholders prior to a court hearing to consider the settlement, including any award of attorneys' fees.

In April 2000, the Saint Regis Mohawk Tribe (the "Tribe") granted Caesars the exclusive rights to develop a casino project in the State of New York. On April 26, 2000, certain individual members of the Tribe purported to commence a class action proceeding in a "Tribal Court" in Hogsburg, New York, against Caesars seeking to nullify Caesars' agreement with the Tribe. On March 20, 2001, the "Tribal Court" purported to render a default judgment against Caesars in the amount of \$1.787 billion. Prior to our acquisition of Caesars in June 2005, it was believed that this matter was settled pending execution of final documents and mutual releases. Although fully executed settlement documents were never provided, on March 31, 2003, the United States District Court for the Northern District of New York dismissed litigation concerning the validity of the judgment, without prejudice, while retaining jurisdiction to reopen that litigation, if, within three months thereof, the settlement had not been

completed and further litigation was necessary. On June 22, 2007, a lawsuit was filed in the United States District Court for the Northern District of New York against Harrah's Operating Company, Inc. by certain trustees of the Catskill Litigation Trust alleging the Catskill Litigation Trust had been assigned the "Tribal Court" judgment and seeks to enforce it, with interest. According to a "Tribal Court" order, accrued interest through July 9, 2007, was \$1.0 billion. The Company believes this matter to be without merit and will vigorously contest any attempt to enforce the judgment.

Note 10—Income Taxes

We adopted the provisions of FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109" ("FIN 48"), on January 1, 2007. As a result of the implementation of FIN 48, we recognized approximately a \$12 million increase in the net liability for unrecognized tax benefits, which was accounted for as a reduction to the January 1, 2007, balance of retained earnings. The total amount of unrecognized tax benefits as of January 1, 2007, and June 30, 2007, are \$183 million and \$161 million, respectively. We recognize interest and penalties accrued related to unrecognized tax benefits in income tax expense. We had approximately \$40 million for the payment of interest and penalties accrued at January 1, 2007. Included in the balance of unrecognized tax benefits at January 1, 2007, are \$48 million of unrecognized tax benefits that, if recognized, would impact the effective tax rate. As a result of negotiations with the Australian Tax Office, payments made in connection with various amended state tax returns and expected assessments, we expect that the amount of unrecognized tax benefits will decrease during 2007 between \$20 million and \$50 million. Prior to the end of 2007, we will finalize our purchase accounting adjustments related to the acquisition of London Clubs. As a result of the purchase accounting adjustments, it may be necessary to adjust the amount of unrecognized tax benefits for London Clubs. No range of possible adjustments has been defined as of the date of these financial statements.

We file income tax returns, including returns for our subsidiaries, with federal, state, and foreign jurisdictions. As a large taxpayer, we are under continual audit by the Internal Revenue Service ("IRS") and other taxing authorities on open tax positions, and it is possible that the amount of the liability for unrecognized tax benefits could change during the next twelve months. We are participating in the IRS's Compliance Assurance Program (CAP) for the 2007 tax year. This program accelerates the examination of key transactions with the goal of resolving any issues before the return is filed. Our 2004 and 2005 federal income tax returns are currently being examined by the IRS in a traditional audit process.

Note 11—Discontinued Operations

In November 2006, we sold Harrah's Lake Charles, which had been damaged in a hurricane in September 2005. Results for Harrah's Lake Charles, until its sale in November 2006, were presented as discontinued operations. We recorded a pretax gain of approximately \$10.9 million on this sale. Pursuant to the terms of the sale agreement, we are to retain all insurance proceeds related to Harrah's Lake Charles, and in second quarter and the first six months of 2007, \$41.0 million and \$57.6 million, respectively, of insurance proceeds related to Lake Charles claims are reported in Discontinued operations in our Consolidated Condensed Statement of Income.

In March 2006, we sold the assets of Grand Casino Gulfport, which had been damaged in a hurricane in August 2005, in their "as is" condition, and those assets were included in Assets/Liabilities held for sale in our 2006 Consolidated Condensed Balance Sheets. Operating results for Grand Casino Gulfport were presented as discontinued operations until its sale. No gain or loss was recorded on this sale. Pursuant to the terms of the sale agreement, we are to retain all insurance proceeds related to Grand Casino Gulfport, and in second quarter and the first six months of 2007, \$25.5 million and \$36.8 million, respectively, of insurance proceeds related to Mississippi Gulf Coast claims are reported in Discontinued operations in our Consolidated Condensed Statement of Income.

Flamingo Laughlin was sold in May 2006. Prior to its sale, Flamingo Laughlin's results were presented as discontinued operations, and its assets and liabilities were included in Assets/Liabilities held for sale in our consolidated balance sheets. No gain or loss was recorded on this sale.

The sale of Reno Hilton closed in June 2006. Prior to its sale, Reno Hilton's results were presented as discontinued operations, and its assets and liabilities were included in Assets/Liabilities held for sale in our consolidated balance sheets. No gain or loss was recorded on this sale.

Note 12—Hurricane-Damaged Properties

Hurricanes Katrina and Rita hit the Gulf Coast in third quarter 2005 and caused significant damage to our assets in Biloxi and Gulfport, Mississippi, and New Orleans and Lake Charles, Louisiana. The current status of the impacted operations is as follows:

- Our New Orleans property re-opened on February 17, 2006.
- We sold the Gulfport assets in their “as is” condition during first quarter 2006. No gain or loss was recognized as a result of this disposition. We are retaining all insurance proceeds related to the Gulfport property.
- Grand Casino Biloxi re-opened in August 2006 in a smaller facility.
- We sold the two subsidiaries that owned our Lake Charles operations to another casino company in fourth quarter 2006. We are retaining all insurance proceeds related to the Lake Charles operations.

Insurance covers the repair or replacement of our assets that suffered loss or damage in the hurricanes. Our insurance policies also provide coverage for interruption to our business, including lost profits, and reimbursement for other expenses and costs we have incurred relating to the damages and losses suffered. We are working closely with our insurance carriers and claims adjusters to ascertain the full amount of insurance proceeds due to us as a result of the damages and losses. Due to our expectation that the costs incurred in the aftermath of the storm would be less than the anticipated business interruption insurance proceeds, post-storm costs are offset by the expected recovery. Insurance proceeds have exceeded the net book value of the impacted assets and costs and expenses that are expected to be reimbursed under our business interruption claims, and the excess is recorded as income in the line item, “Write-downs, reserves and recoveries,” for properties included in continuing operations and in the line item, “Income/(loss) from discontinued operations,” for properties included in discontinued operations. In second quarter and the first six months of 2007, \$37.0 million and \$55.7 million, respectively, of insurance proceeds are included in Write-downs, reserves and recoveries and \$66.5 million and \$94.4 million, respectively, of insurance proceeds is included in Discontinued operations in our Consolidated Condensed Statements of Income.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of the financial position and operating results of Harrah's Entertainment, Inc. (referred to in this discussion, together with its consolidated subsidiaries where appropriate, as "Harrah's Entertainment," the "Company," "we," "our" and "us") for the second quarter and first six months of 2007 and 2006, updates, and should be read in conjunction with, Management's Discussion and Analysis of Financial Condition and Results of Operations presented in our 2006 Annual Report on Form 10-K.

AGREEMENT WITH PRIVATE EQUITY FIRMS

On December 19, 2006, we entered into a definitive agreement for affiliates of TPG, formerly Texas Pacific Group, and Apollo Management, L.P. ("Apollo") to acquire Harrah's Entertainment in an all-cash transaction valued on that date at approximately \$27.8 billion, including the assumption of \$10.7 billion of debt. Under the terms of the agreement, holders of Harrah's Entertainment stock will receive \$90.00 in cash for each outstanding share of common stock.

At a special meeting on April 5, 2007, Harrah's Entertainment's stockholders approved the merger and merger agreement.

The transaction is expected to be completed in late 2007 or early 2008 and is subject to customary closing conditions, including regulatory approvals. It is not subject to financing conditions. If the other closing conditions in the agreement are satisfied or waived, the affiliates of TPG and Apollo will merge with and into Harrah's Entertainment, and Harrah's Entertainment will be the surviving corporation and a wholly-owned subsidiary of an entity controlled by TPG and Apollo.

As a result of the merger, if completed, our stock will no longer be publicly traded.

The merger agreement with affiliates of TPG and Apollo contains customary restrictions on the operations of the Company prior to the consummation of the transaction, including restrictions related to the incurrence of debt and capital expenditures.

OPERATING RESULTS AND DEVELOPMENT PLANS**Overall**

(In millions, except earnings per share)	Second Quarter		Percentage Increase/ (Decrease)	First Six Months		Percentage Increase/ (Decrease)
	2007	2006		2007	2006	
Casino revenues	\$2,200.7	\$1,916.2	14.8%	\$4,353.0	\$3,814.3	14.1%
Total revenues	2,701.7	2,373.9	13.8%	5,357.4	4,730.8	13.2%
Income from operations	477.9	431.7	10.7%	929.1	884.8	5.0%
Income from continuing operations	195.5	128.7	51.9%	362.7	306.2	18.5%
Net income	237.5	128.6	84.7%	422.8	311.0	35.9%
Earnings per share—diluted						
From continuing operations	1.03	0.69	49.3%	1.91	1.64	16.5%
Net income	1.25	0.69	81.2%	2.23	1.66	34.3%
Operating margin	17.7%	18.2%	(0.5)pt	17.3%	18.7%	(1.4)pts

The executive officers of our Company review operating results, assess performance and make decisions related to the allocation of resources on a property-by-property basis. We, therefore, believe that each property is an operating segment and that it is appropriate to aggregate and present the operations of our Company as one

reportable segment. In order to provide more detail than would be possible on a consolidated basis, our properties have been grouped as follows to facilitate discussion of our operating results:

Las Vegas	Atlantic City	Louisiana/Mississippi	Iowa/Missouri
Caesars Palace	Harrah's Atlantic City	Harrah's New Orleans	Harrah's St. Louis
Bally's Las Vegas	Showboat Atlantic City	Harrah's Louisiana Downs	Harrah's North Kansas City
Flamingo Las Vegas	Bally's Atlantic City	Horseshoe Bossier City	Harrah's Council Bluffs
Harrah's Las Vegas	Caesars Atlantic City	Grand Casino Biloxi	Horseshoe Council Bluffs/Bluffs
Paris Las Vegas	Harrah's Chester	Grand Casino Tunica	Run
Rio		Horseshoe Tunica	
Imperial Palace		Sheraton Tunica	
Bill's Gamblin' Hall & Saloon			
Illinois/Indiana	Other Nevada	Managed/International/Other	
Caesars Indiana	Harrah's Reno	Harrah's Ak-Chin	
Harrah's Joliet	Harrah's Lake Tahoe	Harrah's Cherokee	
Harrah's Metropolis	Harveys Lake Tahoe	Harrah's Prairie Band (through 6/30/07)	
Horseshoe Hammond	Bill's Lake Tahoe	Harrah's Rincon	
	Harrah's Laughlin	Conrad Punta del Este	
		Casino Windsor(1)	
		London Clubs International(2)	

(1) We have a 50 percent interest in Windsor Casino Limited, which manages this property. The province of Ontario owns the complex.

(2) Operates 8 casino clubs in the United Kingdom, 2 in Egypt and 1 in South Africa.

Included in income from operations for each grouping are project opening costs and write-downs, reserves and recoveries. Project opening costs include costs incurred in connection with the integration of acquired properties into Harrah's Entertainment's systems and technology and costs incurred in connection with expansion and renovation projects at various properties. Write-downs, reserves and recoveries include various pretax charges to record asset impairments, contingent liability reserves, project write-offs and demolition costs, recoveries of previously recorded charges and other non-routine transactions, including insurance proceeds in excess of the net book value of the impacted assets and costs and expenses that are expected to be reimbursed under our business interruption claims.

Las Vegas Results

(In millions)	Second Quarter		Percentage Increase/ (Decrease)	First Six Months		Percentage Increase/ (Decrease)
	2007	2006		2007	2006	
Casino revenues	\$489.6	\$408.8	19.8%	\$ 955.8	\$ 830.7	15.1%
Total revenues	922.5	803.3	14.8%	1,821.1	1,629.0	11.8%
Income from operations	238.8	209.7	13.9%	474.5	443.8	6.9%
Operating margin	25.9%	26.1%	(0.2)pt	26.1%	27.2%	(1.1)pts

Record second quarter and six months revenues and income from operations in 2007 were driven by the robust visitor volume, cross-market play and the acquisition of Bill's Gamblin' Hall & Saloon. Second quarter results were aided by preliminary rounds for the 38th World Series of Poker, which was held at the Rio Hotel and Casino. The 2007 World Series of Poker continued into July.

On February 27, 2007, we exchanged certain real estate that we owned on the Las Vegas Strip for property formerly known as the Barbary Coast, located at the northeast corner of Flamingo Road and Las Vegas Boulevard, between Bally's Las Vegas and Flamingo Las Vegas. With the closing of this acquisition and other parcels under an acquisition agreement, we will have a total of nearly 350 acres of land encompassing the area between Paris Las Vegas to the south, Harrah's Las Vegas to the north, Koval Avenue to the east and the Rio to the west. We have essentially completed our land assemblage goals in Las Vegas. We began operating the acquired property on March 1, 2007, as Bill's Gamblin' Hall & Saloon, and its results are included in our operating results from the date of its acquisition.

Subsequent to the end of second quarter, we announced plans for an expansion and renovation of Caesars Palace Las Vegas, which is expected to cost approximately \$1 billion and will include a 650-room hotel tower, including 75 luxury suites, additional meeting space and, a remodeled and expanded pool area.

Atlantic City Results

(In millions)	Second Quarter		Percentage Increase/ (Decrease)	First Six Months		Percentage Increase/ (Decrease)
	2007	2006		2007	2006	
Casino revenues	619.7	\$537.2	15.4%	\$1,192.7	\$1,044.2	14.2%
Total revenues	592.6	521.0	13.7%	1,138.7	1,011.2	12.6%
Income from operations	77.2	124.2	(37.8)%	149.3	220.0	(32.1)%
Operating margin	13.0%	23.8%	(10.8)pts	13.1%	21.8%	(8.7)pts

Atlantic City regional revenues were higher in second quarter and the six months ended June 30, 2007, due to the inclusion of Harrah's Chester, which opened for simulcasting and live harness racing on September 10, 2006, and for slots play on January 22, 2007. The Atlantic City market was affected by the opening of slot operations at three racing facilities in eastern Pennsylvania and one in Yonkers, New York, and the implementation of new smoking regulations in New Jersey, resulting in lower revenues for the market and higher operating expenses, including promotional and marketing costs aimed at attracting and retaining customers.

Construction is underway on an upgrade and expansion of Harrah's Atlantic City, which will include a new hotel tower with approximately 960 rooms, a casino expansion and a retail and entertainment complex. A new 620-seat buffet and substantially all of a retail promenade opened on February 16, 2007. We expect the new hotel tower to open in the second quarter of 2008. This project is expected to cost approximately \$550 million, \$262.8 million of which had been spent as of June 30, 2007.

Louisiana/Mississippi Results

(In millions)	Second Quarter		Percentage Increase/ (Decrease)	First Six Months		Percentage Increase/ (Decrease)
	2007	2006		2007	2006	
Casino revenues	\$369.7	\$331.2	11.6%	\$744.2	\$634.6	17.3%
Total revenues	389.0	337.5	15.3%	779.5	643.2	21.2%
Income from operations	93.6	62.8	49.0%	169.2	128.0	32.2%
Operating margin	24.1%	18.6%	5.5 pts	21.7%	19.9%	1.8 pts

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

Combined second quarter 2007 revenues from our operations in Louisiana and Mississippi were higher than in second quarter 2006 due to contributions from Grand Casino Biloxi, which was closed in second quarter 2006 due to damages caused by Hurricane Katrina, and higher revenues from Harrah's New Orleans. Second quarter

2007 income from operations includes insurance proceeds of \$37.0 million that are in excess of the net book value of the impacted assets and costs and expenses that are expected to be reimbursed under our business interruption claims. Insurance proceeds are included in Write-downs, reserves and recoveries in our Consolidated Condensed Statements of Income. Income from operations was negatively impacted by lower results in the Tunica market and in New Orleans, where higher depreciation expense related to the new hotel that opened in September 2006 and non-recurring charges affected 2007 results.

For the six months ended June 30, 2007, combined revenues from our properties in Louisiana and Mississippi were higher than in the same period last year due to contributions from Harrah's New Orleans and Grand Casino Biloxi, which were closed for a portion of and all of first quarter 2006, respectively, due to damages caused by Hurricane Katrina. For the first six months of 2007, income from operations includes insurance proceeds of \$55.7 million that are in excess of the net book value of the impacted assets and costs and expenses that are expected to be reimbursed under our business interruption claims. Income from operations was negatively impacted by increased promotional spending in the Tunica market.

The 26-story, 450-room hotel at Harrah's New Orleans opened in September 2006.

After being closed for a year due to Hurricane Katrina, Grand Casino Biloxi opened in August 2006 with approximately 650 slot machines and 20 table games, a 500-room hotel, restaurants and other amenities. In November 2006, we acquired the remaining assets of Casino Magic Biloxi, which is adjacent to the site of Grand Casino Biloxi. In May 2007, Harrah's Entertainment and singer/songwriter Jimmy Buffett announced plans for Margaritaville Casino & Resort in Biloxi. The project, which is expected to cost more than \$700 million, is expected to include approximately 100,000 square feet of casino space, 250,000 square feet of retail space, approximately 66,000 square feet of meeting space, 420 new hotel rooms, a pool deck area with cabanas, bar and tropical landscaping and a full-service spa. Construction is expected to begin in third quarter 2007, and completion is projected for the spring of 2010.

Iowa/Missouri Results

(In millions)	Second Quarter		Percentage Increase/ (Decrease)	First Six Months		Percentage Increase/ (Decrease)
	2007	2006		2007	2006	
Casino revenues	192.9	\$189.1	2.0%	\$384.0	\$383.9	0.0%
Total revenues	205.3	199.5	2.9%	407.0	400.6	1.6%
Income from operations	37.2	33.8	10.1%	70.3	65.4	7.5%
Operating margin	18.1%	16.9%	1.2 pts	17.3%	16.3%	1.0 pt

Combined second quarter 2007 total revenues and income from operations at our Iowa and Missouri properties were higher than in last year's second quarter, due to a strong performance at Harrah's North Kansas City.

The increases in combined revenues and income from operations for the six months ended June 30, 2007, were driven primarily by the capital improvements at Horseshoe Council Bluffs, but competitive markets and poor weekend weather in January and February of 2007 resulted in lower revenues and income from operations at our other Iowa/Missouri properties.

Illinois/Indiana Results

(In millions)	Second Quarter		Percentage Increase/ (Decrease)	First Six Months		Percentage Increase/ (Decrease)
	2007	2006		2007	2006	
Casino revenues	\$334.7	\$310.5	7.8%	\$671.5	\$632.1	6.2%
Total revenues	321.8	300.5	7.1%	646.2	612.2	5.6%
Income from operations	50.1	54.1	(7.4)%	101.2	116.4	(13.1)%
Operating margin	15.6%	18.0%	(2.4)pts	15.7%	19.0%	(3.3)pts

Combined revenues for the second quarter and first six months of 2007 increased over last year's second quarter and first six months revenues; however, income from operations was lower than in the same periods last year due, in part, to a 3% tax assessed by Illinois against certain gaming operations in July 2006. In second quarter 2007, the 3% tax that was assessed on Harrah's Joliet and three unrelated riverboats was declared unconstitutional by a State court. A motion has been filed asking the court to declare that the riverboats can cease making payments immediately, and we will also ask for the return of the money that has been paid for this tax; however, given the uncertainty of the situation, we will continue to accrue and pay this tax. As of June 30, 2007, Harrah's Joliet has paid approximately \$11.9 million for this tax since it was first assessed in July 2006. Higher non-operating expenses in the second quarter and first six months of 2007 also impacted income from operations.

Construction began in second quarter 2006 on the renovation and expansion of Horseshoe Hammond, which will include a two-level entertainment vessel including a 108,000 square-foot casino. The project is expected to cost approximately \$485 million, \$140.9 million of which had been spent as of June 30, 2007. The project is tentatively scheduled for completion in the second half of 2008.

Other Nevada Results

(In millions)	Second Quarter		Percentage Increase/ (Decrease)	First Six Months		Percentage Increase/ (Decrease)
	2007	2006		2007	2006	
Casino revenues	\$ 124.5	\$ 126.2	(1.3)%	\$ 246.1	\$ 245.9	0.1%
Total revenues	154.2	158.5	(2.7)%	307.9	311.4	(1.1)%
Income from operations	22.3	25.7	(13.2)%	42.7	49.1	(13.0)%
Operating margin	14.5%	16.2%	(1.7)pts	13.9%	15.8%	(1.9)pts

Second quarter 2007 revenues and income from operations from our Nevada properties outside of Las Vegas were lower than in second quarter 2006 due to a poor end to the spring ski season in northern Nevada, fires in the Lake Tahoe area in late June and higher customer complimentary costs.

In addition to the factors affecting second quarter 2007 results, poor ski conditions in the Lake Tahoe market in the first quarter of 2007 contributed to the decline for the six months ended June 30, 2007.

Managed/International/Other

(In millions)	Second Quarter		Percentage Increase/ (Decrease)	First Six Months		Percentage Increase/ (Decrease)
	2007	2006		2007	2006	
Revenues						
Managed	\$ 21.5	\$ 21.7	(0.9)%	\$ 44.0	\$ 43.1	2.1%
International	77.0	15.4	N/M	177.9	50.2	N/M
Other	17.8	16.5	7.9%	35.1	29.9	17.4%
Total Revenues	<u>\$116.3</u>	<u>\$ 53.6</u>	N/M	<u>\$257.0</u>	<u>\$123.2</u>	N/M
Income/(loss) from operations						
Managed	\$ 18.2	\$ 17.5	4.0%	\$ 35.8	\$ 34.3	4.4%
International	(4.0)	(1.0)	N/M	10.2	11.8	(13.6)%
Other	(25.4)	(43.0)	40.9%	(56.4)	(76.0)	25.8%
Total Income/(loss) from operations	<u>\$(11.2)</u>	<u>\$(26.5)</u>	57.7%	<u>\$(10.4)</u>	<u>\$(29.9)</u>	65.2%

N/M=Not Meaningful

Managed, international and other results include income from our managed properties, results of our international properties and certain marketing and administrative expenses, including development costs, and

income from our non-consolidated subsidiaries. Favorable results are due to lower costs for pursuit of projects and concept development in 2007 and inclusion of results of London Clubs International Limited (“London Clubs”), which was acquired in fourth quarter 2006. As of June 30, 2007, London Clubs owns or manages casinos in the United Kingdom, Egypt and South Africa. London Clubs also has three casinos under development in the United Kingdom.

Management of Harrah’s Prairie Band Casino transferred to the Prairie Band Potawatomi Nation on July 1, 2007, which was six months earlier than the termination date of the agreement.

Other Factors Affecting Net Income

(In millions) (Income)/expense	Second Quarter		Percentage Increase/ (Decrease)	First Six Months		Percentage Increase/ (Decrease)
	2007	2006		2007	2006	
Corporate expense	\$ 26.6	\$ 45.7	(41.8)%	\$ 60.1	\$ 88.2	(31.9)%
Merger and integration costs	3.5	6.4	(45.3)%	7.6	19.8	(61.6)%
Amortization of intangible assets	17.9	16.1	11.2%	35.7	35.8	(0.3)%
Interest expense, net	176.6	162.2	8.9%	362.4	326.5	11.0%
Losses on early extinguishments of debt	—	61.1	N/M	—	61.1	N/M
Other income	(15.6)	(1.6)	N/M	(23.8)	(1.8)	N/M
Effective tax rate	37.3%	37.7%	(0.4)pts	37.4%	37.5%	(0.1)pt
Minority interests	\$ 5.1	\$ 3.6	41.7%	\$ 11.2	\$ 9.5	17.9%
Discontinued operations, net of income taxes	(42.0)	0.1	N/M	(60.1)	(4.8)	N/M

N/M= Not Meaningful

Corporate expense decreased in the second quarter and the first six months of 2007 from the same periods in the prior year due to allocation of stock-based compensation expense to the applicable reporting unit and to implementation of cost savings and efficiencies.

2007 merger and integration costs include costs in connection with the proposed sale of the Company. 2006 includes costs for consultants and dedicated internal resources executing the plans for the integration of Caesars into Harrah’s Entertainment.

Interest expense increased in the second quarter and first six months of 2007 from the same periods in 2006 due to increased borrowings and higher interest rates on our variable rate debt. Partially offsetting the higher interest is a gain of \$14.3 million representing the increase in the fair value of our interest rate swap agreements. The average interest rate on our variable-rate debt, including the impact of our swap agreements, was 6.0% at June 30, 2007 and 5.9% at June 30, 2006. A change in interest rates will impact our financial results. For example, assuming a constant outstanding balance for our variable-rate debt for the next twelve months, a hypothetical 1% change in corresponding interest rates would change interest expense for the next twelve months by approximately \$51.7 million, or \$12.9 million per quarter. At June 30, 2007, our variable-rate debt, excluding \$1.0 billion of variable-rate debt for which we have entered into interest rate swap agreements, represents approximately 42% of our total debt, while our fixed-rate debt is approximately 58% of our total debt.

Other income was higher in the second quarter and first six months of 2007 than in first quarter last year due primarily to gains on the sales of corporate assets. Also included in Other income is interest income on the cash surrender value of life insurance policies.

The effective tax rates for both periods are higher than the federal statutory rate due primarily to state income taxes.

Minority interests reflect minority owners’ shares of income from our majority owned subsidiaries.

Second quarter and first six months 2007 Discontinued operations reflect insurance proceeds of \$42.0 million, after taxes, and \$60.2 million, after taxes, respectively, that are in excess of the net book value of the impacted assets and costs and expenses that are expected to be reimbursed under our business interruption claims for Harrah's Lake Charles and Grand Casino Gulfport, both of which were sold in 2006. Pursuant to the terms of the sales agreements, we will retain all insurance proceeds related to Harrah's Lake Charles and Grand Casino Gulfport. Discontinued operations for 2006 also included Reno Hilton, Flamingo Laughlin, Harrah's Lake Charles and Grand Casino Gulfport, all of which were sold in 2006.

CAPITAL SPENDING AND DEVELOPMENT

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

Our planned development projects, if they go forward, will require, individually and in the aggregate, significant capital commitments and, if completed, may result in significant additional revenues. The commitment of capital, the timing of completion and the commencement of operations of casino entertainment development projects are contingent upon, among other things, negotiation of final agreements and receipt of approvals from the appropriate political and regulatory bodies. Cash needed to finance projects currently under development as well as additional projects pursued is expected to be made available from operating cash flows, established debt programs (see DEBT AND LIQUIDITY), joint venture partners, specific project financing, guarantees of third-party debt and additional debt offerings. Our capital spending for the first six months of 2007 totaled approximately \$829.2 million. Estimated total capital expenditures for 2007 are expected to be between \$1.8 billion and \$2.0 billion, excluding estimated expenditures for development opportunities.

The merger agreement with TPG and Apollo contains customary restrictions on the operations of the Company prior to the consummation of the transaction, including restrictions related to capital expenditures.

DEBT AND LIQUIDITY

We generate substantial cash flows from operating activities, as reflected on the Consolidated Condensed Statements of Cash Flows. These cash flows reflect the impact on our consolidated operations of the success of our marketing programs, our strategic acquisitions and on-going cost containment focus. For the first six months of 2007 and 2006, we reported cash flows from operating activities of \$649.9 million and \$692.8 million, respectively.

We use the cash flows generated by the Company to fund reinvestment in existing properties for both refurbishment and expansion projects, pursue additional growth opportunities via strategic acquisitions of existing companies or properties and new development opportunities and return capital to our stockholders in the form of dividends. When necessary, we supplement the cash flows generated by our operations with funds provided by financing activities.

Our cash and cash equivalents totaled approximately \$721.0 million at June 30, 2007, compared to \$636.9 million at June 30, 2006.

We believe that our cash and cash equivalents balance, our cash flows from operations and the financing sources discussed herein, will be sufficient to meet our normal operating requirements during the next twelve months and to fund additional investments. In addition, we may consider issuing additional debt in the future to fund potential acquisitions or growth or to refinance existing debt. We continue to review additional opportunities to acquire or invest in companies, properties and other investments that meet our strategic and return on investment criteria. If a material acquisition or investment is completed, our operating results and financial condition could change significantly in future periods. If the proposed sale of the Company is consummated, we will incur substantial additional debt, which could significantly change our financial position.

At June 30, 2007, \$250 million, face amount, of our Floating Rate Senior Notes due February 2008, are classified as long-term in our Consolidated Condensed Balance Sheet because the Company has both the intent and the ability to refinance these notes. The majority of our debt is due in September 2008 and beyond. Payments of short-term debt obligations and other commitments are expected to be made from operating cash flows and from borrowings under our established debt programs. Long-term obligations are expected to be paid through operating cash flows, refinancing of debt, joint venture partners or, if necessary, additional debt offerings.

Financing of Proposed Equity Buy-Out

In connection with the proposed sale of the Company, TPG and Apollo have received a debt commitment letter from prospective arrangers and lenders to provide, subject to certain conditions, for (i) up to \$9.0 billion of senior secured credit facilities for the purpose of repaying or refinancing certain existing indebtedness of Harrah's Entertainment and its subsidiaries, as well as for providing ongoing working capital and for other general corporate purposes of the surviving corporation and its subsidiaries; (ii) up to \$6.025 billion of senior unsecured bridge loans under a bridge loan facility, for the purpose of financing the merger, repaying or refinancing certain existing indebtedness of Harrah's Entertainment and its subsidiaries and paying fees and expenses incurred in connection with the merger; and (iii) to one or more direct or indirect subsidiaries of TPG and Apollo, up to \$7.25 billion (which amount may be increased by up to \$750 million subject to a corresponding reduction in the other facilities) of mortgage loans and/or related mezzanine financing and/or real estate term loans under a real estate facility, for the purpose of financing the merger, repaying or refinancing certain existing indebtedness of Harrah's and its subsidiaries and paying fees and expenses incurred in connection with the merger.

TPG and Apollo have agreed to use their reasonable best efforts to arrange the debt financing on the terms and conditions described in the commitments. The closing of the merger is not conditioned on the receipt of the debt financing.

Credit Agreement

Our primary credit facilities (the "Credit Agreement") provide for up to \$5.0 billion in borrowings, maturing on April 25, 2011. Interest on the Credit Agreement is based on our debt ratings and leverage ratio and is subject to change. As of June 30, 2007, the Credit Agreement bore interest based upon 62.5 basis points over LIBOR and bore a facility fee for borrowed and unborrowed amounts of 17.5 basis points, a combined 80.0 basis points. At our option, we may borrow at the prime rate under the Credit Agreement. As of June 30, 2007, \$4.3 billion in borrowings was outstanding under the Credit Agreement with an additional \$117.8 million committed to back letters of credit. After consideration of these borrowings, \$604.4 million of additional borrowing capacity was available to the Company under this facility as of June 30, 2007.

Additional Credit Agreement

On February 14, 2007, we entered into an Additional Credit Agreement that provides for a term loan of \$1.125 billion and revolving advances of \$1.125 billion, totaling an aggregate principal amount of \$2.25 billion, maturing February 14, 2010. The additional credit facilities will provide funds to cover debt service requirements

and other working capital needs until the merger is complete. The Credit Agreement remains in effect and is not affected by the Additional Credit Agreement. As of June 30, 2007, \$1.125 billion in borrowings was outstanding under the Additional Credit Agreement, with an additional \$1.125 billion of borrowing capacity available to the Company under this agreement.

Contingent Convertible Senior Notes

Included in the debt assumed in the Caesars acquisition is \$375 million Floating Rate Contingent Convertible Senior Notes due 2024. The notes bear interest at an annual rate equal to the three month LIBOR, adjusted quarterly. The interest rate on these notes was 5.4% at June 30, 2007. The notes are convertible into cash and shares of common stock in the following circumstances:

- during any fiscal quarter, if the closing sale price of the Company's common stock for 20 out of the last 30 consecutive trading days during the previous quarter is more than 120% of the Conversion Price of the notes;
- the Company has called the notes for redemption and the redemption has not yet occurred;
- during the five trading day period immediately after any five consecutive trading day period in which the trading price of the notes per \$1,000 principal amount for each day of such period was less than 95% of the product of the closing sale price of the Company's common stock on such day multiplied by the number of shares issuable upon conversion; provided that, if on such date, the common stock price is between the Conversion Price and 120% of the Conversion Price, as defined, then the holders will receive the principal amount of the notes surrendered plus accrued but unpaid interest; or
- upon the occurrence of specified corporate transactions as defined in the indenture covering these notes.

Because the closing price of our common stock was more than 120% of the Conversion Price of the notes for 20 of the last 30 trading days of the quarter ended June 30, 2007, these notes are currently convertible.

Holders may convert any outstanding notes into cash and shares of the Company's common stock at a conversion price per share of \$65.85 (the "Conversion Price") at June 30, 2007. This represents a conversion rate of approximately 15.186 shares of common stock per \$1,000 principal amount of notes (the "Conversion Rate"). Subject to certain exceptions described in the indenture covering these notes, at the time the notes are tendered for conversion, the value (the "Conversion Value") of the cash and shares of the Company's common stock, if any, to be received by a holder converting \$1,000 principal amount of the notes will be determined by multiplying the Conversion Rate by the "Ten Day Average Closing Stock Price," which equals the average of the closing per share prices of the Company's common stock on the New York Stock Exchange on the ten consecutive trading days beginning on the second trading day following the day the notes are submitted for conversion. The Conversion Value will be delivered to holders as follows: (1) an amount in cash (the "Principal Return") equal to the lesser of (a) the aggregate Conversion Value of the notes to be converted and (b) the aggregate principal amount of the notes to be converted, and (2) if the aggregate Conversion Value of the notes to be converted is greater than the Principal Return, any amount in shares (the "Net Shares") equal to the aggregate Conversion Value less the Principal Return (the "Net Share Amount"). The Company will pay the Principal Return and deliver the Net Shares, if any, as promptly as practicable after determination of the Net Share Amount. The number of Net Shares to be paid will be determined by dividing the Net Share Amount by the Ten Day Average Closing Stock Price.

The Conversion Price decreases when cash dividends are declared so that the Conversion Price equals the price determined by multiplying the Conversion Price in effect immediately prior to the record date for such dividend by a fraction, (i) the numerator of which is the average of the pre-dividend sale price, as defined in the agreement, minus the amount of the cash dividend, and (ii) the denominator of which is the pre-dividend sale price. As a result of the second quarter 2007 cash dividend, the Conversion Price was adjusted from \$66.47 at December 31, 2006, to \$65.85 at June 30, 2007.

The notes are redeemable by the Company at any time on or after April 20, 2009, at 100 percent of the principal amount of the notes plus accrued and unpaid interest. Holders may require the Company to purchase all or a portion of these notes on April 15, 2009, 2014, or 2019 at 100 percent of the principal amount of the notes plus accrued and unpaid interest. The notes are unsecured obligations, rank equal with our other senior indebtedness and are senior to all of our subordinated indebtedness.

Upon consummation of the pending sale of the Company and for a period of 15 days thereafter, the holders of our notes will have the right to convert the notes into the merger consideration. Each \$1,000 note would be divided by the then current conversion rate and the holder would receive the merger consideration for each share on an as-converted basis. In addition, the merger would be deemed a change in control under the indenture governing the notes. Upon any change of control, we must make an offer to repurchase any outstanding notes within 30 days of the closing of the merger at a price equal to 100% of the principal amount plus accrued interest. To the extent the notes are not converted into the merger consideration or repurchased by us, they will be assumed by the buyers pursuant to a supplemental indenture.

Derivative Instruments

We account for derivative instruments in accordance with SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," and all amendments thereto. SFAS No. 133 requires that all derivative instruments be recognized in the financial statements at fair value. Any changes in fair value are recorded in the income statement or in other comprehensive income, depending on whether the derivative is designated and qualifies for hedge accounting, the type of hedge transaction and the effectiveness of the hedge. The estimated fair values of our derivative instruments are based on market prices obtained from dealer quotes. Such quotes represent the estimated amounts we would receive or pay to terminate the contracts.

Our derivative instruments contain a credit risk that the counterparties may be unable to meet the terms of the agreements. We minimize that risk by evaluating the creditworthiness of our counterparties, which are limited to major banks and financial institutions, and we do not anticipate nonperformance by the counterparties.

We use interest rate swaps to manage the mix of our debt between fixed and variable rate instruments. As of June 30, 2007, we have five variable-for-fixed interest rate swap agreements for a notional amount of \$1.0 billion. The difference to be paid or received under the terms of the interest rate swap agreements is accrued as interest rates change and recognized as an adjustment to interest expense for the related debt. Changes in the variable interest rates to be paid or received pursuant to the terms of the interest rate swap agreements will have a corresponding effect on future cash flows. The major terms of the interest rate swaps are as follows.

<u>Effective Date</u>	<u>Notional Amount</u> (In millions)	<u>Fixed Rate Paid</u>	<u>Variable Rate Received as of June 30, 2007</u>	<u>Last Reset Date</u>	<u>Maturity Date</u>
April 25, 2007	\$200	4.898%	5.355%	April 25, 2007	April 25, 2011
April 25, 2007	\$200	4.896%	5.355%	April 25, 2007	April 25, 2011
April 25, 2007	\$200	4.925%	5.355%	April 25, 2007	April 25, 2011
April 25, 2007	\$200	4.917%	5.355%	April 25, 2007	April 25, 2011
April 25, 2007	\$200	4.907%	5.355%	April 25, 2007	April 25, 2011

Our interest rate swap agreements are not designated as hedging instruments; therefore, the gain or loss resulting from changes in the fair values of the swaps is recognized in earnings in the period of change. In the second quarter of 2007, \$14.3 million, representing the gain from the change in the fair value of our interest rate swaps, is included in Interest expense in our 2007 Consolidated Condensed Statement of Income.

Commercial Paper

To provide the Company with cost-effective borrowing flexibility, we have a \$200 million commercial paper program that is used to borrow funds for general corporate purposes. At June 30, 2007, there were no borrowings under this program.

Shelf Registration

To provide for additional financing flexibility, Harrah's Entertainment, in connection with its wholly-owned subsidiary, Harrah's Operating Company, Inc. ("HOC"), filed a shelf registration statement with the Securities and Exchange Commission in April 2006 for Harrah's Entertainment's common stock or HOC debt securities. The issue price of Harrah's common stock or the terms and conditions of HOC debt securities, which may be guaranteed by Harrah's Entertainment, will be determined by market conditions at the time of issuance. The shelf registration statement is available until April 2009.

Retirement of Debt

In February 2007, \$496.7 million of our 9.375% Senior Subordinated Notes matured and was retired, and in June 2007, \$500.0 million of our 7.125% Senior Notes matured and was retired. The retirements were funded using proceeds from our Additional Credit Agreement and Credit Agreement, respectively.

Subsequent to the end of second quarter, we retired a \$120.1 million credit facility of London Clubs, our subsidiary in the United Kingdom.

Debt Repurchase Program

In July 2003, our Board of Directors authorized the Company to retire, from time to time through cash purchases, portions of our outstanding debt in open market purchases, privately negotiated transactions or otherwise. These repurchases will be funded through available cash from operations and borrowings from our established debt programs. Such repurchases will depend on prevailing market conditions, the Company's liquidity requirements, contractual restrictions and other factors. No repurchases were made under this program during the first six months of 2007.

Cash Dividends

In April 2007, the Company declared a regular cash dividend of 40 cents per share, which was paid on May 23, 2007, to stockholders of record as of the close of business on May 9, 2007. Subsequent to the end of second quarter 2007, our Board of Directors declared a regular quarterly cash dividend of 40 cents per share, payable on August 22, 2007, to stockholders of record as of the close of business on August 8, 2007.

Guarantees of Third-Party Debt and Other Obligations and Commitments

The tables below summarize total material additions to or changes in our contractual obligations and other commitments, which were disclosed in Management's Discussion and Analysis of Financial Condition and Results of Operations presented in our 2006 Annual Report on Form 10-K.

<u>Contractual Obligations</u> (In millions)	<u>Increase/ (Decrease)</u>	<u>Total</u>
Debt, including capital lease obligations	\$ 131.1	\$12,105.4
Estimated interest payments(a)	(1,017.4)	2,692.5
Operating lease obligations	(736.9)	1,923.6
Purchase order obligations	(1.3)	111.2
Guaranteed payments to State of Louisiana	30.2	165.0
Minimum tax payments guaranteed to State of Illinois	(45.9)	—
Construction commitments	300.7	1,361.5
Community reinvestment	(7.5)	132.1
Entertainment obligations	58.1	149.0
Minimum franchise fee	5.0	5.0
Other contractual obligations	(50.7)	80.5

(a) Estimated interest for variable rate debt is based on rates at June 30, 2007

<u>Other Commitments</u> (In millions)	<u>Increase/ (Decrease)</u>	<u>Total</u>
Guarantees of loans	\$ (27.4)	\$183.0
Letters of credit	(23.9)	139.8
Minimum guaranteed payments to tribes	(5.1)	62.2

The agreements pursuant to which we manage casinos on Indian lands contain provisions required by law that provide that a minimum monthly payment be made to the tribe. That obligation has priority over scheduled repayments of borrowings for development costs and over the management fee earned and paid to the manager. In the event that insufficient cash flow is generated by the operations to fund this payment, we must pay the shortfall to the tribe. Subject to certain limitations as to time, such advances, if any, would be repaid to us in future periods in which operations generate cash flow in excess of the required minimum payment. These commitments will terminate upon the occurrence of certain defined events, including termination of the management contract. Our aggregate monthly commitment for the minimum guaranteed payments, pursuant to these contracts for the three managed Indian-owned facilities, which extend for periods of up to 77 months from June 30, 2007, is \$1.2 million. Each of these casinos currently generates sufficient cash flows to cover all of its obligations, including its debt service.

We may guarantee all or part of the debt incurred by Indian tribes, with which we have entered into management contracts, to fund development or expansion of casino facilities on the Indian lands. For all existing guarantees of Indian debt, we have obtained a first lien on certain personal property (tangible and intangible) of the casino enterprise. There can be no assurance, however, that the value of such property would satisfy our obligations in the event these guarantees were enforced. Additionally, we have received limited waivers from the Indian tribes of their sovereign immunity to allow us to pursue our rights under the contracts between the parties and to enforce collection efforts as to any assets in which a security interest is taken. The aggregate outstanding balance of such debt as of June 30, 2007, was \$173.5 million.

Competitive Pressures

Many casino operators are reinvesting in existing markets in an effort to attract new customers, thereby increasing competition in those markets. As companies have completed expansion projects, supply has

sometimes grown at a faster pace than demand in certain markets and competition has increased significantly. Furthermore, several operators, including Harrah's Entertainment, have announced plans for additional developments or expansions in some markets.

Several states and Indian tribes are considering legislation enabling the development and operation of casinos or casino-like businesses in their jurisdictions. For example, legislation for new gaming was recently passed in Kansas.

Although, historically, the short-term effect of such competitive developments on our Company generally has been negative, we are not able to determine the long-term impact, whether favorable or unfavorable, that development and expansion trends and events will have on current or future markets. We believe that the geographic diversity of our operations; our focus on multi-market customer relationships; our service training, our rewards and customer loyalty programs; and our continuing efforts to establish our brands as premier brands upon which we have built strong customer loyalty have well-positioned us to face the challenges present within our industry. We utilize the unique capabilities of WINet, a sophisticated nationwide customer database, and Total Rewards, a nationwide loyalty program that allows our customers to earn cash, comps and other benefits for playing at our casinos. We believe these sophisticated marketing tools provide us with competitive advantages, particularly with players who visit more than one market.

SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

We prepare our Consolidated Condensed Financial Statements in conformity with accounting principles generally accepted in the United States. Certain of our accounting policies, including the estimated lives assigned to our assets, the determination of bad debt, asset impairment, fair value of guarantees and self-insurance reserves, the purchase price allocations made in connection with our acquisitions and the calculation of our income tax liabilities, require that we apply significant judgment in defining the appropriate assumptions for calculating financial estimates. By their nature, these judgments are subject to an inherent degree of uncertainty. Our judgments are based on our historical experience, terms of existing contracts, our observance of trends in the industry, information provided by our customers and information available from other outside sources, as appropriate. There can be no assurance that actual results will not differ from our estimates. For a discussion of our significant accounting policies and estimates, please refer to Management's Discussion and Analysis of Financial Condition and Results of Operations and Notes to Consolidated Financial Statements presented in our 2006 Annual Report on Form 10-K. There were no newly identified significant accounting estimates in the first six months of 2007, nor were there any material changes to the critical accounting policies and estimates discussed in our 2006 Annual Report, other than the change described below.

In July 2006, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes-an interpretation of FASB Statement No. 109" ("FIN 48"), which became effective for the Company on January 1, 2007. The Interpretation prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. The amount recognized is measured as the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. The adoption of this standard resulted in a decrease to retained earnings as of January 1, 2007, of approximately \$12 million. See Note 10 to our Consolidated Condensed Financial Statements for further discussion of FIN 48.

RECENTLY ISSUED ACCOUNTING STANDARDS

The following are accounting standards adopted or issued in the first six months of 2007 that could have an impact to our Company.

In September 2006, the FASB issued Statement of Financial Accounting Standards (“SFAS”) No. 157, “Fair Value Measurements,” which defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. SFAS No. 157 applies under other accounting pronouncements that require or permit fair value measurements, but it does not require any new fair value measurements. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. SFAS No. 157 could impact fair values assigned to assets and liabilities in any future acquisition.

In February 2007, the FASB issued SFAS No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities-including an amendment of SFAS No. 115,” which permits an entity to measure certain financial assets and financial liabilities at fair value. Entities that elect the fair value option will report unrealized gains and losses in earnings at each subsequent reporting date. SFAS No. 159 is effective as of the first fiscal year beginning after November 15, 2007. At this time, we do not expect to adopt the fair value option for assets and liabilities; however, future events and circumstances may impact that decision.

PRIVATE SECURITIES LITIGATION REFORM ACT

This quarterly report on Form 10-Q contains “forward-looking statements” intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. You can identify these statements 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,” or the negative or other words or expressions of similar meaning may identify forward-looking statements. These forward-looking statements are found at various places throughout this report. 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 report, 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 from time to time in our filings with the Securities and Exchange Commission.

Important factors that could cause actual results to differ materially from estimates or projections contained in the forward-looking statements include without limitation:

- the effect of economic, credit and capital market conditions on the economy in general, and on gaming and hotel companies in particular;
- construction factors, including delays, increased costs of labor and materials, availability of labor and materials, zoning issues, environmental restrictions, soil and water conditions, weather and other hazards, site access matters and building permit issues;
- the effects of environmental and structural building conditions relating to our properties;
- our ability to effectively integrate companies that we acquire into our operations, including London Clubs;
- access to available and reasonable financing on a timely basis, including the financing necessary to consummate the pending sale of the Company;
- the ability of TPG and Apollo to close the acquisition of the Company on a timely basis;

- changes in laws, including increased tax rates, regulations or accounting standards, third-party relations and approvals, and decisions of courts, regulators and governmental bodies;
- litigation outcomes and judicial actions, including gaming legislative action, referenda and taxation;
- the ability of our customer-tracking, customer loyalty and yield-management programs to continue to increase customer loyalty and same-store or hotel sales;
- our ability to recoup costs of capital investments through higher revenues;
- acts of war or terrorist incidents or natural disasters;
- access to insurance on reasonable terms for our assets;
- abnormal gaming holds; and
- the effects of competition, including locations of competitors and operating and market competition.

You are cautioned to not place undue reliance on these forward-looking statements, which speak only as of the date of this quarterly report for Form 10-Q. 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 quarterly report on Form 10-Q or to reflect the occurrence of unanticipated events, except as required by law.

Item 3. Quantitative and Qualitative Disclosure About Market Risk

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, foreign currency exchange rates and commodity prices. Our primary exposure to market risk is interest rate risk associated with our debt. We attempt to limit our exposure to interest rate risk by managing the mix of our debt between fixed-rate and variable-rate obligations. Of our approximate \$12.2 billion total debt at June 30, 2007, \$5.2 billion, excluding \$1.0 billion of variable-rate debt for which we have entered into interest rate swap agreements, is subject to variable interest rates. For our variable-rate debt subject to the interest rate swap agreements, the average interest rate paid was 4.9083% at June 30, 2007, compared to 5.355% interest rate received on the swaps. The average interest rate on our variable-rate debt, including the impact of our swap agreements, was 6.0% at June 30, 2007. Assuming a constant outstanding balance for our variable rate debt for the next twelve months, a hypothetical 1% change in interest rates would change interest expense for the next twelve months by approximately \$51.7 million.

We use interest rate swaps to manage the mix of our debt between fixed and variable rate instruments. We have also utilized treasury rate locks to hedge the risk of future treasury rate increases for certain forecasted debt issuances, but we do not currently have any treasury rate lock agreements. We do not purchase or hold any derivative financial instruments for trading purposes.

Foreign currency translation gains and losses were not material to our results of operations for the first six months of 2007. Our only material ownership interest in businesses in foreign countries is London Clubs operations and an approximate 90% ownership of a casino in Uruguay. Therefore, we have not been subject to material foreign currency exchange rate risk from the effects that exchange rate movements of foreign currencies would have on our future operating results or cash flows. With our acquisition of London Clubs in late 2006 and development opportunities that we are pursuing in international markets, we could become subject to material foreign currency exchange rate risk in the future.

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

Item 4. Controls and Procedures

Our principal executive officer and principal financial officer have evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), as of June 30, 2007. Based on such evaluation, they have concluded that as of such date, our disclosure controls and procedures are effective and designed to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in applicable SEC rules and forms, and that such information is accumulated and communicated to management, including our principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure.

There has been no change in our internal control over financial reporting during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 4T. Controls and Procedures

Not applicable.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

Certain of our legal proceedings are reported in our Annual Report on Form 10-K for the year ended December 31, 2006, with material developments since that report described below.

On March 8, 2007, Harrah's, our board of directors, and the other named defendants in the Delaware and Nevada Lawsuits described in our Annual Report on Form 10-K for the year ended December 31, 2006, entered into a memorandum of understanding with plaintiffs' counsel in those lawsuits. Under the terms of the memorandum, Harrah's, our board of directors, the other named defendants, and the plaintiffs have agreed in principle that the Initial Nevada Lawsuits and the Delaware Lawsuit will be dismissed without prejudice and, subject to court approval, the Subsequent Nevada Lawsuits would be dismissed with prejudice.

Harrah's, our board of directors, and the other defendants deny all of the allegations in the lawsuits. Nevertheless, the defendants have agreed in principle to settle the purported class action litigations in order to avoid costly litigation and mitigate the risk of any delay to the closing of the merger. Pursuant to the terms of the memorandum, Harrah's has agreed to provide certain additional information to stockholders that has been included in our definitive proxy statement dated March 8, 2007. In addition, Harrah's or its successor has agreed to pay the legal fees and expenses of plaintiffs' counsel, up to a certain limit and subject to approval by the court. Any payment of legal fees and expenses will not affect the amount of consideration to be paid in the acquisition by affiliates of TPG and Apollo. The entry of a final judgment and the grant of a release against Harrah's, our board of directors and the other named defendants will not affect the rights of any stockholders who timely and validly request exclusion from the settlement class pursuant to applicable law or who seek appraisal rights in compliance with all requirements of Delaware law. Additional details of the settlement in principle will be set forth in a separate notice to be sent to stockholders prior to a court hearing to consider the settlement, including any award of attorneys' fees.

In April 2000, the Saint Regis Mohawk Tribe (the "Tribe") granted Caesars the exclusive rights to develop a casino project in the State of New York. On April 26, 2000, certain individual members of the Tribe purported to commence a class action proceeding in a "Tribal Court" in Hogsburg, New York, against Caesars seeking to nullify Caesars' agreement with the Tribe. On March 20, 2001, the "Tribal Court" purported to render a default judgment against Caesars in the amount of \$1.787 billion. Prior to our acquisition of Caesars in June 2005, it was believed that this matter was settled pending execution of final documents and mutual releases. Although fully executed settlement documents were never provided, on March 31, 2003, the United States District Court for the Northern District of New York dismissed litigation concerning the validity of the judgment, without prejudice, while retaining jurisdiction to reopen that litigation, if, within three months thereof, the settlement had not been completed and further litigation was necessary. On June 22, 2007, a lawsuit was filed in the United States District Court for the Northern District of New York against Harrah's Operating Company, Inc. by certain trustees of the Catskill Litigation Trust alleging the Catskill Litigation Trust had been assigned the "Tribal Court" judgment and seeks to enforce it, with interest. According to a "Tribal Court" order, accrued interest through July 9, 2007, was \$1,013,889,945. The Company believes this matter to be without merit and will vigorously contest any attempt to enforce the judgment.

In addition, the Company is party to ordinary and routine litigation incidental to our business. We do not expect the outcome of any pending litigation to have a material adverse effect on our consolidated financial position or results of operations.

Item 1A. Risk Factors.

There have been no material changes with regard to the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2006.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Submission of Matters to a Vote of Security Holders.

At the Annual Meeting of Stockholders of Harrah's Entertainment, Inc. held on April 26, 2007, the following matters set forth in the Company's Proxy Statement dated March 13, 2007, were voted upon with the results indicated below.

(1) The nominees listed below were elected as Class II directors for a three-year term ending at the 2010 Annual Meeting with the respective votes set forth opposite their names:

	<u>FOR</u>	<u>WITHHELD</u>
Stephen F. Bollenbach	150,481,267	11,469,773
Ralph Horn	159,917,166	2,033,874
Gary W. Loveman	159,858,073	2,092,967
Boake A. Sells	159,882,642	2,068,398

In addition to the above directors, the terms of the following directors continued after the meeting: Charles L. Atwood, Barbara T. Alexander, Frank J. Biondi, Jr., R. Brad Martin, Gary G. Michael, Robert G. Miller and Christopher J. Williams.

(2) A proposal to ratify the appointment of Deloitte & Touche LLP to serve as the independent registered public accounting firm of the Company for the 2007 calendar year was approved, with 160,554,581 votes cast FOR, 376,886 votes cast AGAINST, and 1,019,573 abstentions.

At the Special Meeting of Stockholders of Harrah's Entertainment, Inc. held on April 5, 2007, the following matters set forth in the Company's Proxy Statement dated March 8, 2007, were voted upon with the results indicated below.

(1) A proposal to adopt the Agreement and Plan of Merger, dated as of December 19, 2006, by and among Harrah's Entertainment, Inc, Hamlet Holdings LLC and Hamlet Merger Inc. was approved, with 124,291,253 votes cast FOR, 445,279 votes cast AGAINST, and 1,015,480 abstentions.

(2) A proposal to approve the adjournment or postponement of the special meeting was approved, 113,784,014 votes cast FOR, 10,825,114 votes cast AGAINST, and 1,142,884 abstentions.

Item 5. Other Information.

(a) Effective August 3, 2007, the Company amended and restated the following deferred compensation plans:

- Amendment and Restatement of Harrah's Entertainment, Inc. Executive Deferred Compensation Plan
- Amendment and Restatement of Harrah's Entertainment, Inc. Deferred Compensation Plan
- Amendment and Restatement of Park Place Entertainment Corporation Executive Deferred Compensation Plan

- Amendment and Restatement of Harrah's Entertainment, Inc. Executive Supplemental Savings Plan
- Amendment and Restatement of Harrah's Entertainment, Inc. Executive Supplemental Savings Plan II

The plans provided that certain directors, executive officers, directors and other key employees of Harrah's or certain of its affiliates the right to defer a portion of their compensation and the right to certain additional benefits. The Amended and Restated Harrah's Entertainment, Inc. Executive Supplemental Savings Plan II is currently the only plan that allows for compensation deferrals. The plans were amended to allow for in-service withdrawals from vested account balances and special distribution election changes pursuant to the transition relief issued by the Internal Revenue Service under Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"). No special in-service distributions will be paid prior to June 1, 2008. Amending and restating the plans to utilize the Internal Revenue Service transition relief required that each of the plans be amended to comply with Section 409A of the Code and the final regulations recently issued by the Internal Revenue Service under Section 409A of the Code. Previously, the only deferred compensation plan that was required to comply with Section 409A of the Code was the Harrah's Entertainment, Inc. Executive Supplemental Savings Plan II.

The above description of the certain changes to the plans is qualified by reference to the plans which are attached as exhibits to this Form 10-Q.

Item 6. Exhibits.

<u>Exhibit Number</u>	<u>Exhibit Description</u>
2.1	Agreement and Plan of Merger among Hamlet Holdings LLC, Hamlet Merger Inc. and Harrah's Entertainment, Inc. dated as of December 19, 2006. (Incorporated by reference to the exhibit to the Company's Current Report on Form 8-K filed December 20, 2006.)
2.2	Waiver, dated as of January 10, 2007, to the Agreement and Plan of Merger by and among Hamlet Holdings LLC, Hamlet Merger, Inc. and Harrah's Entertainment, Inc., dated as of December 19, 2006. (Incorporated by reference to the exhibit to the Company's Current Report on Form 8-K filed January 12, 2007.)
3.1	Certificate of Incorporation of The Promus Companies Incorporated; Certificate of Amendment of Certificate of Incorporation of The Promus Companies Incorporated dated April 29, 1994; Certificate of Amendment of Certificate of Incorporation of The Promus Companies Incorporated dated May 26, 1995; and Certificate of Amendment of Certificate of Incorporation of The Promus Companies Incorporated dated June 30, 1995, changing its name to Harrah's Entertainment, Inc. (Incorporated by reference to the exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1995.)
3.2	Certificate of Amendment of Certificate of Incorporation of Harrah's Entertainment, Inc., dated as of June 9, 2005. (Incorporated by reference to the exhibit to the Registration Statement on Form S-3/A of Harrah's Entertainment, Inc., File No. 333-12566, filed July 1, 2005.)
3.3	Bylaws of Harrah's Entertainment, Inc., as amended July 19, 2006. (Incorporated by reference to the exhibit to the Company's Current Report on Form 8-K filed July 21, 2006.)
4.1	Certificate of Elimination of Series B Special Stock of Harrah's Entertainment, Inc., dated February 21, 1997. (Incorporated by reference to the exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1996.)
4.2	Certificate of Designations of Series A Special Stock of Harrah's Entertainment, Inc., dated February 21, 1997. (Incorporated by reference to the exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1996.)
4.3	Certificate of Amendment of the Certificate of Designations of Series A Special Stock of Harrah's Entertainment, Inc., dated June 23, 2005. (Incorporated by reference to the exhibit to the Company's Current Report on Form 8-K, filed June 28, 2005.)
4.4	Indenture, dated as of December 18, 1998, among Harrah's Operating Company, Inc. as obligor, Harrah's Entertainment, Inc., as Guarantor, and IBJ Schroder Bank & Trust Company, as Trustee relating to the 7 1/2% Senior Notes Due 2009. (Incorporated by reference to the exhibit to the Registration Statement on Form S-3 of Harrah's Entertainment, Inc. and Harrah's Operating Company, Inc., File No. 333-69263, filed December 18, 1998.)
4.5	Indenture, dated as of November 9, 1999 between Park Place Entertainment Corp., as Issuer, and Norwest Bank Minnesota, N.A., as Trustee. (Incorporated by reference to the exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2005.)
4.6	Officers' Certificate, dated as of September 12, 2000 with respect to the 8.875% Senior Subordinated Notes due 2008. (Incorporated by reference to the exhibit to Park Place Entertainment Corporation's Current Report on Form 8-K, filed September 19, 2000.)

<u>Exhibit Number</u>	<u>Exhibit Description</u>
4.7	Second Supplemental Indenture, dated as of July 28, 2005, among Harrah's Entertainment, Inc., as Guarantor, Harrah's Operating Company, Inc., as Issuer, and Wells Fargo Bank, National Association, as Trustee, to the Indenture, dated as of November 9, 1999, as supplemented by certain Officers' Certificates dated as of November 9, 1999 and September 12, 2000, and as further amended and supplemented by a First Supplemental Indenture, dated as of June 13, 2005, with respect to the 8.5% Senior Notes due 2006 and the 8.875% Senior Subordinated Notes due 2008. (Incorporated by reference to the exhibit to the Company's Current Report on Form 8-K, filed August 2, 2005.)
4.8	Indenture, dated as of January 29, 2001, between Harrah's Operating Company, Inc., as Issuer, Harrah's Entertainment, Inc., as Guarantor, and Bank One Trust Company, N.A., as Trustee, relating to the 8.0% Senior Notes Due 2011. (Incorporated by reference to the exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2000.)
4.9	Indenture, dated as of May 14, 2001, between Park Place Entertainment Corp., as Issuer, and Wells Fargo Bank Minnesota, National Association, as Trustee, with respect to the 8 1/8% Senior Subordinated Notes due 2011. (Incorporated by reference to the exhibit to the Registration Statement on Form S-4 of Park Place Entertainment Corporation, File No. 333-62508, filed June 7, 2001.)
4.10	First Supplemental Indenture, dated as of June 13, 2005, to Indenture, dated as of May 14, 2001, between Harrah's Entertainment, Inc., Harrah's Operating Company, Inc., Caesars Entertainment, Inc. and Wells Fargo Bank Minnesota, National Association, as Trustee, with respect to the 8 1/8% Senior Subordinated Notes due 2011. (Incorporated by reference to the exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2005.)
4.11	Second Supplemental Indenture, dated as of July 28, 2005, among Harrah's Entertainment, Inc., as Guarantor, Harrah's Operating Company, Inc., as Issuer, and Wells Fargo Bank, National Association, as Trustee, to the Indenture, dated as of May 14, 2001, as amended and supplemented by a First Supplemental Indenture, dated as of June 13, 2005, with respect to the 8 1/8% Senior Subordinated Notes due 2011. (Incorporated by reference to the exhibit to the Company's Current Report on Form 8-K, filed August 2, 2005.)
4.12	Indenture, dated as of August 22, 2001, between Park Place Entertainment Corp., as Issuer, and Wells Fargo Bank Minnesota, National Association, as Trustee, with respect to the 7.50% Senior Notes due 2009. (Incorporated by reference to the exhibit to the Registration Statement on Form S-4 of Park Place Entertainment Corporation, File No. 333-69838, filed September 21, 2001.)
4.13	First Supplemental Indenture, dated as of June 13, 2005, to Indenture, dated as of August 22, 2001, between Harrah's Entertainment, Inc., Harrah's Operating Company, Inc., Caesars Entertainment, Inc. and Wells Fargo Bank Minnesota, National Association, as Trustee, with respect to the 7.50% Senior Notes due 2009. (Incorporated by reference to the exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2005.)
4.14	Second Supplemental Indenture, dated as of July 28, 2005, among Harrah's Entertainment, Inc., as Guarantor, Harrah's Operating Company, Inc., as Issuer, and Wells Fargo Bank, National Association, as Trustee, to the Indenture, dated as of August 22, 2001, as amended and supplemented by a First Supplemental Indenture, dated as of June 13, 2005, with respect to the 7.50% Senior Notes due 2009. (Incorporated by reference to the exhibit to the Company's Current Report on Form 8-K, filed August 2, 2005.)
4.15	Indenture, dated as of March 14, 2002, between Park Place Entertainment Corp., as Issuer, and Wells Fargo Bank Minnesota, National Association, as Trustee, with respect to the 7 7/8% Senior Subordinated Notes due 2010. (Incorporated by reference to the exhibit to the Registration Statement on Form S-4 of Park Place Entertainment Corporation, File No. 333-86142, filed April 12, 2002.)

<u>Exhibit Number</u>	<u>Exhibit Description</u>
4.16	First Supplemental Indenture, dated as of June 13, 2005, to Indenture, dated as of March 14, 2002, between Harrah's Entertainment, Inc., Harrah's Operating Company, Inc., Caesars Entertainment, Inc. and Wells Fargo Bank Minnesota, National Association, as Trustee, with respect to the 7 ^{7/8} % Senior Subordinated Notes due 2010. (Incorporated by reference to the exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2005.)
4.17	Second Supplemental Indenture, dated as of July 28, 2005, among Harrah's Entertainment, Inc., as Guarantor, Harrah's Operating Company, Inc., as Issuer, and Wells Fargo Bank, National Association, as Trustee, to the Indenture, dated as of March 14, 2002, as amended and supplemented by a First Supplemental Indenture, dated as of June 13, 2005, with respect to the 7 ^{7/8} % Senior Subordinated Notes due 2010. (Incorporated by reference to the exhibit to the Company's Current Report on Form 8-K, filed August 2, 2005.)
4.18	Indenture, dated as of April 11, 2003, between Park Place Entertainment Corp., as Issuer, and U.S. Bank National Association, as Trustee, with respect to the 7% Senior Notes due 2013. (Incorporated by reference to the exhibit to the Registration Statement on Form S-4 of Park Place Entertainment Corporation, File No. 333-104829, filed April 29, 2003.)
4.19	First Supplemental Indenture, dated as of June 13, 2005, to Indenture, dated as of April 11, 2003, between Harrah's Entertainment, Inc., Harrah's Operating Company, Inc., Caesars Entertainment, Inc. and U.S. Bank National Association, as Trustee, with respect to the 7% Senior Notes due 2013. (Incorporated by reference to the exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2005.)
4.20	Second Supplemental Indenture, dated as of July 28, 2005, among Harrah's Entertainment, Inc., as Guarantor, Harrah's Operating Company, Inc., as Issuer, and U.S. Bank National Association, as Trustee, to the Indenture, dated as of April 11, 2003, as amended and supplemented by a First Supplemental Indenture, dated as of June 13, 2005, with respect to the 7% Senior Notes due 2013. (Incorporated by reference to the exhibit to the Company's Current Report on Form 8-K, filed August 2, 2005.)
4.21	Indenture, dated as of December 11, 2003, between Harrah's Operating Company, Inc., as Issuer, Harrah's Entertainment, Inc., as Guarantor, and U.S. Bank National Association, as Trustee, relating to the 5.375% Senior Notes due 2013. (Incorporated by reference to the exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2003.)
4.22	Indenture, dated as of June 25, 2004, between Harrah's Operating Company, Inc., as Issuer, Harrah's Entertainment, Inc., as Guarantor, and U.S. Bank National Association, as Trustee, relating to the 5.50% Senior Notes due 2010. (Incorporated by reference to the exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2004.)
4.23	Indenture, dated as of February 9, 2005, between Harrah's Operating Company, Inc., as Issuer, Harrah's Entertainment, Inc., as Guarantor, and U.S. Bank National Association, as Trustee, relating to the Senior Floating Rate Notes due 2008. (Incorporated by reference to the exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2005.)
4.24	Amended and Restated Indenture, dated as of July 28, 2005, among Harrah's Entertainment, Inc., as Guarantor, Harrah's Operating Company, Inc., as Issuer, and U.S. Bank National Association, as Trustee, relating to the Floating Rate Contingent Convertible Senior Notes due 2024. (Incorporated by reference to the exhibit to the Company's Current Report on Form 8-K, filed August 2, 2005.)

<u>Exhibit Number</u>	<u>Exhibit Description</u>
4.25	First Supplemental Indenture, dated as of September 9, 2005, to Amended and Restated Indenture, dated as of July 28, 2005, among Harrah's Operating Company, Inc., as Issuer, Harrah's Entertainment, Inc. as Guarantor, and U.S. Bank National Association, as Trustee, relating to the Floating Rate Contingent Convertible Senior Notes due 2024. (Incorporated by reference to the exhibit to the Registration Statement on Form S-3/A of Harrah's Entertainment, Inc., File No. 333-127210, filed September 19, 2005.)
4.26	Registration Rights Agreement, dated as of April 7, 2004, between Caesars Entertainment, Inc. and Deutsche Bank Securities Inc. relating to the Floating Rate Contingent Convertible Senior Notes due 2024. (Incorporated by reference to the exhibit to the Registration Statement on Form S-3 of Caesars Entertainment, Inc., File No. 333-115641, filed May 19, 2004.)
4.27	Indenture, dated as of May 27, 2005, between Harrah's Operating Company, Inc., as Issuer, Harrah's Entertainment, Inc., as Guarantor, and U.S. Bank National Association, as Trustee, relating to the 5.625% Senior Notes due 2015. (Incorporated by reference to the exhibit to the Company's Current Report on Form 8-K, filed June 3, 2005.)
4.28	First Supplemental Indenture, dated as of August 19, 2005, to Indenture, dated as of May 27, 2005, between Harrah's Operating Company, Inc., as Issuer, Harrah's Entertainment, Inc., as Guarantor, and U.S. Bank National Association, as Trustee, relating to the 5.625% Senior Notes due 2015. (Incorporated by reference to the exhibit to the Registration Statement on Form S-4 of Harrah's Entertainment, Inc., File No. 333-127840, filed August 25, 2005.)
4.29	Second Supplemental Indenture, dated as of September 28, 2005, to Indenture, dated as of May 27, 2005, between Harrah's Operating Company, Inc., as Issuer, Harrah's Entertainment, Inc., as Guarantor, and U.S. Bank National Association, as Trustee, relating to the 5.625% Senior Notes due 2015. (Incorporated by reference to the exhibit to the Company's Current Report on Form 8-K, filed October 3, 2005.)
4.30	Indenture dated as of September 28, 2005, among Harrah's Operating Company, Inc., as Issuer, Harrah's Entertainment, Inc., as Guarantor, and U.S. Bank National Association, as Trustee, relating to the 5.75% Senior Notes due 2017. (Incorporated by reference to the exhibit filed with the Company's Current Report on Form 8-K, filed October 3, 2005.)
4.31	Indenture, dated as of June 9, 2006, between Harrah's Operating Company, Inc., Harrah's Entertainment, Inc. and U.S. National Bank Association, as Trustee. (Incorporated by reference to the exhibit filed with the Company's Current Report on Form 8-K, filed June 14, 2006.)
4.32	Officers' Certificate, dated as of June 9, 2006, pursuant to Sections 301 and 303 of the Indenture dated as of June 9, 2006 between Harrah's Operating Company, Inc., Harrah's Entertainment, Inc. and U.S. National Bank Association, as Trustee. (Incorporated by reference to the exhibit filed with the Company's Current Report on Form 8-K, filed June 14, 2006.)
4.33	Form of 6.50% Senior Note due 2016. (Incorporated by reference to the exhibit filed with the Company's Current Report on Form 8-K, filed June 14, 2006.)
10.1	Third Amended and Restated Credit Agreement, dated as of April 25, 2006 among Harrah's Entertainment, Inc. as Guarantor, Harrah's Operating Company, Inc. as Borrower, the Lenders named therein, Syndication Agent, Co-Documentation Agents and Administrative Agent. (Incorporated by reference to the exhibit to the Company's Current Report on Form 8-K, filed April 26, 2006.)

<u>Exhibit Number</u>	<u>Exhibit Description</u>
10.2	Amendment No. 1, dated June 16, 2006, to the Third Amended and Restated Credit Agreement, dated as of April 25, 2006 among Harrah's Entertainment, Inc. as Guarantor, Harrah's Operating Company, Inc. as Borrower, the Lenders named therein, Syndication Agent, Co-Documentation Agents and Administrative Agent. (Incorporated by reference to the exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2006.)
10.3	Amendment No. 2, dated August 16, 2006, to the Third Amended and Restated Credit Agreement, dated as of April 25, 2006 among Harrah's Entertainment, Inc. as Guarantor, Harrah's Operating Company, Inc. as Borrower, the Lenders named therein, Syndication Agent, Co-Documentation Agents and Administrative Agent. (Incorporated by reference to the exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2006.)
10.4	Amendment No. 3, dated September 29, 2006, to the Third Amended and Restated Credit Agreement, dated as of April 25, 2006 among Harrah's Entertainment, Inc. as Guarantor, Harrah's Operating Company, Inc. as Borrower, the Lenders named therein, Syndication Agent, Co-Documentation Agents and Administrative Agent. (Incorporated by reference to the exhibit to the Company's Current Report on Form 8-K, filed October 2, 2006.)
10.5	Additional Credit Agreement dated February 14, 2007 among Harrah's Entertainment, Inc. as Guarantor, Harrah's Operating Company, Inc. as Borrower and the Lenders named therein. (Incorporated by reference to the exhibit to the Company's Current Report on Form 8-K, filed February 20, 2007.)
10.6	Purchase Agreement, dated June 22, 2004, among Harrah's Operating Company, Inc., Harrah's Entertainment, Inc., as Guarantor, and J.P. Morgan Securities Inc., as representative of the Initial Purchasers, relating to the 5.50% Senior Notes due 2010. (Incorporated by reference to the exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2004.)
10.7	Purchase Agreement, dated February 4, 2005, among Harrah's Operating Company, Inc., Harrah's Entertainment, Inc., as Guarantor, and Goldman Sachs & Co., as Initial Purchaser, relating to Senior Floating Rate Notes due 2008. (Incorporated by reference to the exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2005.)
10.8	Purchase Agreement, dated May 19, 2005, among Harrah's Operating Company, Inc., Harrah's Entertainment, Inc., as Guarantor, and Citigroup Global Markets Inc. and Greenwich Capital Markets, Inc., as representatives of the Initial Purchasers, relating to the 5.625% Senior Notes due 2015. (Incorporated by reference to the exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2005.)
10.9	Purchase Agreement, dated September 21, 2005, among Harrah's Operating Company, Inc., Harrah's Entertainment, Inc., as Guarantor, and Citigroup Global Markets Inc. and Greenwich Capital Markets, Inc., as Representatives of the Initial Purchasers, relating to the 5.625% Senior Notes due 2015. (Incorporated by reference to the exhibit to the Registration Statement on Form S-4/A of Harrah's Entertainment, Inc., File No. 333-127840, filed October 18, 2005.)
10.10	Additional Purchase Agreement, dated September 21, 2005, among Harrah's Operating Company, Inc., Harrah's Entertainment, Inc., as Guarantor, and Barclays Capital Inc. and Citigroup Global Markets Inc., as Representatives of the Initial Purchasers, relating to the 5.75% Senior Notes due 2017. (Incorporated by reference to the exhibit to the Registration Statement on Form S-4/A of Harrah's Entertainment, Inc., File No. 333-127840, filed October 18, 2005.)

Exhibit Number	Exhibit Description
10.11	Issuing and Paying Agent Agreement, dated as of May 19, 2000, among Harrah's Operating Company, Inc., as Issuer, Harrah's Entertainment, Inc., as Guarantor, and Bank One, National Association, as issuing and paying agent; Corporate Commercial Paper Master Note in favor of Cede & Co., as nominee of The Depository Trust Company, by Harrah's Operating Company, Inc., as Issuer, and Bank One, N.A., as Paying Agent. (Incorporated by reference to the exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2000.)
10.12	Commercial Paper Dealer Agreement, dated as of May 3, 2000, among Harrah's Operating Company, Inc., as Issuer, Harrah's Entertainment, Inc., as Guarantor, and Credit Suisse First Boston Corporation, as Dealer. (Incorporated by reference to the exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2000.)
10.13	Form of Interest Rate Swap Agreements with BNP Paribas, JPMorgan Chase Bank, and The Royal Bank of Scotland PLC. (Incorporated by reference to the exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2004, filed May 7, 2004.)
†10.14	Employment Agreement dated as of September 4, 2002, between Harrah's Entertainment, Inc. and Gary W. Loveman. (Incorporated by reference to the exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2002.)
†10.15	Amendment dated as of October 31, 2005, to Employment Agreement dated as of September 4, 2002, between Harrah's Entertainment, Inc. and Gary W. Loveman. (Incorporated by reference to the exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2005.)
†10.16	Severance Agreement dated January 1, 2003 entered into with Gary W. Loveman (Incorporated by reference to the exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2002.)
†10.17	Form of Employment Agreement between Harrah's Operating Company, Inc. and Charles L. Atwood, Stephen H. Brammell, Jonathan S. Halkyard, Thomas M. Jenkin, Janis L. Jones, David W. Norton, John Payne, Virginia E. Shanks, Timothy S. Stanley, Mary H. Thomas and J. Carlos Tolosa. (Incorporated by reference to the exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2003.)
†10.18	Form of Severance Agreement entered into with Charles L. Atwood, Stephen H. Brammell, Jonathan S. Halkyard, Thomas M. Jenkin, Janis L. Jones, David W. Norton, John Payne, Virginia E. Shanks, Timothy S. Stanley, Mary H. Thomas and J. Carlos Tolosa. (Incorporated by reference to the exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2003.)
10.19	Form of Indemnification Agreement entered into by The Promus Companies Incorporated and each of its directors and executive officers. (Incorporated by reference to the exhibit to the Registration Statement of Harrah's Entertainment, Inc. on Form 10, File No. 1-10410, filed on December 13, 1989.)
10.20	Form of Supplemental Indemnification Agreement entered into by Harrah's Entertainment, Inc. and each of its directors and executive officers. (Incorporated by reference to the exhibit to the Company's Current Report on Form 8-K filed July 21, 2006.)
†10.21	Financial Counseling Plan of Harrah's Entertainment, Inc. as amended June 1996. (Incorporated by reference to the exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1995.)
†10.22	The Promus Companies Incorporated 1996 Non-Management Director's Stock Incentive Plan dated April 5, 1995. (Incorporated by reference to the exhibit to the Company's Proxy Statement for the 1995 Annual Meeting of Stockholders, filed April 25, 1995.)

<u>Exhibit Number</u>	<u>Exhibit Description</u>
†10.23	Amendment dated February 20, 1997 to 1996 Non-Management Director's Stock Incentive Plan. (Incorporated by reference to the exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1997.)
†10.24	Amendment dated as of November 15, 2000 to the 1996 Non-Management Directors Stock Incentive Plan. (Incorporated by reference to the exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2000.)
10.25	Summary Plan Description of Executive Term Life Insurance Plan. (Incorporated by reference to the exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1996.)
†10.26	Park Place Entertainment Corporation 1998 Stock Incentive Plan. (Incorporated by reference to the exhibit filed with the Registration Statement of Park Place Entertainment Corporation on Form S-8, filed on December 22, 1998); and the 1998 Stock Incentive Plan, as amended May 11, 2001. (Incorporated by reference the exhibit to the Registration Statement of Park Place Entertainment Corporation on Form S-8, filed on July 31, 2001.)
†10.27	Amendment dated June 13, 2005 to the Park Place Entertainment Corporation 1998 Stock Incentive Plan. (Incorporated by reference to the exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2006.)
†10.28	Caesars Entertainment, Inc. 2004 Long Term Incentive Plan. (Incorporated by reference to the exhibit to the Registration Statement of Caesars Entertainment, Inc. on Form S-8, filed on February 9, 2005.)
†10.29	Amendment dated June 13, 2005 to the Caesars Entertainment, Inc. 2004 Long Term Incentive Plan. (Incorporated by reference to the exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2006.)
†10.30	The Promus Companies Incorporated 1990 Stock Option Plan, as amended July 29, 1994. (Incorporated by reference to the exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1994.)
†10.31	Amendment, dated April 5, 1995, to The Promus Companies Incorporated 1990 Stock Option Plan as adjusted on December 12, 1996. (Incorporated by reference to the exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1996.)
†10.32	Amendment, dated February 26, 1998, to the Harrah's Entertainment, Inc. 1990 Stock Option Plan. (Incorporated by reference to the exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998.)
†10.33	Amendment, dated April 30, 1998, to the Harrah's Entertainment, Inc. 1990 Stock Option Plan. (Incorporated by reference to the exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998.)
†10.34	Amendment, dated October 29, 1998, to the Harrah's Entertainment, Inc. 1990 Stock Option Plan. (Incorporated by reference to the exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1998.)
†10.35	Amendment, dated as of May 6, 1999, to Harrah's Entertainment, Inc. 1990 Stock Option Plan. (Incorporated by reference to the exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1999.)
†10.36	Amendment, dated as of February 23, 2000, to Harrah's Entertainment, Inc. 1990 Stock Option Plan. (Incorporated by reference to the exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2000.)

<u>Exhibit Number</u>	<u>Exhibit Description</u>
†10.37	The Promus Companies Incorporated 1990 Restricted Stock Plan. (Incorporated by reference to the exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended December 29, 1989.)
†10.38	Amendment, dated April 5, 1995, to The Promus Companies Incorporated 1990 Restricted Stock Plan. (Incorporated by reference to the exhibit to the Company's Proxy Statement for the 1995 Annual Meeting of Stockholders, filed April 25, 1995.)
†10.39	Amendment, dated February 26, 1998, to the Harrah's Entertainment, Inc. 1990 Restricted Stock Plan. (Incorporated by reference to the exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998.)
†10.40	Amendment, dated April 30, 1998, to the Harrah's Entertainment, Inc. 1990 Restricted Stock Plan. (Incorporated by reference to the exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998.)
†10.41	Amendment, dated October 29, 1998, to the Harrah's Entertainment, Inc. 1990 Restricted Stock Plan. (Incorporated by reference to the exhibit filed with the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1998.)
10.42	Letter Agreement with Wells Fargo Bank Minnesota, N.A., dated August 31, 2000, concerning appointment as Escrow Agent under Escrow Agreement for deferred compensation plans. (Incorporated by reference to the exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2000.)
10.43	Amendment to Escrow Agreement, dated April 26, 2000, between Harrah's Entertainment, Inc. and Wells Fargo Bank Minnesota, N.A., Successor to Bank of America, N.A. (Incorporated by reference to the exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2000.)
10.44	Trust Agreement dated June 20, 2001 by and between Harrah's Entertainment, Inc. and Wells Fargo Bank Minnesota, N.A. (Incorporated by reference to the exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2001.)
†10.45	Time Accelerated Restricted Stock Award Plan ("TARSAP") program dated December 12, 1996. (Incorporated by reference to the exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1996.)
†10.46	TARSAP Deferral Plan dated July 28, 1999. (Incorporated by reference to the exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1999.)
†10.47	Time Accelerated Restricted Stock Award Plan II (TARSAP II) dated April 26, 2000. (Incorporated by reference to the exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2000.)
†10.48	Harrah's Entertainment, Inc. 2000 Senior Executive Incentive Plan. (Incorporated by reference to the exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2000.)
†10.49	Harrah's Entertainment, Inc. 2005 Senior Executive Incentive Plan. (Incorporated by reference from Annex C to the Company's Proxy Statement, filed March 4, 2004.)
†10.50	Harrah's Entertainment, Inc. 2001 Executive Stock Incentive Plan. (Incorporated by reference to the exhibit to the Registration Statement on Form S-8 of Harrah's Entertainment, Inc., File No. 333-63854, filed June 26, 2001.)
†10.51	Amendment dated as of January 1, 2003 to the Harrah's Entertainment, Inc. 2001 Executive Stock Incentive Plan. (Incorporated by reference to the exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2002.)

<u>Exhibit Number</u>	<u>Exhibit Description</u>
†10.52	Harrah's Entertainment, Inc. 2001 Broad-Based Stock Incentive Plan. (Incorporated by reference to the exhibit to the Registration Statement on Form S-8 of Harrah's Entertainment, Inc., File No. 333-63856 filed June 26, 2001.)
†10.53	Amendment dated as of January 1, 2003 to the Harrah's Entertainment, Inc. 2001 Broad-Based Stock Incentive Plan. (Incorporated by reference to the exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2006.)
†10.54	The 2001 Restatement of the Harrah's Entertainment, Inc. Savings And Retirement Plan, effective January 1, 2002. (Incorporated by reference to the exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2002.)
†10.55	First Amendment to the 2001 Restatement of the Harrah's Entertainment, Inc. Savings and Retirement Plan effective January 1, 1997. (Incorporated by reference to the exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2006.)
†10.56	Second Amendment to the 2001 Restatement of the Harrah's Entertainment, Inc. Savings and Retirement Plan effective January 1, 2002. (Incorporated by reference to the exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2006.)
†10.57	Third Amendment to the 2001 Restatement of the Harrah's Entertainment, Inc. Savings and Retirement Plan effective November 24, 2003. (Incorporated by reference to the exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2006.)
†10.58	Fourth Amendment to the 2001 Restatement of the Harrah's Entertainment, Inc. Savings and Retirement Plan executed December 22, 2003. (Incorporated by reference to the exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2006.)
†10.59	Fifth Amendment to the 2001 Restatement of the Harrah's Entertainment, Inc. Savings and Retirement Plan effective January 1, 2005. (Incorporated by reference to the exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2006.)
†10.60	Sixth Amendment to the 2001 Restatement of the Harrah's Entertainment, Inc. Savings and Retirement Plan adopted July 20, 2005. (Incorporated by reference to the exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2006.)
†10.61	Seventh Amendment to the 2001 Restatement of the Harrah's Entertainment, Inc. Savings and Retirement Plan effective August 30, 2005. (Incorporated by reference to the exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2006.)
†10.62	Eighth Amendment to the 2001 Restatement of the Harrah's Entertainment, Inc. Savings and Retirement Plan adopted September 20, 2006. (Incorporated by reference to the exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2006.)
†10.63	Ninth Amendment to the 2001 Restatement of the Harrah's Entertainment, Inc. Savings and Retirement Plan adopted November 7, 2006. (Incorporated by reference to the exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2006.)
†10.64	Tenth Amendment to the 2001 Restatement of the Harrah's Entertainment, Inc. Savings and Retirement Plan executed December 29, 2006. (Incorporated by reference to the exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2006.)

Exhibit Number	Exhibit Description
†10.65	Harrah's Entertainment, Inc. Amended and Restated 2004 Equity Incentive Award Plan. (Incorporated by reference from the Company's Proxy Statement filed March 14, 2006, Annex B.)
†10.66	Form of Stock Option Agreement. (Incorporated by reference to the exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2006.)
†10.67	Form of Restricted Stock Agreement. (Incorporated by reference to the exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2006.)
†10.68	Form of Stock Appreciation Right Award Agreement to the Amended and Restated 2004 Equity Incentive Award Plan. (Incorporated by reference to the exhibit to the Company's Current Report on Form 8-K filed July 21, 2006.)
*†10.69	Amendment and Restatement of Harrah's Entertainment, Inc. Executive Deferred Compensation Plan, effective August 3, 2007.
*†10.70	Amendment and Restatement of Harrah's Entertainment, Inc. Deferred Compensation Plan, effective as of August 3, 2007.
*†10.71	Amendment and Restatement of Park Place Entertainment Corporation Executive Deferred Compensation Plan, effective as of August 3, 2007.
*†10.72	Amendment and Restatement of Harrah's Entertainment, Inc. Executive Supplemental Savings Plan, effective as of August 3, 2007.
*†10.73	Amendment and Restatement of Harrah's Entertainment, Inc. Executive Supplemental Savings Plan II, effective as of August 3, 2007.
14	Harrah's Entertainment, Inc. Code of Business Conduct and Ethics for Principal Officers, adopted February 26, 2003. (Incorporated by reference to the exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2002, filed March 10, 2003.)
*31.1	Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, dated August 8, 2007.
*31.2	Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, dated August 8, 2007.
*32.1	Certification of Principal Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, dated August 8, 2007.
*32.2	Certification of Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, dated August 8, 2007.

† Management contract or compensatory plan or arrangement required to be filed as an exhibit to this Form 10-Q pursuant to Item 6 of Form 10-Q.

* Filed herewith.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HARRAH'S ENTERTAINMENT, INC.

August 8, 2007

By: _____ /s/ ANTHONY D. MCDUFFIE
Anthony D. McDuffie
Senior Vice President, Controller and Chief Accounting Officer

**AMENDMENT AND RESTATEMENT OF
HARRAH'S ENTERTAINMENT, INC.
EXECUTIVE DEFERRED COMPENSATION PLAN
Effective as of August 3, 2007**

	<u>Page</u>
ARTICLE I purpose	1
ARTICLE II DEFINITIONS	2
2.1 Account.	2
2.2 Beneficiary.	2
2.3 Board.	2
2.4 Change of Control.	2
2.4A Code.	4
2.5 EDCP Committee.	4
2.6 Compensation.	4
2.7 Deferral Commitment.	4
2.8 Deferral Period.	5
2.9 Determination Date.	5
2.9A Disabled.	5
2.10 Employer.	5
2.11 [Reserved]	5
2.12 Employment.	5
2.13 Interest.	5
2.14 Participant.	6
2.15 Participation Agreement.	6
2.16 Plan Benefit.	6
2.17 Retirement.	6
2.17A Section 409A Change in Control.	7
2.17B Separation from Service.	7
2.17C Service Provider.	7
2.17D Service Recipient.	7
2.17E Special Distribution Election Period.	7
2.17F Specified Employee.	7
2.17G Specified Employee Effective Date.	8
2.17H Specified Employee Identification Date.	8
2.17I Testing Year.	8
2.18 Total and Permanent Disability.	8
2.19 Unforeseeable Emergency	8
ARTICLE III PARTICIPATION AND DEFERRAL COMMITMENTS	8
3.1 Eligibility and Participation.	8
3.2 Form of Deferral; Maximum and Minimum Deferral.	9
ARTICLE IV DEFERRED COMPENSATION ACCOUNTS	10
4.1 Elective Deferred Compensation.	10
4.2 Types of Account.	10

**AMENDMENT AND RESTATEMENT OF
HARRAH'S ENTERTAINMENT, INC.
EXECUTIVE DEFERRED COMPENSATION PLAN**

	<u>Page</u>	
4.3	Matching Contributions.	10
4.4	Vesting of Accounts.	11
4.5	Determination of Accounts.	11
4.6	Statement of Accounts.	11
ARTICLE V PLAN BENEFITS		12
5.1	Pre-Separation from Service Withdrawals.	12
5.2	Retirement Benefit.	12
5.3	Termination Benefit.	13
5.4	Death Benefit.	13
5.5	Disability Benefit.	13
5.6	Irrevocable Distribution Elections.	14
5.6A	Distributions upon Unforeseeable Emergency.	14
5.6B	Special Lump Sum Distribution.	15
5.7	Form of Benefit Payment.	15
5.7A	Amendment of Form of Payment.	16
5.8	Withholding; Payroll Taxes.	17
5.9	Commencement of Payments.	17
5.10	Full Payment of Benefits.	18
5.11	Payment to Guardian.	18
5.12	Compliance with Section 409A of the Code.	18
ARTICLE VI BENEFICIARY DESIGNATION		19
6.1	Beneficiary Designation.	19
6.2	Amendments.	19
6.3	No Beneficiary Designation.	19
6.4	Effect of Payment.	19
ARTICLE VII ADMINISTRATION		19
7.1	Committee; Duties.	19
7.2	Agents.	19
7.3	Binding Effect of Decisions.	20
7.4	Indemnity of EDCP Committee.	20
ARTICLE VIII CLAIMS PROCEDURE		20
8.1	General	20
8.2	Benefit Determination.	20
8.3	Appeals.	21

**AMENDMENT AND RESTATEMENT OF
HARRAH'S ENTERTAINMENT, INC.
EXECUTIVE DEFERRED COMPENSATION PLAN**

	<u>Page</u>
8.4 Notice of Denials.	22
ARTICLE IX AMENDMENT AND TERMINATION OF PLAN	22
9.1 Amendment.	22
9.2 [Reserved]	23
ARTICLE X MISCELLANEOUS	23
10.1 Unfunded Plan.	23
10.2 Unsecured General Creditor.	23
10.3 Nonassignability.	23
10.4 Not a Contract of Employment.	24
10.5 Protective Provisions.	24
10.6 Terms.	24
10.7 Captions.	24
10.8 Governing Law.	25
10.9 Validity.	25
10.10 Notice.	25
10.11 Successors.	25

**AMENDMENT AND RESTATEMENT OF
HARRAH'S ENTERTAINMENT, INC.
EXECUTIVE DEFERRED COMPENSATION PLAN**

Effective as of August 3, 2007

ARTICLE I

PURPOSE

The purpose of this Executive Deferred Compensation Plan (hereinafter referred to as the "Plan") is to provide supplemental funds for retirement or death for nonmanagement directors ("director Participants") and key management employees (and their beneficiaries) of Harrah's Entertainment, Inc. (formerly named The Promus Companies Incorporated) (hereinafter referred to as the "Company") and certain of its subsidiaries which elect to participate in the Plan ("employee Participants"). It is intended that the Plan will aid in retaining and attracting directors and employees of exceptional ability by providing such individuals with these benefits.

This Plan was effective as of November 5, 1989. The Plan was subsequently amended in certain respects and was amended to provide that the deferrals of Compensation for all Participants ceased effective as of March 31, 2001.

The Human Resources Committee (the "HRC") of the Board of Directors of Harrah's Entertainment, Inc. now wishes to amend the Plan to provide each Participant and each Beneficiary of a deceased Participant with an opportunity to elect to receive a special lump sum distribution from his or her Account under the Plan during 2008, and an opportunity to make special elections, in accordance with the transitional relief under Internal Revenue Service Notice 2005-1, Q/A-19(c), the Proposed Regulations under Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and Internal Revenue Service Notice 2006-79. Such amendment will constitute a material modification of the amounts deferred under the Plan that otherwise were not subject to Section 409A of the Code and such amounts will become subject to Section 409A of the Code.

This Amendment and Restatement of the Plan incorporates the Plan and the prior amendments thereto (except as further amended herein) and constitutes a complete amendment, restatement and continuation of the Plan. This Amendment and Restatement of the Plan is intended to comply with the requirements of Sections 409A(a)(2), (3) and (4) of the Code and the Treasury Regulations thereunder. As provided in Notice 2006-79, with respect to an election or amendment to change a time and form of payment under the Plan made on or after January 1, 2007 and on or before December 31, 2007, the election or amendment shall apply only to amounts that would not otherwise be payable in 2007 and shall not cause an amount to be paid in 2007 that would not otherwise be payable in 2007. The Plan, as in effect prior to this Amendment and Restatement of the Plan, shall govern distributions under the Plan prior to August 3, 2007.

ARTICLE II
DEFINITIONS

For the purposes of this Plan, the following words and phrases shall have the meanings indicated, unless the context clearly indicates otherwise:

2.1 Account.

(a) "Account" means the Retirement Account and the Termination Account maintained by the Employer with respect to each Participant's deferred compensation pursuant to Article IV, including accounts transferred from the Holiday Corporation Executive Deferred Compensation Plan. The existence of these accounts shall not require any segregation of assets.

(b) Pre-1996 Retirement Account. "Pre-1996 Retirement Account" means the Retirement Account for deferrals of Compensation during Plan years through 1995.

(c) Post-1995 Retirement Account. "Post-1995 Retirement Account" means the Retirement Account for deferrals of Compensation for Plan years after 1995.

(d) Pre-1996 Termination Account. "Pre-1996 Termination Account" means the Termination Account for deferrals of Compensation during Plan years through 1995.

(e) Post-1995 Termination Account. "Post-1995 Termination Account" means the Termination Account for deferrals of Compensation during the Plan years after 1995.

2.2 Beneficiary. "Beneficiary" means the person, persons or entity designated by the Participant, or as provided in Article VI, to receive any Plan benefits payable after the Participant's death.

2.3 Board. "Board" means the Board of Directors of the Company or the Human Resources Committee (or its successor committee) of such Board of Directors, or any other Committee designated by the Board of Directors of the Company.

2.4 Change of Control. A "Change of Control" means and includes each of the following:

(1) the acquisition, directly or indirectly, by any "person" or "group" (as those terms are defined in Sections 3(a)(9), 13(d) and 14(d) of the Securities Exchange Act of 1934 (the "Exchange Act") and the rules thereunder) of "beneficial ownership" (as determined pursuant to Rule 13d-3 under the Exchange Act) of securities entitled to vote generally in the election of directors ("voting securities") of the Company that represents 25% or more of the combined voting power of the Company's then outstanding voting securities, other than

(A) an acquisition by a trustee or other fiduciary holding securities under any employee benefit plan (or related trust) sponsored or maintained by the Company or any person controlled by the Company or by any employee benefit plan (or related trust) sponsored or maintained by the Company or any person controlled by the Company, or

(B) an acquisition of voting securities by the Company or a corporation owned, directly or indirectly by the stockholders of the Company in substantially the same proportions as their ownership of the stock of the Company, or

(C) an acquisition of voting securities pursuant to a transaction described in clause (3) below that would not be a Change of Control under clause (3);

Notwithstanding the foregoing, neither of the following events shall constitute an “acquisition” by any person or group for purposes of this clause (a): an acquisition of the Company’s securities by the Company which causes the Company’s voting securities beneficially owned by a person or group to represent 25% or more of the combined voting power of the Company’s then outstanding voting securities; *provided, however*, that if a person or group shall become the beneficial owner of 25% or more of the combined voting power of the Company’s then outstanding voting securities by reason of share acquisitions by the Company as described above and shall, after such share acquisitions by the Company, become the beneficial owner of any additional voting securities of the Company, then such acquisition shall constitute a Change of Control; or

(2) during any period of two consecutive years, individuals who, at the beginning of such period, constitute the Board together with any new director(s) (other than a director designated by a person who shall have entered into an agreement with the Company to effect a transaction described in clauses (1) or (3) of this Section) whose election by the Board or nomination for election by the Company’s stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the two year period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or

(3) the consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination or (y) a sale or other disposition of all or substantially all of the Company’s assets or (z) the acquisition of assets or stock of another entity, in each case other than a transaction

(A) which results in the Company’s voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company’s assets or otherwise succeeds to the business of the Company (the Company or such person, the “Successor Entity”)) directly or indirectly, at least a majority of the combined voting power of the Successor Entity’s outstanding voting securities immediately after the transaction, and

(B) after which no person or group beneficially owns voting securities representing 25% or more of the combined voting power of the Successor Entity; *provided, however*, that no person or group shall be treated for purposes of this clause (B) as beneficially owning 25% or more of combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction; or

(4) the Company's stockholders approve a liquidation or dissolution of the Company.

(5) The Human Resources Committee of the Board shall have full and final authority, which shall be exercised in its discretion, to determine conclusively whether a Change of Control of the Company has occurred pursuant to the above definition, and the date of the occurrence of such Change of Control and any incidental matters relating thereto.

2.4A Code. "Code" means the Internal Revenue Code of 1986, as amended.

2.5 EDCP Committee. "EDCP Committee" means the Executive Deferred Compensation Committee appointed to administer the Plan pursuant to Article VII.

2.6 Compensation. "Compensation" means the base salary and annual bonus or director's fees paid to the Participant by the Employer during the calendar year, before reduction for amounts deferred pursuant to this Plan or any other Plan. Compensation does not include expense reimbursements, or any form of non-cash compensation and benefits. For directors, Compensation does not include fees payable for Board service after April 30, 1996. Compensation includes deferrals into this Plan derived from the Rio Properties, Inc. d/b/a Rio Suite Hotel and Casino Supplemental Retirement and Deferred Compensation Plan (the "Rio SERP").

2.7 Deferral Commitment.

(a) "Deferral Commitment" means a Salary Deferral Commitment, a Bonus Deferral Commitment, a Fee Deferral Commitment or another deferral commitment allowed by the Company under this Plan and for which a Participant Agreement or other appropriate agreement has been filed with the Company. A Deferral Commitment shall include any deferral commitment made by a Participant for 1990 and years prior thereto under the predecessor Holiday Corporation plan.

(b) "Pre-1996 Deferrals" means the deferral of Compensation during Plan years through 1995.

(c) "Post-1995 Deferrals" means the deferral of Compensation during Plan years after 1995.

(d) No Deferral Commitments shall be made after March 31, 2001.

2.8 Deferral Period. "Deferral Period" means the single calendar year for which the Participant has made a Deferral Commitment. The initial Deferral Period shall commence as soon as administratively feasible after the effective date of this Plan.

2.9 Determination Date. "Determination Date" means the last day of each calendar month.

2.9A Disabled. A Participant shall be considered "Disabled" if the Participant is disabled, within the meaning of Section 409A(a)(2)(C) of the Code and Treasury Regulation Section 1.409A-3(i)(4).

2.10 Employer. "Employer" means the Company, and directly or indirectly affiliated or subsidiary corporations, any other affiliate designated by the Board, or any successors to the businesses thereof.

2.11 [Reserved]

2.12 Employment. "Employment" in the case of an employee, means the period of time that a Participant is on the Employer's payroll. A leave of absence approved by the Committee shall not be deemed a termination of Employment. A Participant who enters salary continuation status shall not be deemed to have terminated Employment. In the case of a director, Employment means the active service on the Board by the Participant.

2.13 Interest.

(a) Termination Account Interest.

(1) The interest rate applied to a Pre-1996 Termination Account on each monthly Determination Date shall be the greater of one twelfth (1/12) of 8.5% or one-twelfth (1/12) of the rate announced by Citibank, N.A. as its prime rate ("Citibank Prime Rate") at the beginning of each calendar quarter during the Plan year.

(2) The interest rate applicable to a Post-1995 Termination Account on each monthly Determination Date shall be the greater of one-twelfth (1/12) of the rate approved by the Board prior to January 1 of each Plan year or one-twelfth (1/12) of the Citibank Prime Rate at the beginning of each calendar quarter during the Plan year. The rate to be approved by the Board shall be submitted by Company management to the Board for review and approval prior to January 1 of each Plan year. For Plan years after 2004, the interest rate applicable to a Post-1995 Termination Account on each monthly Determination Date shall be one-twelfth (1/12) of the Citibank Prime Rate at the beginning of each calendar quarter during the Plan Year.

(b) Retirement Account Interest.

(1) For Plan years through 1995, the effective annual yield applicable to a Pre-1996 Retirement Account shall be determined prior to January 1 of each year and be

effective for the calendar year following the date it is determined; such rate shall be submitted by Company management for review and approval by the Board prior to January 1 each year. For all calendar years after 1995, such rate shall be and is hereby fixed at 15.5% for all Pre-1996 Retirement Accounts, provided that the annual yield under this paragraph 2.13(b)(1) for each calendar year for a Pre-1996 Retirement Account shall not be less than one hundred fifty percent (150%) of the annual average of Moody's for such year. If a Participant or Beneficiary receives payment in full prior to a calendar year end, the foregoing minimum annual yield for such year will be the Moody's average for the full months the funds were held by the Plan during the calendar year (or during the prior year if the payment occurs before one full month has been calculated in a calendar year). The term "Moody's" refers to Moody's Average Corporate Bond Yield as published by Moody's Investors Service, Inc. (or any successor thereto).

(2) The effective annual yield applicable to a Post-1995 Retirement Account shall be determined prior to January 1 of each year (for years prior to 2005) and be effective for the calendar year following the date it is determined; such rate shall be submitted to Company management for review and approval by the Board prior to January 1 each year, provided that the annual yield under this paragraph 2.13(b)(2) for each calendar year for a Post-1995 Retirement Account shall not in any event be less than 150% of the annual average of Moody's for such year. For years after 2004, the effective annual yield applicable to a Post-1995 Retirement Account shall be 150% of the annual average of Moody's for such year. If a Participant or Beneficiary receives full payment prior to a calendar year end, the foregoing minimum annual yield for such year (for years prior to 2005), or the foregoing annual yield (or years after 2004), will be the Moody's average for the full months the funds were held by the Plan during the calendar year (or during the prior year if the payment occurs before one full month has been calculated in a calendar year).

2.14 Participant. "Participant" means any individual who is participating or has participated in this Plan as provided in Article III.

2.15 Participation Agreement. "Participation Agreement" means the agreement filed by the Participant prior to the beginning of the Deferral Period. A new Participation Agreement shall be filed by the Participant for each Deferral Period.

2.16 Plan Benefit. "Plan Benefit" means the benefit payable to the Participant as calculated in Article V.

2.17 Retirement.

(a) [Reserved]

(b) For purposes of Section 5.2(b), "Retirement" for an employee Participant means such Participant's Separation from Service on or after the earlier of the date the Participant attains age fifty five (55) with ten (10) years of credited service or on or after the date the Participant attains age sixty (60); provided, however, for a Participant who is age 50 or older

upon Separation from Service and who has or receives an executive employment agreement with the Company or with one of its subsidiaries, "Retirement" shall also mean involuntary Separation from Service without cause (as cause is defined in said employment agreement) on or after the date such Participant's combined age and years of credited service equals 65 or more.

(c) For purposes of the definition in this Section 2.17, Participant's years of credited service shall be determined based on such Participant's first date of employment with the Employer as set forth on Exhibit A attached hereto and such Participant's period of employment with the Employer.

2.17A Section 409A Change in Control. A "Section 409A Change in Control" with respect to a Participant means any Change of Control, as defined in Section 2.4, that constitutes a change in the ownership or effective control of the corporation, or a change in the ownership of a substantial portion of the assets of the corporation, within the meaning of Section 409A(a)(2)(A)(v) of the Code and the Treasury Regulation Section 1.409A-3(i)(5).

2.17B Separation from Service. "Separation from Service", with respect to a Service Provider, means such Service Provider's "separation from service," as defined in Treasury Regulation Section 1.409A-1(h), with respect to the Service Recipient.

2.17C Service Provider. "Service Provider" means a Participant or any other "service provider", as defined in Treasury Regulation Section 1.409A-1(f).

2.17D Service Recipient. "Service Recipient", with respect to any Service Provider, means the "service recipient," as defined in Treasury Regulation Section 1.409A-1(g), as determined from time to time. As provided in Treasury Regulation Section 1.409A-1(g), the "service recipient" shall mean the person for whom the Service Provider's services are performed and with respect to whom the legally binding right to compensation arises, and all persons with whom such person would be considered a single employer under Section 414(b) or 414(c) of the Code; *provided, however*, that for purposes of Section 2.17B, the "service recipient" shall be determined as provided in Treasury Regulation Section 1.409A-1(h)(3).

2.17E Special Distribution Election Period. "Special Distribution Election Period" means the period designated by the EDCP Committee during which the elections under Section 5.6B may be made. The "Special Distribution Election Period" shall commence not earlier than August 3, 2007 and end not later than October 15, 2007.

2.17F Specified Employee. "Specified Employee" means a Service Provider who, as of the date of the Service Provider's Separation from Service, is a "Key Employee" of the Service Recipient any stock of which is publicly traded on an established securities market or otherwise. For purposes of this definition, a Service Provider is a "Key Employee" if the Service Provider meets the requirements of Section 416(i)(1)(A)(i), (ii) or (iii) of the Code (applied in accordance with the Treasury Regulations thereunder and disregarding Section 416(i)(5) of the Code) at any time during the Testing Year. If a Service Provider is a "Key Employee" (as defined above) as of a Specified Employee Identification Date, the Service Provider shall be treated as "Key Employee" for the entire 12 month period beginning on the Specified Employee Effective Date. For purposes of this Section 2.17F, a Service Provider's compensation for a Testing Year shall

mean such Service Provider's compensation, as determined under Treasury Regulation Section 1.415(c)-2(d)(4), from the Service Recipient for such Testing Year. The "Specified Employees" shall be determined in accordance with Section 409A(a)(2)(B)(i) of the Code and Treasury Regulation Section 1.409A-1(i).

2.17G Specified Employee Effective Date. "Specified Employee Effective Date" means the first day of the fourth month following the Specified Employee Identification Date. The Specified Employee Effective Date may be changed by the HRC, in its discretion, in accordance with Treasury Regulation Section 1.409A-1(i)(4).

2.17H Specified Employee Identification Date. "Specified Employee Identification Date", for purposes of Treasury Regulation Section 1.409A-1(i)(3), means December 31. The "Specified Employee Identification Date" shall apply to all "nonqualified deferred compensation plans" (as defined in Treasury Regulation Section 1.409A-1(a) of the Service Recipient and all affected Service Providers. The "Specified Employee Identification Date" may be changed by the HRC, in its discretion, in accordance with Treasury Regulation Section 1.409A-1(i)(3).

2.17I Testing Year. "Testing Year" means the 12 month period ending on the Specified Employee Identification Date, as determined from time to time.

2.18 Total and Permanent Disability. "Total and Permanent Disability" means that due to sickness or accidental bodily injury the Participant is completely unable to perform any and every duty pertaining to his occupation with the Employer, and such disability is expected to last at least 24 months.

2.19 Unforeseeable Emergency, with respect to a Participant, means a severe financial hardship to the Participant resulting from an illness or accident of the Participant or the Participant's spouse, Beneficiary or dependent (as defined in Section 152 of the Code, without regard to Sections 152(b)(1), (b)(2) and (d)(1)(B) of the Code) of the Participant, loss of the Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant, as determined by the EDCP Committee in accordance with Section 409A(a)(2)(B)(ii)(I) of the Code and the Treasury Regulation Section 1.409A-3(i)(3)(i).

ARTICLE III

PARTICIPATION AND DEFERRAL COMMITMENTS

3.1 Eligibility and Participation.

(a) Eligibility. Eligibility to participate in the Plan is limited to directors of the Board for their fees payable through April 30, 1996 and those employees of the Employer who are:

(i) in Job Grades 26 and above (or equivalent grades) or in other Job Grades which may be declared eligible by the Board's Human Resources Committee, and

(ii) designated as a Participant by the Chief Executive Officer of the Company.

(b) Participation. An eligible employee or director may elect to participate in the Plan with respect to any Deferral Period by filing a Participation Agreement with the Company by a date set by the Company but not later than December 31 of the calendar year immediately preceding the Deferral Period. In the event that an individual first becomes eligible to Participate during a calendar year, a Participation Agreement must be filed no later than thirty (30) days following notification of the individual by the EDCP Committee or the Company of his eligibility to Participate, and such Participation Agreement shall be effective only with regard to Compensation earned and payable following the filing of the Participation Agreement with the Company.

(c) [Reserved]

3.2 Form of Deferral; Maximum and Minimum Deferral. The Participant may elect in the Participation Agreement any of the following Deferral Commitments:

(a) Salary and Bonus Commitment. For the Deferral Period following the calendar year in which the Participation Agreement is filed, the Participant may elect to defer, except as provided in (b) below, (1) up to twenty-five percent (25%) of base salary payable during the Deferral Period, and (2) for Plan years through 1990, up to one hundred per cent (100%) of bonus (fifty percent (50%) of bonus for Job Grades 26-29 or equivalent grades) payable during the Deferral Period. Commencing with the 1991 Deferral Period with respect to bonus deferrals, all Participants will be limited to deferring a maximum of 50% of bonus.

(b) Savings and Retirement Plan Exception. In addition to the deferral permitted under (a) above, any Participant that participates at the before-tax percentage of six percent (6%) under the 401(k) plan or Savings and Retirement Plan of the Participant's Employer shall be deemed to have elected to defer into this Plan that portion of eligible 401(k) plan or Savings and Retirement Plan earnings which the Participant elected to defer under such 401(k) plan or Savings and Retirement Plan up to six percent (6%) which could not be deferred on a before-tax basis under any such plan due to any law or regulation, but excluding any amount which was actually deferred into any such plan but distributed back to the Participant in a following plan year.

(c) Fee Deferral Commitment. A director Participant may elect to defer a minimum of fifteen percent (15%) and up to a maximum of one hundred percent (100%) of fees payable in the calendar year following the calendar year in which the Participation Agreement is filed. For calendar year 1985, the maximum a director Participant may elect to defer shall be one hundred percent (100%) of remaining fees. For Plan years after 1995, a director Participant may defer fees for services through April 30, 1996. Fees payable to a director after April 30, 1996, will not be deferrable under this Plan.

(d) Other Deferral Provisions. Notwithstanding anything herein, for Plan years through 1995: (i) an employee who has five (5) years of active deferrals of salary and/or bonus into this Plan including deferrals under the predecessor Holiday Corporation plan shall not be permitted to defer any further bonus into this Plan payable in Plan years through 1995, and (ii) a director on the Board of Directors of the Company who has ten (10) full years of active deferrals of director's fees into this Plan including deferrals under the predecessor Holiday Corporation

plan shall not be permitted to defer any further director's fees into this Plan payable in Plan years through 1995. For Plan years after 1995, an employee Participant may defer up to 25% of base salary and 50% of bonus payable during a Deferral Period, provided the Board reserves the right to modify or terminate further deferrals into the Plan for any Plan year.

(e) Certain executives of Rio Hotel & Casino, Inc. will be permitted to defer specified amounts in the Rio SERP into the EDCP pursuant to agreements with such executives.

(f) For all Participants, the deferral of Compensation into the Plan will cease effective March 31, 2001.

ARTICLE IV

DEFERRED COMPENSATION ACCOUNTS

4.1 Elective Deferred Compensation. The amount of Compensation that the Participant elects to defer shall be withheld and credited to the Participant's Account as the Compensation becomes payable. Any withholding of taxes or other amounts with respect to deferred Compensation which is required by state, federal or local law may be withheld from the Participant's non-deferred Compensation.

4.2 Types of Account. For record-keeping purposes only, the following accounts shall be maintained for each Participant:

Pre-1996 Retirement Account
Pre-1996 Termination Account
Post-1995 Retirement Account
Post-1995 Termination Account

The amount of Compensation elected to be deferred shall be credited to both the Retirement Accounts and the Termination Accounts subject to the provisions of this Plan.

4.3 Matching Contributions.

(a) Eligibility. Matching contributions shall be credited to Participants who are eligible to participate in the 401(k) plan or Savings and Retirement Plan of their Employer and elect to make a six percent (6%) before-tax contribution into such 401(k) plan or Savings and Retirement Plan and such before-tax contribution is limited due to any law or regulation.

As provided in Section 3.2(f), the deferral of Compensation into the Plan ceased effective March 31, 2001 and, consequently, no matching contributions shall be credited with respect to Compensation payable after March 31, 2001.

(b) Amount. The Employer shall credit to each employee Participant's Account a matching contribution for each calendar year equal to one hundred percent (100%) of the Participant's Compensation elected to be deferred under this Plan for the year, such Compensation being limited for purposes of this calculation to a maximum of six percent (6%) of the Participant's eligible 401(k) plan or Savings and Retirement Plan earnings (which shall for

this purpose include salary deferrals but will not include bonus amounts or board fees). The matching contribution amount will be offset by the actual matching contribution allocated to the Participant under the 401(k) plan or Savings and Retirement Plan of the Participant's Employer.

(c) Time of Credit. The Employer matching contribution shall be credited to a Participant's Account as of the last day of the calendar year or the date the Participant's employment ends, if earlier.

4.4 Vesting of Accounts. Each Participant shall be vested in the amounts credited to such Participant's Account and earnings thereon as follows:

(a) Amounts Deferred. A Participant shall be one hundred percent (100%) vested at all times in the amount of Compensation elected to be deferred under this Plan and the earnings thereon (either at the Termination Rate or Retirement Rate).

(b) Employer Matching Contributions. A Participant who terminates Employment for reasons other than Retirement, Total and Permanent Disability or Death shall be vested in the Employer matching contributions made for any particular year in accordance with the vesting provisions of the 401(k) plan or Savings and Retirement Plan of the Participant's Employer as such plan may be amended from time to time.

(c) Retirement, Total and Permanent Disability or Death. A Participant shall be one hundred percent (100%) vested in all amounts at Retirement or upon Total and Permanent Disability or Death during employment with the Company or its direct or indirect majority owned subsidiaries. For this purpose, "during employment" includes death or disability occurring after such employment termination if the death or disability is primarily caused (as determined by the EDCP Committee) by the sickness or injury that resulted in the termination of employment.

4.5 Determination of Accounts. Each Participant's Retirement Account (Pre-1996 and Post-1995) and Termination Account (Pre-1996 and Post-1995) as of each Determination Date shall consist of the balance of the Participant's Account as of the immediately preceding Determination Date, plus the Participant's elective deferred Compensation credited, matching contributions and Interest earned, minus the amount of any distributions made since the immediately preceding Determination Date. Interest earned shall be calculated as of each Determination Date based upon the average daily balance of the account since the preceding Determination Date. Interest earned on each of the Retirement Accounts shall be calculated so as to achieve the annual yield provided by paragraph 2.13(b).

4.6 Statement of Accounts. The Company shall submit to each Participant, within one hundred twenty (120) days after the close of each calendar year and at such other times as determined by the Company, a statement setting forth the balance to the credit of each Account maintained for the Participant.

ARTICLE V

PLAN BENEFITS

5.1 Pre-Separation from Service Withdrawals.

(a) Amount. At the time the Participation Agreement is filed, the Participant may elect to receive fifty percent (50%) of the Deferral Commitment in four annual installment payments on the first day of each of the 8th, 9th, 10th and 11th years prior to Separation from Service after the year during which the Participation Agreement is filed. The total Pre-Separation from Service Withdrawal shall be limited to the Termination Account balance at the time of the withdrawal. The Participants who have elected distributions under this Section 5.1 and their distribution elections are set forth on Exhibit B attached hereto.

(b) Remaining Account Balance. The amount of the withdrawal shall reduce the respective Pre-1996 or Post-1995 Retirement Account and respective Pre-1996 or Post-1995 Termination Account balances. Any remaining account balances shall continue to be credited with Interest in accordance with paragraph 4.5. Any amounts remaining in the respective Pre-1996 or Post-1995 Retirement Account or Termination Account after all Pre-Separation from Service Withdrawals shall be paid in accordance with this Article V.

5.2 Retirement Benefit.

(a) [Reserved]

(b) The Employer shall pay a Plan Benefit equal to the amount of a Participant's respective Pre-1996 and/or Post-1995 Retirement Account to such Participant upon:

- (1) such Participant's Separation from Service by reason of Retirement,
- (2) the date such Participant becomes Disabled, if such Participant becomes Disabled prior to having a Separation from Service,
- (3) such Participant's Separation from Service within a twenty-four (24) month period after a Section 409A Change in Control, or
- (4) in the case of a Participant who is a director Participant, such Participant's Separation from Service by reason of not being re-elected as a director.
- (5) for Participants who are entitled to the Retirement Account rate and who retired or terminated active service after October 29, 1992 and on or before December 31, 1992, such rate will be locked-in at 16.5% until such Participant's account is fully distributed.
- (6) for Participants who are entitled to the Retirement Account rate who retired or terminated active service during 1993, such rate will be locked-in at 16% until such Participant's account is fully distributed.

(7) for Participant's who are entitled to the Retirement Account rate and who retired or terminated active service during 1994 or 1995, such rate will be locked-in at the retirement rate approved for that year (15.5%) until such Participant's account is fully distributed.

(8) for Participants whose active service ceased before October 29, 1992, and at that time were already receiving the Retirement Account rate, the rate each such Participant will receive in 1993, 1994 and 1995 will be the approved retirement rate for each such year, provided that for years after 1995 the retirement rate will be locked-in at the rate approved for 1995 (15.5%) until such Participant's account is fully distributed.

5.3 Termination Benefit. The Employer shall pay a Plan Benefit equal to the amount of the Participant's respective Pre-1996 and/or Post-1995 Termination Account to each Participant who has a Separation from Service for all reasons other than those for which a Retirement Benefit or Death Benefit shall be paid.

A Participant or Beneficiary shall receive either the Termination Account or Retirement Account as provided in this Plan but not both.

5.4 Death Benefit. Upon the death of the Participant, the Employer shall pay to the Participant's Beneficiary an amount determined as follows:

(a) If the Participant dies prior to Separation from Service, the amount payable under this paragraph shall be in lieu of any other benefit payment under this Plan and shall equal:

(i) the Participant's Retirement Account Balance, plus;

(ii) in the case of a Participant whose name is listed on Exhibit C attached hereto, the Additional Death Benefit.

(b) For purposes of subparagraph (a)(ii), the amount of a Participant's Additional Death Benefit is set forth on Exhibit C.

(c) If the Participant dies after Separation from Service, the amount payable shall be equal to the remaining unpaid balance of the Participant's Retirement Account (if the Participant would have been entitled to the Plan Benefit under Section 5.2(b) in the event of a Separation from Service immediately prior to death), or the Participant's Termination Account (if the Participant would have been entitled to the Plan Benefit under Section 5.3 in the event of a Separation from Service immediately prior to death).

5.5 Disability Benefit.

(a) [Reserved]

(b) If a Participant becomes Disabled prior to having a Separation from Service, the amount payable under Section 5.2(b)(2) shall equal the balance of such Participant's Retirement Account.

5.6 Irrevocable Distribution Elections. Except as provided in Sections 5.6A and 5.6B, a Participant's distribution elections as of August 3, 2007 are irrevocable and cannot be amended.

5.6A Distributions upon Unforeseeable Emergency. A distribution may be made by the Company in the case of a Participant's Unforeseeable Emergency, as determined by the EDCP Committee, as provided herein.

(a) A Participant may elect to receive a distribution from his or her vested Account upon the occurrence of an Unforeseeable Emergency. Such Participant may elect to receive a distribution upon Unforeseeable Emergency by completing and delivering an election with the EDCP Committee in accordance with the uniform procedures promulgated by the EDCP Committee.

(1) For a director Participant, the vested Account balance is the Retirement Account balance.

(2) If the Participant is a current employee and would be eligible for or otherwise entitled to his or her Retirement Account balance if he or she had a Separation from Service, the vested Account balance is the Retirement Account balance; otherwise, it will be the Termination Account balance.

(3) If the Participant has had a Separation from Service, the vested Account balance is either the Retirement Account balance or the Termination Account balance, as the case may be, which the Participant was vested in as of the date for the distribution.

(b) The election to receive a distribution upon the occurrence of an Unforeseeable Emergency by a Participant who is entitled to a distribution under this Article V shall override the distribution election in effect for such Participant under this Article V with respect to the amount to be distributed, both as to form of payment and timing of payment. If installment payments to such Participant have begun at the time an election for a distribution upon the occurrence of an Unforeseeable Emergency is made, the election shall apply only with respect to the unpaid balance of such Participant's Retirement Account or Termination Account, as applicable.

(c) The amount to be distributed to a Participant who elects a distribution upon the occurrence of an Unforeseeable Emergency shall not exceed the amounts reasonably necessary to satisfy such Unforeseeable Emergency (and shall include amounts necessary to pay federal, state, local or foreign income taxes or penalties reasonably anticipated as a result of the distribution), after taking into account the extent to which such Unforeseeable Emergency is or may be relieved through reimbursement or compensation through insurance or otherwise, or by liquidation of the Participant's assets (to the extent the liquidation of such assets would not itself cause severe financial hardship), as determined by the EDCP Committee in accordance with Section 409A(a)(2)(B)(ii)(II) of the Code and the Treasury Regulation Section 1.409A-3(i)(3)(ii).

(d) The amount to be distributed to the Participant pursuant to such Participant's election to receive a distribution upon the occurrence of Unforeseeable Emergency shall be paid in a lump sum payment within sixty (60) days following the approval of the Participant's distribution election by the EDCP Committee.

5.6B Special Lump Sum Distribution.

(a) Subject to Section 5.12, a Participant, or a Beneficiary of a deceased Participant, may elect to receive a special lump sum distribution from such Participant's or Beneficiary's Retirement Account or Termination Account, as applicable, on June 1, 2008 (or within thirty (30) days thereafter) in accordance with this Section 5.6B. A Participant's or Beneficiary's special lump sum distribution shall be made only from the Retirement Account or Termination Account, as applicable, if such Participant or Beneficiary has a fully vested interest, determined as of the last day of the Special Distribution Election Period. The special lump sum distribution shall be in the amount equal to the Participant's or Beneficiary's designated percentage of the Participant's or Beneficiary's interest in such Retirement Account or Termination Account, and such designated percentage of the Account shall be credited to a special subaccount of such Account. Such special lump sum distribution shall be made proportionately from such Participant's or Beneficiary's Retirement Account or Termination Account, as applicable (and the subaccounts thereunder), and shall apply only to amounts that would not otherwise be payable before January 1, 2008.

(b) A Participant, or a Beneficiary of a deceased Participant, shall elect to receive a special lump sum distribution under subsection (a) by completing and delivering a Special Lump Sum Distribution Agreement in accordance with the rules and procedures adopted by the EDCP Committee for such purpose. Such Participant or Beneficiary shall designate the whole percentage (up to a maximum of 100%) of such Participant's or Beneficiary's interest in his or her Retirement Account or Termination Account to be distributed in such special lump sum distribution. Such Participant or Beneficiary must complete and deliver such Special Lump Sum Distribution Agreement not later than the last day of the Special Distribution Election Period, and such Participant's or Beneficiary's Special Lump Sum Distribution Agreement shall become irrevocable as of the last day of the Special Distribution Election Period. Such special lump sum distribution shall supersede such Participant's prior distribution election with respect to the portion of such Participant's Accounts subject to such special lump sum distribution election, except as provided in Section 5.12.

(c) A Participant's distribution under this Section 5.6B shall be made from: (1) the Participant's Retirement Account (if the Participant would have been entitled to a Plan Benefit under Section 5.2(b) in the event of a Separation from Service on the distribution date), or (2) the Participant's Termination Account (if the Participant would have been entitled to a Plan Benefit under Section 5.3 in the event of a Separation from Service on the distribution date).

(d) Special distribution elections under this Section 5.6B shall be subject to such administrative rules, procedures and restrictions as are prescribed by the EDCP Committee in its discretion. No election may be made under this Section 5.6B after the last day of the Special Distribution Election Period.

5.7 Form of Benefit Payment. The Plan Death Benefit payable under paragraph 5.4(a)(ii) of this Plan shall be paid within thirty (30) days of the Participant's death in a

lump sum with no interest accruing from the date of death until the date of payment. The Plan Retirement Benefit, the Death Benefit payable under paragraph 5.4(a)(i) or 5.4(c), the Disability Benefit, and Termination Benefit shall be paid in one of the following forms as elected by the Participant in the Participation Agreement:

(a) Equal monthly installments of the Account and Interest amortized over a period of time elected by the Participant and approved by the Company in such Participant's Participation Agreement; *provided, however*, that in case of any installment distribution payments on and after January 1, 2008, such installment distribution payments shall be made in substantially equal monthly installments over the remaining period of such installment distribution; and, *provided, further*, that in the event of any such monthly installment distribution, the amount of each monthly installment in any calendar year for the distribution of the subaccounts in a Participant's Accounts for a Deferral Period shall be calculated as follows. The amount of the monthly installment shall be determined before the first installment payment on or after January 1, 2008 is paid and on each January 1st in all subsequent calendar years. The amount of each monthly installment for such calendar year shall be determined by dividing: (A) the number of remaining monthly installments into (B) the Participant's vested balance in the Participant's Accounts, determined as of the last valuation date of the prior month. A Participant's last installment payment shall be adjusted as needed to reflect investment gains or losses. If the total of the vested balance in the Participant's Accounts (and the vested balances in the Participant's accounts in all other agreements, methods, programs or other arrangements with respect to which deferrals of compensation are treated as having been deferred under a single nonqualified deferred compensation plan under Treasury Regulation Section 1.409A-1(c)(2)), determined as of any date that is on or after January 1, 2008 and on or after monthly installment payments commence, is not greater than the applicable dollar amount under Section 402(g)(1)(B) of the Code, such vested balance in the Participant's Accounts (and the vested balances in such other agreements, methods, programs and arrangements) shall be paid to the Participant in a lump sum payment not later than sixty (60) days after such date in accordance with Treasury Regulation Section 1.409A-3(j)(4)(v). Interest shall be credited to the remaining portion of the Account Balance in accordance with paragraph 4.5. If the Participant is receiving a Retirement Account, Interest shall be equal to an amount in accordance with paragraph 2.13(b). If the Participant is receiving the Termination Account, Interest shall be equal to an amount in accordance with paragraph 2.13(a); and/or

(b) A lump sum payment.

(c) [Reserved]

(d) If the Participant fails to elect the form of benefit payment, the benefits shall be paid in accordance with 5.7(a) over a period of fifteen (15) years.

(e) [Reserved]

5.7A Amendment of Form of Payment. Each Participant in the Plan as of April 25, 1997 (referred to in this paragraph 5.7A as "Active Participants" and excluding Participants who are not active employees of the Company or its direct or indirect subsidiaries on April 25, 1997, and excluding director Participants who are not actively serving on the Company's Board of

Directors on April 25, 1997) will be offered a one-time opportunity (the "Amendment Opportunity") to amend his/her previously made elections as to the form of payment of benefits permitted under paragraph 5.7 of the Plan, subject to the following terms and conditions:

(a) The Amendment Opportunity will be offered on or before May 31, 1997 to Active Participants by sending them an election form which they must complete in order to revise any or all of their previous distribution elections (the "Revised Elections").

(b) To be effective, a completed Revised Elections form must be received by the Company within a reasonable time period but not later than June 30, 1997.

(c) Revised Elections will only apply to distributions that will occur due to leaving the payroll on or after July 1, 1998 (or, in the case of director Participants, due to leaving active service on the Board of Directors on or after July 1, 1998). Accordingly, if an Active Participant leaves the payroll (or leaves active service on the Board of Directors) on or before June 30, 1998, any Revised Elections submitted by that individual will not be effective. In such case, the original elections for that individual shall govern. For example, if an employee stops active employment on December 31, 1997 and is placed on salary continuation which lasts until June 30, 1998, then this individual's Revised Elections will not have any effect and his/her distributions will be governed by his/her original elections. However, if employment or salary continuation went through July 1, 1998 or later, the Revised Elections would be effective. If an Active Participant leaves the payroll or leaves active service on the Board before notice of the Amendment Opportunity is mailed, the Amendment Opportunity will not be offered to such individual.

(d) Pursuant to this paragraph 5.7A, an Active Participant will only be permitted to change a lump sum to installments or extend existing installments to a longer period, provided installments cannot be extended beyond a period of fifteen years from the commencement of payments. A participant will not be permitted to compress installments to a shorter period or to change installments to a lump sum.

(e) No Revised Elections shall be permitted under this Section 5.7A after June 30, 1997.

5.8 Withholding; Payroll Taxes. The Employer shall withhold from payments made hereunder any taxes required to be withheld from the Participant's wages for the federal or any state or local government.

5.9 Commencement of Payments.

(a) Except as provided in subsection (b) and Section 5.1, payment shall commence within thirty (30) days after the Participant has a Separation from Service, dies or becomes Disabled and is entitled to payment pursuant to his or her Participation Agreement.

(b) Payment of a Participant's Retirement Benefit, Termination Benefit, Death Benefit or Disability Benefit shall not commence prior to the earliest of:

(i) such Participant's Separation from Service,

(ii) such Participant's death, or

(iii) the date such Participant becomes Disabled;

provided, however, that in the case of a Participant who is a Specified Employee as of the date of such Participant's Separation from Service, the payment of such Participant's Retirement Benefit or Termination Benefit shall not be made before the date which is six months after the date of Participant's Separation from Service (or, if earlier, the date of such Participant's death) in accordance with Section 409A(a)(2)(B)(i) of the Code and Treasury Regulation Section 1.409A-3(i)(2).

(c) If a Participant's Account is to be distributed in the form of annual installment payments, and such Participant is a Specified Employee as of the date of such Participant's Separation from Service, the annual installment payment that otherwise would have been made to such Participant prior to the date which is six months after the date of such Participant's Separation from Service (or, if earlier, the date of such Participant's death) and any interest accrued thereon shall be paid commencing on such date in accordance with Section 409A(a)(2)(B)(i) of the Code and the Treasury Regulation Section 1.409A-3(i)(2). The Participant's Account shall be distributed in installment payments, commencing on the date which is six months after the date of such Participant's Separation from Service (or, if earlier, the date of such Participant's death), over the designated installment period.

5.10 Full Payment of Benefits. Notwithstanding any other provision of this Plan, all benefits shall be paid no later than the date the Participant attains age eight five (85).

5.11 Payment to Guardian. If a Plan benefit is payable to minor or a person declared incompetent or to a person incapable of handling the disposition of property, the Company may direct payment of such Plan benefit to the guardian, legal representative or person having the care and custody of such minor or incompetent person. The Company may require proof of incompetency, minority, incapacity or guardianship as it may deem appropriate prior to distribution of the Plan benefit. Such distribution shall completely discharge the EDCP Committee and the Employer from all liability with respect to such benefit.

5.12 Compliance with Section 409A of the Code.

(a) The Plan shall be interpreted, construed and administered in a manner that satisfies the requirements of Sections 409A(a)(2), (3) and (4) of the Code and the Treasury Regulations thereunder (subject to the transitional relief under Internal Revenue Service Notice 2005-1, the Proposed Regulations under Section 409A of the Code and other applicable authority issued by the Internal Revenue Service).

(b) As provided in Internal Revenue Notice 2006-79, notwithstanding any other provision of the Plan, with respect to an election under Section 5.6B or 5.7C, or any other election or amendment to change a time and form of payment under the Plan made on or after January 1, 2007 and on or before December 31, 2007, the election or amendment shall apply only to amounts that would not otherwise be payable in 2007 and shall not cause an amount to be paid in 2007 that would not otherwise be payable in 2007.

ARTICLE VI

BENEFICIARY DESIGNATION

6.1 Beneficiary Designation. Each Participant shall have the right, at any time, to designate any person or persons as his Beneficiary or Beneficiaries (both principal or contingent) to whom payment under this Plan shall be paid in the event of his death prior to complete distribution to the Participant of the benefits due him under the Plan. Each beneficiary designation shall be in a written form prescribed by the Company and will be effective only when filed with the Company during the Participant's lifetime. If the Participant's Compensation is community property, any Beneficiary Designation shall be valid or effective only as permitted under applicable law.

6.2 Amendments. Any Beneficiary designation may be changed by the Participant without the consent of any designated Beneficiary by the filing of a new Beneficiary Designation with the Company. The filing of a new Beneficiary Designation form will cancel all Beneficiary Designations previously filed.

6.3 No Beneficiary Designation. If any Participant fails to designate a Beneficiary in the manner provided above, or if the Beneficiary designated by a deceased Participant dies before the Participant or before complete distribution of the Participant's benefits, the Company, in its discretion, may direct the Employer to distribute such Participant's benefits (or the balance thereof) to either:

(a) The surviving spouse;

(b) The Participant's children, except that if any of the children predecease the Participant but leave issue surviving, then such issue shall take by right of representation the share the parent would have taken if living;

(c) The Participant's estate.

6.4 Effect of Payment. The payment to the Beneficiary shall completely discharge the Employer's obligations under this Plan.

ARTICLE VII

ADMINISTRATION

7.1 Committee; Duties. This Plan shall be administered by the Employer's Executive Deferred Compensation Committee (EDCP Committee), which shall consist of not less than three (3) individuals selected by the Chief Executive Officer of the Company. Members of the EDCP Committee may be Participants under this Plan.

7.2 Agents. The EDCP Committee shall appoint an individual to be the Committee's agent with respect to the day-to-day administration of the Plan. In addition, the EDCP Committee may, from time to time, employ other agents and delegate to them such administrative duties as it sees fit, and may from time to time consult with counsel who may be counsel to the Employer.

7.3 Binding Effect of Decisions. The decision or action of the EDCP Committee in respect of any question arising out of or in connection with the administration, interpretation and application of the Plan and the rules and regulations promulgated hereunder shall be final and conclusive and binding upon all persons having any interest in the Plan.

7.4 Indemnity of EDCP Committee. The Employer shall indemnify and hold harmless the members of the EDCP Committee or any agents or employees of the Employer against any and all claims, loss, damage, expense, or liability arising from any action or failure to act with respect to this Plan, except in the case of willful misconduct by the EDCP Committee, EDCP Committee member, or such agent or employee of the Employer.

ARTICLE VIII

CLAIMS PROCEDURE

8.1 General

(a) A Participant or Beneficiary who believes that he or she has not received the benefits to which he or she is entitled may assert a claim for benefits under the Plan in accordance with the claims procedure of this Article VIII. The claims procedure of this Article VIII shall be applied in accordance with Section 503 of ERISA and Department of Labor Regulation Section 2560.503-1. A Participant or Beneficiary may assert a benefit claim, or appeal the denial of a benefits claim, through such Participant's or Beneficiary's authorized representative, provided that such Participant or Beneficiary has submitted a written notice evidencing the authority of such representative to the EDCP Committee. A Participant or Beneficiary asserting a benefits claim shall be referred to as a "Claimant" under this Article VIII.

(b) A Claimant shall submit his or her benefits claim under the Plan in writing to the EDCP Committee. The Claimant may include documents, records or other information relating to the benefits claim for review by the EDCP Committee in connection with such benefits claim.

8.2 Benefit Determination

(a) The EDCP Committee shall review the Claimant's benefits claim (including any documents, records or other information submitted with such benefits claim) and determine whether such benefits claim shall be approved or denied in accordance with the Plan.

(b) In the event that a Claimant's benefits claim is wholly or partially denied, the EDCP Committee shall provide to the Claimant with written notice of the denial within a reasonable period of time, but not later than ninety (90) days after the receipt of the benefits claim by the EDCP Committee, unless the EDCP Committee determines that special circumstances require an extension of time for making a determination with respect to the benefits claim. If the EDCP Committee determines that an extension of time for making a determination with respect to the benefits claim is required, the EDCP Committee shall provide the Claimant with written notice of such extension prior to the end of the initial ninety (90) day

period. The extension of time shall not exceed a period of ninety (90) days from the end of such initial period. The extension notice shall indicate the special circumstances requiring the extension of time and the date by which the EDCP Committee expects to render the benefit determination.

(c) The notice of denial of the Claimant's benefits claim shall set forth:

- (1) the specific reason or reasons for the denial;
- (2) references to specific Plan provisions on which the denial is based;
- (3) a description of any additional material or information necessary for the Claimant to perfect the claim and an explanation of why the material or information is necessary; and
- (4) a description of the Plan's appeal procedures and the time limits applicable to such procedures, including a statement of the Claimant's right to bring a civil action under Section 502(a) of ERISA following a denial of the appeal of the denial of the benefits claim.

(d) The Claimant may appeal any denial of the benefits claim in writing to the EDCP Committee within sixty (60) days after receipt of the EDCP Committee's notice of denial of benefits claim. The Claimant's failure to appeal the denial of the benefits claim by the EDCP Committee in writing within the sixty (60) day period shall render the EDCP Committee's determination final, binding, and conclusive.

8.3 Appeals.

(a) A Claimant may appeal the denial of a benefits claim to the EDCP Committee. The EDCP Committee shall review the appeal of the denial of the benefits claim and make a final determination as to whether the benefits claim should be approved or denied in accordance with the Plan.

(b) The Claimant shall be afforded the opportunity to submit written comments, documents, records, and other information relating to the benefits claim, and the Claimant shall be provided, upon request and free of charge, reasonable access to all documents, records, and other information relevant to the Claimant's benefits claim. A document, record or other information shall be considered "relevant" to the benefits claim, as provided in Department of Labor Regulation Section 2560.503-1(m)(8). The review on appeal by the EDCP Committee shall take into account all comments, documents, records, and other information submitted by the Claimant, without regard to whether such information was submitted or considered in the EDCP Committee's initial determination with respect to the benefits claim. The EDCP Committee shall advise the Claimant in writing of the EDCP Committee's determination of the appeal within sixty (60) days of the claimant's written request for review, unless special circumstances (such as a hearing) would make the rendering of a determination within the sixty (60) day period infeasible, but in no event shall the EDCP Committee render a determination regarding the denial of a claim for benefits later than one hundred twenty (120) days after its receipt of a request for review. If an extension of time for review is required because of special circumstances, written notice of the extension shall be furnished to the Claimant prior to the date the extension period commences.

(c) The notice of denial of the Claimant's appeal of the denial of the Claimant's benefit claim shall set forth:

(1) the specific reason or reasons for the denial of the appeal;

(2) reference to the specific Plan provisions on which the denial of the appeal is based;

(3) a statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the Claimant's benefits claim (and a document, record or other information shall be considered "relevant" to the benefits claim, as provided in Department of Labor Regulation Section 2560.503-1(m)(8)); and

(4) a statement describing Claimant's right to bring an action under ERISA Section 502(a).

(d) If, upon appeal, the EDCP Committee shall grant the relief requested by the Claimant, then, in addition, the EDCP Committee shall award to the Claimant reasonable fees and expenses of counsel, or any other duly authorized representative of Claimant, which shall be paid by the Company. The determination as to whether such fees and expenses are reasonable shall be made by the Company in its sole and absolute discretion and such determination shall be binding and conclusive on all parties.

8.4 Notice of Denials. The EDCP Committee's notice of denial of a benefits claim shall identify the address to which the Claimant may forward his appeal.

ARTICLE IX

AMENDMENT AND TERMINATION OF PLAN

9.1 Amendment.

(a) The Board may at any time amend the Plan in whole or in part (including, without limitation, to comply with Sections 409A(a)(2), (3) and (4) of the Code and the Treasury Regulations and applicable guidance thereunder), and may impose different requirements for different Participants, provided, however, that (i) no amendment shall be effective to decrease or restrict the amount accrued to that date on any Account maintained pursuant to any existing Deferral Commitment under the Plan; and (ii) on amounts that have been deferred up to the date of amendment, no amendment shall be effective to reduce the minimum interest credited or to be credited to Termination Accounts until their payment date or reduce the minimum interest credited or to be credited to Retirement Accounts until their payment date as provided in paragraph 2.13, without the consent of all Participants (or a Beneficiary in case a Participant is then deceased) who may be affected by such change; and (iii) no amendment shall be effective to alter the form of payment as elected by a Participant in any Participation Agreement without the consent of the Participant or the Participant's Beneficiary (in the case of a deceased Participant).

(b) The EDCP Committee may make administrative amendments to the Plan including but not limited to amendments to clarify the Plan language and to simplify and implement various administrative procedures, including matters relating to the calculation of death benefits and payments to Beneficiaries, which the EDCP Committee determines are consistent with the purpose and intent of the Plan.

9.2 [Reserved]

ARTICLE X

MISCELLANEOUS

10.1 Unfunded Plan. This Plan is an unfunded plan maintained primarily to provide Deferred Compensation benefits for a select group of management employees or highly compensated employees. This Plan is not intended to create an investment contract, but to provide tax planning opportunities and retirement benefits to eligible individuals who have elected to participate in the Plan. Eligible individuals are select members of management who, by virtue of their position with the Employer, are uniquely informed as to the Employer's operations and have the ability to materially affect the Employer's profitability and operations.

10.2 Unsecured General Creditor. The Participants and their Beneficiaries, heirs, successors, and assigns shall have no legal or equitable rights, interest, or claims in any property or assets of the Employer, nor shall they be Beneficiaries of, or have any rights, claims, or interests in any life insurance policies, annuity contracts or the proceeds therefrom owned or which may be acquired by the Employer ("Policies"). Such Policies or other assets of the Employer shall not be held as collateral security for the fulfilling of the obligations of the Employer under this Plan. The Policies shall be the general, unpledged, unrestricted assets of the Employer, and the Employer may transfer, assign, sell, or use such policies without restriction. The Employer's obligation under the Plan shall be merely that of an unfunded and unsecured promise of the Employer to pay money in the future. No Employer shall have any obligation under this Plan with respect to individuals other than that of the Employer's employees or directors or Beneficiaries thereof.

10.3 Nonassignability. Neither the Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage, or otherwise encumber, transfer, hypothecate, or convey in advance of actual receipt the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are, expressly declared to be unassignable and non-transferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgments, alimony, or separate maintenance owed by the Participant or any other person, nor be transferable by operation of law in the event of the Participant's or any other person's bankruptcy or insolvency. Notwithstanding the above, the Company acting by the EDCP Committee or its designates may authorize a Participant or Beneficiary to transfer part or all of any Account balance under this Plan to the Company's Executive Supplemental Savings Plan.

Such transfer must be specified as a percentage in increments of 1% and a transfer percentage will apply to each deferral year's balance as of the transfer date including being applied to deferred amounts, accrued interest and vested and unvested accrued matching contributions. For the period from the preceding January 1 to the date of the transfer, interest will accrue based on the interest rate applicable or approved for that accrual period (not the interest rate for the previous year). The times and other administrative terms and conditions of any such transfer and the interpretation of this Section 10.3 will be determined by the EDCP Committee or its designates. Upon the transfer by a Participant of any percentage of a Termination Account (for a participant not vested in the Retirement Account), the transfer will only apply to the Termination Account and an equal percentage of the Retirement Account (including the applicable percentages of deferred amounts, accrued interest and vested and unvested accrued matching contributions for each deferral year) will be eliminated and will be deemed null and void under this Plan and all rights thereto will be waived. Upon any transfer of any part or all of any Account to the Executive Supplemental Savings Plan, the Participant or Beneficiary will have no further rights under this Plan as to the amounts transferred including no further rights under this Plan to vesting, death benefits or any other rights to the Retirement Account or Termination Account under this Plan regarding such transferred amount. Amounts not transferred will continue to be governed by this Plan.

Notwithstanding the foregoing, no transfers of any Account balance shall be made under this Section 10.3 on or after August 3, 2007.

10.4 Not a Contract of Employment. The terms and conditions of this Plan shall not be deemed to constitute a contract of employment between the Employer and the Participant, and the Participant (or his Beneficiary) shall have no rights against the Employer except as may otherwise be specifically provided herein. Moreover, nothing in this Plan shall be deemed to give the Participant the right to be retained in the service of the Employer or to interfere with the right of the Employer to discipline or discharge the Participant at any time.

10.5 Protective Provisions. The Participant will cooperate with the Employer by furnishing any and all information requested by the Employer, in order to facilitate the payment of benefits hereunder, and by taking such physical examinations as the Employer may deem necessary and taking such other action as may be requested by the Employer. Notwithstanding the other provisions of this Plan, no death benefits in excess of the Retirement Account balance shall be paid if during the first two (2) years of participation death occurs as a result of suicide. The EDCP Committee shall have sole discretion to determine whether death occurs as a result of suicide.

10.6 Terms. Whenever any words are used herein in the masculine, they shall be construed as through they were used in the feminine in all cases where they would so apply; and wherever any words are used herein in the singular or in the plural, they shall be construed as through they were used in the plural or the singular, as the case may be, in all cases where they would so apply.

10.7 Captions. The captions of the articles, sections, and paragraphs of this Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

10.8 Governing Law. The provisions of this Plan shall be construed and interpreted in accordance with the Employee Retirement Income Security Act of 1974, as amended and, to the extent applicable, the laws of the State of Nevada.

10.9 Validity. In case any provision of this Plan shall be held illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but this Plan shall be construed and enforced as if such illegal and invalid provision had never been inserted herein.

10.10 Notice. Any notice or filing required or permitted to be given to the EDCP Committee or the Company under the Plan shall be sufficient if in writing and hand delivered, or sent by registered or certified mail, to any member of the EDCP Committee, the Chief Executive Officer of the Employer, or the Employer's Statutory Agent. Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

10.11 Successors. The provisions of this Plan shall bind and inure to the benefit of the Employer and its successors and assigns. The term successors as used herein shall include any corporate or other business entity which shall, whether by merger, consolidation, purchase or otherwise acquire all or substantially all of the business and assets of the Employer, and successors of any such corporation or other business entity.

Executed at Las Vegas, Nevada, as of August 3, 2007.

HARRAH'S ENTERTAINMENT, INC.

By: /S/ Mary Thomas

Name: Mary Thomas

Title: Senior Vice President, Human Resources

**AMENDMENT AND RESTATEMENT OF
THE HARRAH'S ENTERTAINMENT, INC.
DEFERRED COMPENSATION PLAN
Effective as of August 3, 2007**

**AMENDMENT AND RESTATEMENT OF
THE HARRAH'S ENTERTAINMENT, INC.
DEFERRED COMPENSATION PLAN**

TABLE OF CONTENTS

	<u>Page</u>
1. Eligibility.	2
2. Election of Amount of Deferred Compensation.	2
2.2 Savings and Retirement Plan Exception.	2
2.3 Matching Contributions.	3
2.4 Vesting of Accounts.	3
3. Deferred Compensation Account.	3
3.1 Account.	3
3.2 Interest on Deferrals.	4
4. Unfunded Plan.	4
5. Distributions from Deferred Compensation Account.	4
5.1 Lump Sum or Annual Distributions.	4
5.2 Withholding Taxes.	5
5.3 Election of Commencement of Distribution.	6
5.3A Amendment of Form of Payment.	6
5.4 [Reserved].	6
5.5 Date of Payment(s).	6
5.6 Selection of and Payment to Beneficiary.	7
5.7 Irrevocable Distribution Elections.	7
5.7A Distributions upon Unforeseeable Emergency.	7
5.8 Distributions subject to Section 409A of the Code.	8
5.9 Special Lump Sum Distribution.	9
5.10 Special Distribution Elections.	9
5.11 Compliance with Section 409A of the Code.	13
6. Correction of Errors.	13
7. Restriction Against Transfers and Assignments.	13
8. Deferral Agreement Not An Employment Agreement.	13
9. Administration.	14
9.1 EDCP Committee; Duties.	14
9.2 Agents.	14

**AMENDMENT AND RESTATEMENT OF
THE HARRAH'S ENTERTAINMENT, INC.
DEFERRED COMPENSATION PLAN**

	<u>Page</u>
9.3 Binding Effect of Decisions.	14
9.4 Indemnity of Committee.	14
10. Claims Procedure.	14
10.1 General.	14
10.2 Benefit Determination.	15
10.3 Appeals.	15
10.4 Notice of Denials.	16
11. Amendment; Termination of Further Deferrals.	17
11.1 Amendments.	17
11.2 Right to Terminate Future Deferrals.	17
12. Miscellaneous.	17
12.1 Delivery of Notice.	17
12.2 Governing Law.	17
12.3 Immunity.	17
12.4 Payment To Guardian.	17
12.5 Captions.	18
12.6 Validity.	18
13. Successors and Assigns.	18
14. Definitions for Purposes of Section 409A of the Code	18
14.1 "Disability"	18
14.2 "Separation from Service"	18
14.3 "Service Provider"	18
14.4 "Service Recipient"	18
14.5 "Special Distribution Election Period"	18
14.6 "Specified Employee"	18
14.7 "Specified Employee Effective Date"	19
14.8 "Specified Employee Identification Date"	19
14.9 "Testing Year"	19
14.10 "Unforeseeable Emergency"	19

**AMENDMENT AND RESTATEMENT OF
THE HARRAH'S ENTERTAINMENT, INC.
DEFERRED COMPENSATION PLAN**

Effective as of August 3, 2007

The Promus Companies Incorporated established The Promus Companies Incorporated Deferred Compensation Plan (referred to as the "DCP" or the "Plan"), effective as of October 16, 1991.

The Promus Companies Incorporated was renamed Harrah's Entertainment, Inc. and the DCP was renamed The Harrah's Entertainment, Inc. Deferred Compensation Plan.

The DCP is an unfunded deferred compensation plan for a select group of management or highly compensated employees ("Employees") of subsidiaries and affiliates of Harrah's Entertainment, Inc. ("Harrah's").

The DCP was subsequently amended in certain respects and was amended to provide that no cash bonus, base salary, or Directors fees payable after March 31, 2001 would be deferred into the DCP.

The Human Resources Committee (the "HRC") of the Board of Directors of Harrah's Entertainment, Inc. now wishes to amend the Plan to provide each Participant and each Beneficiary of a deceased Participant with an opportunity to elect to receive a special lump sum distribution from his or her Account under the Plan during 2008, and an opportunity to make special distribution elections, in accordance with the transitional relief under Internal Revenue Service Notice 2005-1, Q/A-19(c), the Proposed Regulations under Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and Internal Revenue Service Notice 2006-79. Such amendment will constitute a material modification of the amounts deferred under the Plan that otherwise were not subject to Section 409A of the Code and such amounts will become subject to Section 409A of the Code.

This Amendment and Restatement of the DCP incorporates the DCP and the prior amendments thereto (except as further amended herein) and constitutes a complete amendment, restatement and continuation of the DCP. This Amendment and Restatement of the DCP is intended to comply with the requirements of Sections 409A(a)(2), (3) and (4) of the Code and the Treasury Regulations thereunder. As provided in Internal Revenue Notice 2006-79, with respect to an election or amendment to change a time and form of payment under the DCP made on or after January 1, 2007 and on or before December 31, 2007, the election or amendment shall apply only to amounts that would not otherwise be payable in 2007 and shall not cause an amount to be paid in 2007 that would not otherwise be payable in 2007. The DCP, as in effect prior to this Amendment and Restatement of the DCP, shall govern distributions under the Plan prior to August 3, 2007.

Pursuant to approval by the HRC, the DCP is hereby amended, restated and continued, effective as of August 3, 2007, as follows:

1. Eligibility.

Only key Employees and members of the Board of Directors of Harrah's who are not employees ("Directors") are eligible to participate. Key employees are generally those in grades 23 or higher. The "Company" or "participating Company" in this Plan refers to any subsidiary or affiliate of Harrah's whose Employees or former employees are Participants in the Plan. For Directors who are Participants in the Plan, references to the "Company" or "participating Company" refers to Harrah's. Each respective corporation shall, as the participating Company, have the obligation under the Plan to effectuate the deferrals, to make distributions to its Participants, and to otherwise perform the Company's obligations to its Participants.

References to "Participants" in the Plan refers to a participating Company's actively participating Employees and Directors and also refers, where the context requires, to its former Employees and Directors and Beneficiaries of Employees and Directors who are receiving or entitled to receive benefits under the Plan.

2. Election of Amount of Deferred Compensation.

Prior to a Year of Deferral, a Participant may elect to defer up to 12% of base salary and 100% of any cash bonus under the Company's annual bonus plan which would otherwise be payable to the Employee in the Year of Deferral. "Cash bonus" refers to annual bonuses paid in March and does not include bonuses or incentive payments made at other times. A Director may defer up to 100% of his or her Director's fees during the Year of Deferral. The amounts deferred are referred to as "Deferred Compensation." The amounts deferred under this Plan are not included as eligible earnings under the Harrah's Entertainment, Inc. Savings and Retirement Plan (the "S&RP"). If an Employee is placed on salary continuation, deferrals under this Agreement will continue until the earlier of (a) the end of the Year of Deferral or (b) the end of the salary continuation period, unless otherwise agreed by the Company.

Notwithstanding the foregoing, no cash bonus, base salary, or Directors fees payable after March 31, 2001 shall be deferred into the Plan.

2.2 Savings and Retirement Plan Exception. In addition to the deferral permitted under 2.1 above, any Participant that participates at the maximum before-tax percentage allowed by the S&RP shall be deemed to have elected to defer under this Plan that portion of eligible S&RP earnings which the Participant elected to defer under the S&RP, up to six percent (6%) (or such other maximum before-tax percentage allowed by the S&RP for the Participant), which could not be deferred on a before-tax basis under the S&RP, by reason of DCP deferrals, under any law or regulation as determined by Harrah's, but excluding any amount which was actually deferred into the S&RP but distributed back to the Participant in a following Plan year as an excess deferral.

Notwithstanding the foregoing, no eligible S&RP earnings payable after March 31, 2001 shall be deferred into the Plan.

2.3 Matching Contributions.

(a) Eligibility. Matching contributions shall be credited to Participants in this Plan who are eligible to participate in the S&RP and elect to make a Basic Contribution (before-tax) equal to the maximum rate at which a Participant may elect before-tax contributions under the S&RP and such before-tax contribution is limited, by reason of DCP deferrals, under any law or regulation as determined by Harrah's.

As provided in Sections 2.1 and 2.2, no cash bonus, base salary or eligible S&RP earnings payable after March 31, 2001 shall be deferred into the Plan and, consequently, no Employer matching contributions shall be credited with respect to cash bonus, base salary or eligible S&RP eligible earnings payable after March 31, 2001.

(b) Amount. The Employer shall credit to each employee Participant's Account a matching contribution for each calendar year equal to one hundred percent (100%) of the Participant's compensation elected to be deferred under this Plan for the year, such compensation being limited for purposes of this calculation to a maximum of six percent (6%) of the Participant's eligible S&RP earnings (which shall not include bonus amounts or board fees). The matching contribution amount shall be offset by the actual matching contribution allocated to the Participant for the year under the S&RP.

(c) Time of Credit. The Employer matching contribution shall be credited to a Participant's Account as of the last day of the calendar year or the date the Participant's employment ends, if earlier. Such amount shall commence accruing interest when it is credited to the Account.

2.4 Vesting of Accounts. Each Participant shall be vested in the amounts credited to such Participant's Account and earnings thereon as follows:

(a) Amounts Deferred. A Participant shall be one hundred percent (100%) vested at all times in the amount of base salary, cash bonus and Director fees deferred under this Plan.

(b) Employer Matching Contribution. An Employee who leaves employment for reasons other than Retirement (as defined in the S&RP), Total and Permanent Disability (as defined in the S&RP) or death shall be vested in the Employer matching contributions and interest thereon made for any particular year in accordance with the vesting provisions in the S&RP as it may be amended from time to time. Matching amounts and earnings thereon that are not vested upon leaving employment shall be forfeited. The term "Deferred Compensation" in this Plan shall include vested matching amounts and interest thereon for distribution purposes.

(c) Retirement, Disability or Death. An Employee shall become one hundred percent (100%) vested in the matching amounts at Retirement (as defined in the S&RP), or upon Total and Permanent Disability (as defined in the S&RP) or death.

3. Deferred Compensation Account.

3.1 Account. The Company shall establish a bookkeeping account (the "Account") to evidence the Company's liability to the Employee or Director for each Year of Deferral. The Account shall be credited at the end of each accounting period month with an amount equal to the portion of Deferred Compensation payable during that month and with accrued interest.

3.2 Interest on Deferrals. Interest on the Account shall accrue and be credited to the Account at the end of each calendar year in an amount equal to the Average Balance times the Average Prime Rate where:

(a) "Average Balance" equals the sum of the Account balances on each day during the year, divided by the number of days in the year; and

(b) "Average Prime Rate" equals the sum of the rates announced by Citibank, N.A. as its prime rate on the first business day of each calendar quarter during the year, divided by four.

3.3 The Company will notify each Participant quarterly of the value of his or her Account.

3.4 For periods shorter than a year, interest shall be calculated by crediting interest at the end of each calendar month and using the Average Balance during the calendar month and one twelfth of the rate announced by Citibank, N.A. as its prime rate on the first business day of the calendar quarter in which such calendar months occur.

4. Unfunded Plan.

The Company is not required to earmark any assets for payment of, or make any investment with respect to, the Account. Any assets allocated to pay the Account will at all times remain the unrestricted assets of the Company, subject to the claims of its general creditors, and will at all times be available for the Company's use for whatever purpose it desires. The Company shall have, in general, the power to do and perform any and all acts with respect to any such assets in the same manner and to the same extent as an individual might or could do with respect to his or her own property. Without limiting the generality of the foregoing, the Company may invest in any and all types of property, whether real or personal, without regard to its location, including stock, securities, and property of the Company and any business entity controlling, controlled by or under common control with the Company. No enumeration of specific powers herein made shall be construed as a limitation upon the foregoing general power, nor shall any of the powers herein conferred upon the Company be exhausted by the use thereof, but each shall be continuing.

Title to and beneficial ownership of any assets, whether cash or investments, which the Company may earmark to pay the Account, shall at all times remain in the Company and the Participant shall have no property interest whatsoever in any assets or investments of the Company. The Company's obligations under the Plan are unsecured and unfunded, and no assurances are given with respect to the Company's or Harrah's present or future financial condition.

5. Distributions from Deferred Compensation Account.

5.1 Lump Sum or Annual Distributions. Lump sums and annual installments for deferrals before 1992 will be governed by the deferral agreements signed for those years. For

deferrals in plan years 1992 and thereafter, a Participant may elect (a) a lump sum to be paid upon the earliest of the Participant's Separation from Service, Disability or death or upon a specified date but not later than the earliest of the Participant's Separation from Service, Disability or death, or (b) annual installments of two to ten years to commence upon the earliest of the Participant's Separation from Service, Disability or death. Payments will be paid or will start in accordance with Section 5.5. The amount of any annual distribution from the Account shall be the balance of the Account on the date of distribution divided by the number of remaining years (including the annual distribution being made) over which distribution is to be made; *provided, however*, that in case of any installment distribution payments on and after January 1, 2008, such installment distribution payments shall be made in substantially equal monthly installments over the remaining period of such installment distribution; and, *provided, further*, that in the event of any such monthly installment distributions, the amount of each monthly installment in any calendar year shall be calculated as follows. The amount of the monthly installment shall be determined before the first installment payment on or after January 1, 2008 is paid and on each January 1st in all subsequent calendar years. The amount of each monthly installment for such calendar year shall be determined by dividing: (A) the number of remaining monthly installments into (B) the Participant's vested balance in the Participant's Accounts, determined as of the last valuation date of the prior month. A Participant's last installment payment shall be adjusted as needed to reflect investment gains or losses. If the total of the vested balance in the Participant's Accounts (and the vested balances in the Participant's accounts in all other agreements, methods, programs or other arrangements with respect to which deferrals of compensation are treated as having been deferred under a single nonqualified deferred compensation plan under Treasury Regulation Section 1.409A-1(c)(2)), determined as of any date that is on or after January 1, 2008 and on or after monthly installment payments commence, is not greater than the applicable dollar amount under Section 402(g)(1)(B) of the Code, such vested balance in the Participant's Accounts (and the vested balances in such other agreements, methods, programs and arrangements) shall be paid to the Participant in a lump sum payment not later than sixty (60) days after such date in accordance with Treasury Regulation Section 1.409A-3(j)(4)(v). In the case of a lump sum distribution or payment of an installment, the payment will include interest accrued on the Account since the end of the preceding interest accrual date until the date that the payment is calculated, computed on a per annum basis at the Average Prime Rate for the previous plan year. Following the end of each calendar year, the Company will provide the Participant with a valuation of the Account showing the amount remaining in the Account after the distribution.

Notwithstanding the foregoing, all distributions under this Section 5 shall be subject to Sections 5.8, 5.9, 5.10 and 5.11.

5.2 Withholding Taxes. Under current law, Federal income taxes are not withheld on Deferred Compensation when deferred. However, FICA (social security taxes) will be withheld from an Employee's Deferred Compensation if an Employee's maximum FICA withholding has not been reached. The Company will endeavor to take applicable FICA from other nondeferred compensation that is payable to the Employee at the same time that the deferral occurs but, if necessary, the amount of deferred salary and/or deferred bonus may be subject to reduction by reason of the FICA taxes. In addition, if any other law requires withholding on Deferred Compensation, the Company will apply this withholding to Deferred Compensation.

5.3 Election of Commencement of Distribution. The Participant shall be required to elect the method and timing of distributions at the time a Participation Agreement is signed. The available distribution options will be determined by the Company (at the time the Participation Agreement is signed) and will be set forth in the Participation Agreement.

5.3A Amendment of Form of Payment. Each Participant in the Plan as of April 25, 1997 (referred to in this paragraph 5.3A as "Active Participants") and excluding Participants who are not active employees of the Company or its direct or indirect subsidiaries on April 25, 1997, and excluding Director Participants who are not actively serving on the Company's Board of Directors on April 25, 1997) will be offered a one-time opportunity (the "Amendment Opportunity") to amend his/her previously made elections as to the form of payment of benefits permitted under paragraphs 5.1 and 5.3 of the Plan, subject to the following terms and conditions:

(a) The Amendment Opportunity will be offered on or before May 31, 1997 to Active Participants by sending them an election form which they must complete in order to revise any or all of their previous distribution elections (the "Revised Elections").

(b) To be effective, a completed Revised Elections form must be received by the Company within a reasonable time period but not later than June 30, 1997.

(c) Revised Elections will only apply to distributions that will occur due to leaving the payroll on or after July 1, 1998 (or, in the case of director Participants, due to leaving active service on the Board of Directors on or after July 1, 1998). Accordingly, if an Active Participant leaves the payroll (or leaves active service on the Board of Directors) on or before June 30, 1998, any Revised Elections submitted by that individual will not be effective. In such case, the original elections for that individual shall govern. For example, if an employee stops active employment on December 31, 1997 and is placed on salary continuation which lasts until June 30, 1998, then this individual's Revised Elections will not have any effect and his/her distributions will be governed by his/her original elections. However, if employment or salary continuation went through July 1, 1998 or later, the Revised Elections would be effective. If an Active Participant leaves the payroll or leaves active service on the Board before notice of the Amendment Opportunity is mailed, the Amendment Opportunity will not be offered to such individual.

(d) Pursuant to this paragraph 5.3A, an Active Participant will only be permitted to change a lump sum to annual installments or extend existing annual installments to a longer period, provided installments cannot be extended beyond a period of ten years from the commencement of payments. A Participant will not be permitted to compress installments to a shorter period or to change installments to a lump sum.

(e) No Revised Elections shall be permitted under this Section 5.3A after June 30, 1997.

5.4 [Reserved].

5.5 Date of Payment(s). Subject to Sections 5.8 and 5.9, if the Participant elects a lump sum distribution, the entire value of the Account on the date of distribution shall be paid to

the Participant within sixty (60) days after the date determined under Section 5.8(b) from the Account. Subject to Sections 5.8 and 5.9, if distribution is to be made over a period of years, the first payment will be made within sixty (60) days after the date determined under Section 5.8(b) from the Account, and each successive annual payment will be made within sixty (60) days after the anniversary of the date determined under Section 5.8(b).

5.6 Selection of and Payment to Beneficiary. The Participant will be given the opportunity to designate a Primary Beneficiary and Alternate Beneficiary in case of the Participant's death. Such designation will remain in effect until changed by the Participant. If the Participant dies prior to distribution of the entire Account, payment of the Account shall be made to the Primary Beneficiary, or, in the event the Primary Beneficiary has predeceased the Participant, to the Alternate Beneficiary. If the Participant qualifies for a distribution because of Disability or termination of employment/service and thereafter dies before the payment of a distribution is made by the Company, then the payment or payments will be made to the Beneficiary if the Company's payroll department has been notified of the death before the payment is released. A Primary Beneficiary or Alternate Beneficiary is referred to as a "Beneficiary".

Payments to a Beneficiary shall be in the manner elected in the deferral agreement signed by the Participant.

A Participant may change Beneficiaries at any time by submitting written notice of such change to the Company. If the Participant dies and has not designated a Beneficiary, or if all named Beneficiaries have predeceased him or her, payment from the Account shall be made to the Participant's estate in which case the estate shall be deemed the Beneficiary hereunder.

5.7 Irrevocable Distribution Elections. Except as provided in Sections 5.7A, 5.9 and 5.10, a Participant's distribution elections as of August 3, 2007 are irrevocable and cannot be amended.

5.7A Distributions upon Unforeseeable Emergency. A distribution may be made by the Company in case of a Participant's Unforeseeable Emergency, as determined by EDCP Committee in its sole discretion, as provided herein, on or after January 1, 2008.

(a) A Participant may elect to receive a distribution from his or her Account upon the occurrence of an Unforeseeable Emergency. Such Participant may elect to receive a distribution upon Unforeseeable Emergency by completing and delivering an election with the EDCP Committee in accordance with the uniform procedures promulgated by the EDCP Committee.

(b) The election to receive a distribution upon the occurrence of an Unforeseeable Emergency by a Participant who is entitled to a distribution under this Section 5 shall override the distribution election in effect for such Participant under this Section 5 with respect to the amount to be distributed, both as to form of payment and timing of payment. If installment payments to such Participant have begun at the time an election for a distribution upon the occurrence of an Unforeseeable Emergency is made, the election shall apply only with respect to the unpaid balance of such Participant's Account.

(c) The amount to be distributed to a Participant who elects a distribution upon the occurrence of an Unforeseeable Emergency shall not exceed the amounts reasonably necessary to satisfy such Unforeseeable Emergency (and shall include amounts necessary to pay federal, state, local or foreign income taxes or penalties reasonably anticipated as a result of the distribution), after taking into account the extent to which such Unforeseeable Emergency is or may be relieved through reimbursement or compensation through insurance or otherwise, or by liquidation of the Participant's assets (to the extent the liquidation of such assets would not itself cause severe financial hardship), as determined by the EDCP Committee in accordance with Section 409A(a)(2)(B)(ii)(II) of the Code and the Treasury Regulation Section 1.409A-3(i)(3)(ii).

(d) The amount to be distributed to the Participant pursuant to such Participant's election to receive a distribution upon the occurrence of Unforeseeable Emergency shall be paid in a lump sum payment within sixty (60) days following the approval of the Participant's distribution election by the EDCP Committee.

5.8 Distributions subject to Section 409A of the Code.

(a) The distribution of a Participant's Account shall be made at the time and in the form of payment specified in such Participant's deferral agreement or Participation Agreement, whichever is applicable, subject to this Section 5.8 and Sections 5.9 and 5.10.

(b) Except as otherwise provided in Section 5.7A, 5.9 or 5.10, the distribution from a Participant's Account shall be made or commence upon the earliest of:

- (i) the specified date, if any, elected by the Participant in his or her deferral agreement or Participation Agreement, as applicable, or
- (ii) the Participant's Separation from Service,
- (iii) the Participant's Disability, or
- (iv) the Participant's death;

provided, however, that in the case of a Participant who is a Specified Employee as of the date of such Participant's Separation from Service, the distribution of such Participant's Account upon such Participant's Separation from Service shall be made or commence upon the date which is six months after the date of such Participant's Separation from Service (or, if earlier, the date of such Participant's death) in accordance with Section 409A(a)(2)(B)(i) of the Code and the Treasury Regulation Section 1.409A-3(i)(2).

(c) If a Participant's Account is to be distributed in the form of annual installment payments upon such Participant's Separation from Service, and such Participant is a Specified Employee as of the date of such Participant's Separation from Service, the annual installment payment that otherwise would have been made to such Participant prior to the date which is six months after the date of such Participant's Separation from Service (or, if earlier, the date of such Participant's death) and any interest accrued thereon shall be paid commencing on such date in accordance with Section 409A(a)(2)(B)(i) of the Code and the Treasury Regulation Section

1.409A-3(i)(2). The Participant's Account shall be distributed in installment payments, commencing on the date which is six months after the date of such Participant's Separation from Service (or, if earlier, the date of such Participant's death), over the designated installment payment period.

5.9 Special Lump Sum Distribution.

(a) Subject to Section 5.11, a Participant, or a Beneficiary of a deceased Participant, may elect to receive a special lump sum distribution from such Participant's or Beneficiary's Account on June 1, 2008 (or within thirty (30) days thereafter) in accordance with this Section 5.9. A Participant's or Beneficiary's special lump sum distribution shall be made only from the Account if such Participant or Beneficiary has a fully vested interest in the Account, determined as of the last day of the Special Distribution Election Period. The special lump sum distribution shall be in the amount equal to the Participant's or Beneficiary's designated percentage of the Participant's or Beneficiary's interest in the Account, and such designated percentage of the Account shall be credited to a special subaccount of such Account. Such special lump sum distribution shall be made proportionately from such Participant's or Beneficiary's Account (and the subaccounts thereunder) and shall apply only to amounts that would not otherwise be payable before January 1, 2008.

(b) A Participant, or a Beneficiary of a deceased Participant, shall elect to receive a special lump sum distribution under subsection (a) by completing and delivering a Special Lump Sum Distribution Agreement in accordance with the rules and procedures adopted by the EDCP Committee for such purpose. Such Participant or Beneficiary shall designate the whole percentage (up to a maximum of 100%) of such Participant's or Beneficiary's interest in his or her Account to be distributed in such special lump sum distribution. Such Participant or Beneficiary must complete and deliver such Special Lump Sum Distribution Agreement not later than the last day of the Special Distribution Election Period, and such Participant's or Beneficiary's Special Lump Sum Distribution Agreement shall become irrevocable as of the last day of the Special Distribution Election Period. Such special lump sum distribution election shall supersede such Participant's prior distribution election with respect to the portion of such Participant's Accounts subject to such special lump sum distribution election, except as provided in Section 5.11.

(c) Special distribution elections under this Section 5.9 shall be subject to such administrative rules, procedures and restrictions as are prescribed by the EDCP Committee in its discretion. No election may be made under this Section 5.9 after the last day of the Special Distribution Election Period.

5.10 Special Distribution Elections.

(a) Subject to Section 5.11, a Participant may elect in accordance with this Section 5.10 to make a special Separation from Service Election, or a special Distribution Year Election, with respect to any Deferral Period ending on or before December 31, 2007. Such special Separation from Service Election or special Distribution Year Election shall apply to the portion of the Participant's Accounts attributable to compensation amounts deferred during such Deferral Period.

(i) Special Separation from Service Elections. A special Separation from Service Election under this Section 5.10 with respect to a Deferral Period shall provide for the distribution of the subaccounts of such Participant's Accounts for such Deferral Period upon such Participant's Separation from Service and shall be in a form of distribution selected by the Participant in such Participant's Special Distribution Election Agreement. Such Participant may select distribution in the form of a lump sum payment, or monthly installment payments over a period of years. If such Participant selects distribution in the form of monthly installment payments, such Participant shall designate the period of years (which shall be not less than one and not more than fifteen (15)) over which such monthly installment payments shall be made; provided, however, that such installment period shall not extend beyond fifteen (15) years following such Participant's Separation from Service. If such Participant makes a special Separation from Service Election under this Section 5.10 and fails to select a form of distribution for purposes of distributions from the subaccounts of such Participant's Accounts for a Deferral Period, such distributions shall be made in a lump sum payment. A Participant may not change his or her Separation from Service Election under this Section 5.10 with respect to a Deferral Period, or the form of distribution of the subaccounts of such Participant's Accounts for such Deferral Period.

(ii) Special Distribution Year Elections. A special Distribution Year Election under this Section 5.10 with respect to a Deferral Period shall provide for the distribution of the subaccounts of such Participant's Accounts for such Deferral Period upon the earlier of the first day of the Distribution Year (as selected by the Participant), or the Participant's Separation from Service. Such Participant shall select the Distribution Year for purposes of distributions from the subaccounts of such Participant's Accounts for such Deferral Period. The Distribution Year shall not be earlier than the 2009 calendar year, and shall be not later than the 2027 calendar year. The distribution of the subaccounts of such Participant's Accounts for such Deferral Period shall be made in a lump sum payment. A Participant may not change such Participant's special Distribution Year Election with respect to a Deferral Period.

(iii) Separate Elections. A Participant may make a separate special Separation of Service Election or special Distribution Year Election with respect to each Deferral Period.

(iv) Time of Payment.

(A) A Participant's Accounts shall be distributed in accordance with the special Separation from Service Election or special Distribution Year Election for the subaccounts of such Participant's Accounts for each Deferral Period.

(B) The distributions from the subaccounts of a Participant's Accounts for a Deferral Period shall be made or commence upon the earliest of:

(I) the first day of the Distribution Year (if any) selected by such Participant (in the case of subaccounts subject to such Participant's Distribution Year Election), or

(II) the Participant's Separation from Service; or

(III) the Participant's death;

provided, however, that, in the case of a Participant who is a Specified Employee as of the date of such Participant's Separation from Service, the distributions of the subaccounts of such Participant's Accounts for such Deferral Period upon such Participant's Separation from Service shall be made or commence on the date which is six months after the date of such Participant's Separation from Service (or, if earlier, the date of such Participant's death) in accordance with Section 409A(a)(2)(B)(i) of the Code and the Treasury Regulation Section 1.409A-3(i)(2).

(C) If the subaccounts of a Participant's Accounts for any Deferral Period are to be distributed in the form of monthly installment payments, and such Participant is a Specified Employee as of the date of such Participant's Separation from Service, the monthly installment payments that otherwise would be made to such Participant prior to the date which is six months after the date of such Participant's Separation from Service (or, if earlier, the date of such Participant's death) shall be accumulated in the subaccounts of such Participant's Accounts for such Deferral Period and paid commencing on such date in accordance with Section 409A(a)(2)(B)(i) of the Code and Treasury Regulation Section 1.409A-3(i)(2), as adjusted to reflect the rate of return on the hypothetical Investment Funds selected by the Participant in accordance with Section 6.4. The subaccounts of such Participant's Accounts for such Deferral Period shall be distributed in installment payments, commencing on the date which is six months after the date of such Participant's Separation from Service (or, if earlier, the date of such Participant's death), over the installment payment period designated under the Separation from Service Election for the subaccounts of such Participant's Accounts for the Deferral Period.

(v) Form of Payments.

(A) Separation from Service Election Payments. In the event a Participant made a special Separation from Service Election with respect to a Deferral Period, the distribution from the subaccounts in such Participant's Accounts for such Deferral Period shall be made in a lump sum payment, or in monthly installment payments, in accordance with Section 5.10(a)(i).

(B) Distribution Year Election Payment. In the event a Participant made a special Distribution Year Election with respect to a Deferral Period, the distribution from the subaccounts in such Participant's Accounts for such Deferral Period shall be made to such Participant in a lump sum payment. Such lump sum payment shall be made not later than sixty (60) days after the date determined under Section 5.10(a)(iv).

(vi) Definitions of Deferral Period and Distribution Year. For purposes of this Section 5.10,

(A) "Deferral Period" means the calendar year, and

(B) "Distribution Year" means the calendar year selected by a Participant for purposes of distributions from the subaccounts of such Participant's Accounts for a Deferral Period.

(vii) Installment Payments.

(A) In the event a Participant makes a Separation from Service Election, and elects distribution in the form of installment payments, the amount of each monthly installment in any calendar year for the distribution of the subaccounts in a Participant's Accounts for a Deferral Period shall be calculated as follows. The amount of the monthly installment shall be determined before the first installment is paid and on each January 1st in all subsequent calendar years. The amount of each monthly installment for such calendar year shall be determined by dividing: (I) the number of remaining monthly installments into (II) the Participant's vested balance in the subaccounts in the Participant's Accounts for such Deferral Period, determined as of the last valuation date of the prior month. A Participant's last installment payment shall be adjusted as needed to reflect investment gains or losses. If the total of the vested balance in the Participant's Accounts (and the vested balances in the Participant's accounts in all other agreements, methods, programs or other arrangements with respect to which deferrals of compensation are treated as having been deferred under a single nonqualified deferred compensation plan under Treasury Regulation Section 1.409A-1(c)(2)), determined as of any date that is on or after January 1, 2008 and on or after monthly installment payments commence, is not greater than the applicable dollar amount under Section 402(g)(1)(B) of the Code, such vested balance in the Participant's Accounts (and the vested balances in such other agreements, methods, programs and arrangements) shall be paid to the Participant in a lump sum payment not later than sixty (60) days after such date in accordance with Treasury Regulation Section 1.409A-3(j)(4)(v).

(B) If installment payments are made, the provisions of Section 3.2 shall continue to apply to the unpaid interest in the relevant subaccounts.

(b) If a Participant elects to make a special Separation from Service Election, or a special Distribution Year Election with respect to a Deferral Period, under this Section 5.10, such special Separation from Service Election or special Distribution Year Election shall apply to the subaccounts of such Participant's Accounts for such Deferral Period and shall apply only to amounts that would not otherwise be payable before January 1, 2008 or payable in accordance with a special lump sum distribution election under Section 5.9.

(c) A Participant shall make a special Separation from Service Election or a special Distribution Year Election under subsection (a) by completing and delivering a Special Distribution Election Agreement in accordance with rules and procedures adopted by the EDCP Committee for such purpose. Such Participant must complete and deliver such Special Distribution Election Agreement not later than the last day of the Special Distribution Election Period, and such Participant's Special Distribution Election Agreement shall become irrevocable as of the last day of the Special Distribution Election Period. Such special Separation from Service Election, or special Distribution Year Election, shall supersede such Participant's prior distribution election with respect to the portion of such Participant's Accounts subject to such special Separation from Service Election or special Distribution Year Election, except as provided in Section 5.11.

(d) Special Separation from Service Elections and special Distribution Year Elections under this Section 5.10 shall be subject to such administrative rules, procedures and restrictions as are prescribed by the EDCP Committee in its discretion. No election may be made under this Section 5.10 after the last day of the Special Distribution Election Period.

5.11 Compliance with Section 409A of the Code.

(a) The DCP shall be interpreted, construed and administered in a manner that satisfies the requirements of Sections 409A(a)(2), (3) and (4) of the Code and the Treasury Regulations thereunder (subject to the transitional relief under Internal Revenue Service Notice 2005-1, the Proposed Regulations under Section 409A of the Code and other applicable authority issued by the Internal Revenue Service).

(b) As provided in Internal Revenue Notice 2006-79, notwithstanding any other provision of the DCP, with respect to any election under Section 5.9 or 5.10, or any other election or amendment to change a time and form of payment under the DCP made on or after January 1, 2007 and on or before December 31, 2007, the election or amendment shall apply only to amounts that would not otherwise be payable in 2007 and shall not cause an amount to be paid in 2007 that would not otherwise be payable in 2007.

6. Correction of Errors.

In the event deferrals are not made or excessive deferrals are made due to a mistake or error including payroll errors, then the Company will have discretion to correct the error in such manner as it deems appropriate. If the Participant does not object within thirty (30) days of the occurrence of any mistake or error regarding deferrals, then the Company in its discretion may decide that the deferral mistake shall not be corrected or the Company may elect to take such action as it deems necessary to correct or partially correct the mistake or error. The Company may elect not to pay interest on amounts contributed to correct a nondeferral mistake or error if the Participant had not objected to the nondeferral within thirty (30) days of the occurrence of the mistake or error.

7. Restriction Against Transfers and Assignments.

Neither the Participant nor any Beneficiary shall have any right to commute, sell, assign, transfer, pledge, hypothecate or otherwise convey or encumber any right to receive any payment hereunder, and all such payments and all rights thereto are expressly declared to be non-assignable and non-transferable. The Account shall not be subject to the claims of the Participant's or a Beneficiary's creditors and the Company shall not be obligated to disburse any funds from the Account to any creditor of the Participant or of a beneficiary.

8. Deferral Agreement Not An Employment Agreement.

A deferral agreement does not constitute a contract for continued employment of an Employee by the Company. The Company reserves the same rights to modify the Employee's compensation and to terminate the Employee's employment with the Company which it had prior to the execution of a deferral agreement.

9. Administration.

9.1 EDCP Committee; Duties. This Plan may be administered by the EDCP Committee, which shall consist of not less than three (3) individuals selected by the Chief Executive Officer of Harrah's or his designee. Members of the EDCP Committee may be Participants under this Plan. Harrah's, the EDCP Committee and its agents have discretionary authority to decide all questions arising under the Plan including questions as to eligibility, correction of errors, and interpretation of the Plan and deferral agreements.

9.2 Agents. The EDCP Committee may appoint an individual to be the EDCP Committee's agent with respect to the day-to-day administration of the Plan. In addition, the EDCP Committee may, from time to time, employ other agents and delegate to them such administrative duties as it sees fit, and may from time to time consult with counsel who may be counsel to the Company.

9.3 Binding Effect of Decisions. The decision or action of the EDCP Committee in respect of any question arising out of or in connection with the administration, interpretation and application of the Plan and the rules and regulations promulgated hereunder shall be final and conclusive and binding upon all persons having any interest in the Plan.

9.4 Indemnity of Committee. The Company and Harrah's shall indemnify and hold harmless the members of the EDCP Committee or any agents or employees of the Company against any and all claims, loss, damage, expense, or liability arising from any action or failure to act with respect to this Plan, except in the case of willful misconduct by the EDCP Committee, EDCP Committee member, or such agent or employee of the Company.

10. Claims Procedure.

10.1 General.

(a) A Participant or Beneficiary who believes that he or she has not received the benefits to which he or she is entitled may assert a claim for benefits under the Plan in accordance with the claims procedure of this Article Ten. The claims procedure of this Article Ten shall be applied in accordance with Section 503 of Employee Retirement Income Security Act of 1974, as amended ("ERISA") and Department of Labor Regulation Section 2560.503-1. A Participant or Beneficiary may assert a benefit claim, or appeal the denial of a benefits claim, through such Participant's or Beneficiary's authorized representative, provided that such Participant or Beneficiary has submitted a written notice evidencing the authority of such representative to the EDCP Committee. A Participant or Beneficiary asserting a benefits claim shall be referred to as a "Claimant" under this Article Ten.

(b) A Claimant shall submit his or her benefits claim under the Plan in writing to the EDCP Committee. The Claimant may include documents, records or other information relating to the benefits claim for review by the EDCP Committee in connection with such benefits claim.

10.2 Benefit Determination.

(a) The EDCP Committee shall review the Claimant's benefits claim (including any documents, records or other information submitted with such benefits claim) and determine whether such benefits claim shall be approved or denied in accordance with the Plan.

(b) In the event that a Claimant's benefits claim is wholly or partially denied, the EDCP Committee shall provide to the Claimant with written notice of the denial within a reasonable period of time, but not later than ninety (90) days after the receipt of the benefits claim by the EDCP Committee, unless the EDCP Committee determines that special circumstances require an extension of time for making a determination with respect to the benefits claim. If the EDCP Committee determines that an extension of time for making a determination with respect to the benefits claim is required, the EDCP Committee shall provide the Claimant with written notice of such extension prior to the end of the initial ninety (90) day period. The extension of time shall not exceed a period of ninety (90) days from the end of such initial period. The extension notice shall indicate the special circumstances requiring the extension of time and the date by which the EDCP Committee expects to render the benefit determination.

(c) The notice of denial of the Claimant's benefits claim shall set forth:

- (1) the specific reason or reasons for the denial;
- (2) references to specific Plan provisions on which the denial is based;
- (3) a description of any additional material or information necessary for the Claimant to perfect the claim and an explanation of why the material or information is necessary; and
- (4) a description of the Plan's appeal procedures and the time limits applicable to such procedures, including a statement of the Claimant's right to bring a civil action under Section 502(a) of ERISA following a denial of the appeal of the denial of the benefits claim.

(d) The Claimant may appeal any denial of the benefits claim in writing to the EDCP Committee within sixty (60) days after receipt of the EDCP Committee's notice of denial of benefits claim. The Claimant's failure to appeal the denial of the benefits claim by the EDCP Committee in writing within the sixty (60) day period shall render the EDCP Committee's determination final, binding, and conclusive.

10.3 Appeals.

(a) A Claimant may appeal the denial of a benefits claim to the EDCP Committee. The EDCP Committee shall review the appeal of the denial of the benefits claim and make a final determination as to whether the benefits claim should be approved or denied in accordance with the Plan.

(b) The Claimant shall be afforded the opportunity to submit written comments, documents, records, and other information relating to the benefits claim, and the Claimant shall be provided, upon request and free of charge, reasonable access to all documents, records, and other information relevant to the Claimant's benefits claim. A document, record or other information shall be considered "relevant" to the benefits claim, as provided in Department of Labor Regulation Section 2560.503-1(m)(8). The review on appeal by the EDCP Committee shall take into account all comments, documents, records, and other information submitted by the Claimant, without regard to whether such information was submitted or considered in the EDCP Committee's initial determination with respect to the benefits claim. The EDCP Committee shall advise the Claimant in writing of the EDCP Committee's determination of the appeal within sixty (60) days of the claimant's written request for review, unless special circumstances (such as a hearing) would make the rendering of a determination within the sixty (60) day period infeasible, but in no event shall the EDCP Committee render a determination regarding the denial of a claim for benefits later than one hundred twenty (120) days after its receipt of a request for review. If an extension of time for review is required because of special circumstances, written notice of the extension shall be furnished to the Claimant prior to the date the extension period commences.

(c) The notice of denial of the Claimant's appeal of the denial of the Claimant's benefit claim shall set forth:

- (1) the specific reason or reasons for the denial of the appeal;
- (2) reference to the specific Plan provisions on which the denial of the appeal is based;
- (3) a statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the Claimant's benefits claim (and a document, record or other information shall be considered "relevant" to the benefits claim, as provided in Department of Labor Regulation Section 2560.503-1(m)(8)); and
- (4) a statement describing Claimant's right to bring an action under ERISA Section 502(a).

(d) If, upon appeal, the EDCP Committee shall grant the relief requested by the Claimant, then, in addition, the EDCP Committee shall award to the Claimant reasonable fees and expenses of counsel, or any other duly authorized representative of Claimant, which shall be paid by the Company. The determination as to whether such fees and expenses are reasonable shall be made by the Company in its sole and absolute discretion and such determination shall be binding and conclusive on all parties.

10.4 Notice of Denials. The EDCP Committee's notice of denial of a benefits claim shall identify the address to which the Claimant may forward his appeal.

11. Amendment; Termination of Further Deferrals.

11.1 Amendments. Harrah's may at any time amend the Plan in whole or in part (including, without limitation, to comply with Sections 409A(a)(2), (3) and (4) of the Code and the Treasury Regulations and applicable guidance thereunder), and may provide or agree to different requirements for different Participants, provided, however, that (i) no amendment shall be effective to decrease or restrict the amount accrued to that date on any Account maintained pursuant to any existing deferral under the Plan; (ii) on amounts that have been deferred up to the date of amendment, no amendment shall be effective to reduce the interest credited or to be credited as provided in Section 3 of this Plan, and (iii) no amendment shall be effective to accelerate the payment of any Participant's Account relating to deferrals during 1992 and thereafter without the consent of the Participant or the Participant's Beneficiary (in case of a deceased Participant).

11.2 Right to Terminate Future Deferrals. The Company or Harrah's may for any new calendar year terminate further deferrals into the Plan by any person or persons for that year and/or may reject additional Participants in the Plan, if, in its sole judgment, such termination or rejection would be in the best interest of the Company or Harrah's. Benefits from deferrals up to the point of termination of further deferrals shall be paid in the form elected by the Participant in his or her Participation Agreement or otherwise in accordance with this Plan, including crediting of interest, until all payments are complete.

12. Miscellaneous.

12.1 Delivery of Notice. Any notice to a Participant may be given either by delivery to the Participant or by deposit in the United States Mail, postage prepaid, addressed to his or her last-known address. Any notice to the Company or Harrah's hereunder may be given either by delivery, in person or by deposit in the United States Mail, postage prepaid, addressed to Harrah's Entertainment, Inc., One Caesars Palace Drive, Las Vegas, NV 89109, Attn: Corporate Secretary.

12.2 Governing Law. This Plan shall be governed by the Employee Retirement Income Security Act of 1974, as amended and, to the extent applicable, the laws of the State of Nevada.

12.3 Immunity. So long as they act in good faith, the Company's and Harrah's' officers, directors, agents, or employees may act pursuant to this Agreement without any liability to a Participant or any other person.

12.4 Payment To Guardian. If a Plan benefit is payable to minor or a person declared incompetent or to a person incapable of handling the disposition of property, the Company may direct payment of such Plan benefit to the guardian, legal representative or person having the care and custody of such minor or incompetent person. The Company may require proof of incompetency, minority, incapacity or guardianship as it may deem appropriate prior to distribution of the Plan benefit. Such distribution shall completely discharge the Company from all liability with respect to such benefit.

12.5 Captions. The captions of the articles, sections and paragraphs of this Plan are for convenience only and shall not control the meaning or construction of any of its provisions unless the context clearly requires such control.

12.6 Validity. In case any provision of this Plan shall be held illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but this Plan shall be construed and enforced as if such illegal and invalid provision had never been inserted herein.

13. Successors and Assigns.

A participating Company may assign its rights and obligations under any deferral agreement to any company or person that acquires all or substantially all of the stock or assets of the Company or that is a successor to the Company by merger. Harrah's may assign its rights and obligations under this Plan to any successor to Harrah's.

14. Definitions for Purposes of Section 409A of the Code

14.1 "Disability", with respect to a Participant, shall mean such Participant's disability, within the meaning of Section 409A(a)(2)(C) of the Code and Treasury Regulation Section 1.409A-3(i)(4).

14.2 "Separation from Service", with respect to a Service Provider, shall mean such Service Provider's "separation from service," as defined in Treasury Regulation Section 1.409A-1(h), with respect to the Service Recipient.

14.3 "Service Provider" shall mean a Participant or any other "service provider", as defined in Treasury Regulation Section 1.409A-1(f).

14.4 "Service Recipient", with respect to any Service Provider, shall mean the "service recipient," as defined in Treasury Regulation Section 1.409A-1(g), as determined from time to time. As provided in Treasury Regulation Section 1.409A-1(g), the "service recipient" shall mean the person for whom the Service Provider's services are performed and with respect to whom the legally binding right to compensation arises, and all persons with whom such person would be considered a single employer under Section 414(b) or 414(c) of the Code; *provided, however*, that for purposes of Section 14.2, the "service recipient" shall be determined as provided in Treasury Regulation Section 1.409A-1(h)(3).

14.5 "Special Distribution Election Period" means the period designated by the EDCP Committee during which the elections under Sections 5.9 and 5.10 may be made. The "Special Distribution Election Period" shall commence not earlier than August 3, 2007 and end not later than October 15, 2007.

14.6 "Specified Employee" shall mean a Service Provider who, as of the date of the Service Provider's Separation from Service, is a "Key Employee" of the Service Recipient any stock of which is publicly traded on an established securities market or otherwise. For purposes of this definition, a Service Provider is a "Key Employee" if the Service Provider meets the requirements of Section 416(i)(1)(A)(i), (ii) or (iii) of the Code (applied in accordance with the Treasury Regulations thereunder and disregarding Section 416(i)(5) of the Code) at any time

**AMENDMENT AND RESTATEMENT OF THE
PARK PLACE ENTERTAINMENT CORPORATION
EXECUTIVE DEFERRED COMPENSATION PLAN**

Effective as of August 3, 2007

**AMENDMENT AND RESTATEMENT OF THE
PARK PLACE ENTERTAINMENT CORPORATION
EXECUTIVE DEFERRED COMPENSATION PLAN**

Table of Contents

	<u>Page</u>
ARTICLE I TITLE AND DEFINITIONS	2
1.1 Title.	2
1.2 Definitions.	2
1.3 Continuation by Harrah's Operating Company, Inc.	7
ARTICLE II PARTICIPATION	7
2.1 Participation.	7
ARTICLE III DEFERRAL ELECTIONS	8
3.1 Elections to Defer Base Compensation.	8
3.2 Elections to Defer Bonus Compensation.	8
3.3 Investment Elections.	9
3.4 Investment Committee.	10
ARTICLE IV ACCOUNTS	11
4.1 Deferral Account.	11
4.2 Company Contribution Account.	12
ARTICLE V VESTING	13
5.1 Deferral Account.	13
5.2 Company Contribution Account.	13
ARTICLE VI DISTRIBUTIONS AND WITHDRAWALS	14
6.1 Distribution of Deferred Compensation.	14
6.2 Inability to Locate Participant.	15
6.3 Irrevocable Distribution Elections.	16
6.3A Distributions upon Unforeseeable Emergency.	16
6.3B Distributions subject to Section 409A of the Code.	16
6.3C Special Lump Sum Distribution.	17
6.3D Special Distribution Elections.	18
6.4 Loans.	21
6.5 Distributions on Disability.	21
6.6 [Reserved].	22

**AMENDMENT AND RESTATEMENT OF THE
PARK PLACE ENTERTAINMENT CORPORATION
EXECUTIVE DEFERRED COMPENSATION PLAN**

	<u>Page</u>
6.7 Trust.	22
6.8 Compliance with Section 409A of the Code.	22
ARTICLE VII DEATH BENEFITS	22
7.1 In General.	22
7.2 Payment of Death Benefits.	23
ARTICLE VIII CLAIMS PROCEDURE	23
8.1 General.	23
8.2 Benefit Determination.	23
8.3 Appeals.	24
8.4 Notice of Denials.	25
ARTICLE IX ADMINISTRATION	25
9.1 Powers of the EDCP Committee.	25
9.2 Creation of Committee.	26
9.3 Appointment of Agents.	26
9.4 Majority Vote and Execution of Instruments.	26
9.5 Allocation of Responsibilities.	26
9.6 Conflict of Interest.	26
9.7 Indemnification.	27
9.8 Action Taken by Employee.	27
9.9 Discretionary Authority.	27
9.10 Participant Statements.	27
ARTICLE X MISCELLANEOUS	27
10.1 Participating Employers.	27
10.2 Unsecured General Creditor.	28
10.3 Restriction Against Assignment.	28
10.4 Withholding.	29
10.5 Amendment, Modification, Suspension or Termination.	29
10.6 Governing Law.	29
10.7 Receipt or Release.	29
10.8 Payments on Behalf of Persons under Incapacity.	30
10.9 Termination of Participation and/or Deferrals.	30
10.10 Headings, etc. Not Part of Agreement.	30

**AMENDMENT AND RESTATEMENT OF THE
PARK PLACE ENTERTAINMENT CORPORATION
EXECUTIVE DEFERRED COMPENSATION PLAN**

Effective as of August 3, 2007

Park Place Entertainment Corporation (the "Company") established the Park Place Entertainment Corporation Executive Deferred Compensation Plan (the "Plan") effective January 1, 1999 in order to provide supplemental retirement income benefits for a select group of management and highly compensated employees of the Company and affiliated employers of the Company participating under the Plan, through deferrals of salary and through the contributions to be made by the Company and the participating employers.

The Plan is intended to be an unfunded arrangement for the purposes of providing deferred compensation for a select group of management or highly compensated employees for purposes of Title I of the Employee Retirement Income Security Act of 1974, as amended.

The Company has previously amended and restated the Plan, effective as of January 1, 2007 and the Plan has been subsequently amended in certain respects.

The deferral of Compensation under the Plan ceased for all Participants for Compensation earned for the 2006 Plan Year and subsequent Plan Years.

The Human Resources Committee (the "HRC") of the Board of Directors of Harrah's Entertainment, Inc. now wishes to amend the Plan to provide each Participant and each Beneficiary of a deceased Participant with an opportunity to elect to receive a special lump sum distribution from his or her Accounts under the Plan during 2008, and an opportunity to make special distribution elections, in accordance with the transitional relief under Internal Revenue Service Notice 2005-1, Q/A-19(c), the Proposed Regulations under Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and Internal Revenue Service Notice 2006-79. Such amendment will constitute a material modification of the amounts deferred under the Plan that otherwise were not subject to Section 409A of the Code and such amounts will become subject to Section 409A of the Code.

This Amendment and Restatement of the Plan incorporates the Plan and the prior amendments thereto (except as further amended herein) and constitutes a complete amendment, restatement and continuation of the DCP. This Amendment and Restatement of the Plan is intended to comply with the requirements of Sections 409A(a)(2), (3) and (4) of the Code and the Treasury Regulations thereunder. As provided in Internal Revenue Notice 2006-79, with respect to an election or amendment to change a time and form of payment under the Plan made on or after January 1, 2007 and on or before December 31, 2007, the election or amendment shall apply only to amounts that would not otherwise be payable in 2007 and shall not cause an amount to be paid in 2007 that would not otherwise be payable in 2007. The Plan, as in effect prior to this Amendment and Restatement of the Plan, shall govern distributions under the Plan prior to August 3, 2007.

ARTICLE I
TITLE AND DEFINITIONS

1.1 Title.

This Plan shall be known as the Park Place Entertainment Corporation Deferred Compensation Plan.

1.2 Definitions.

Whenever the following words and phrases are used in this Plan, with the first letter capitalized, they shall have the meanings specified below.

“Account” or “Accounts” shall mean a Participant’s Deferral Account and/or Company Contribution Account.

“Base Compensation” shall mean the total salary, gratuities and commissions that are payable by the Employer to the Eligible Employee in a Plan Year. Base Compensation shall not include any bonuses that are payable to an Eligible Employee.

“Base Compensation Company Contribution Amount” shall mean the amount described in Section 4.2(b).

“Beneficiary” or “Beneficiaries” shall mean the person or persons, including a trustee, personal representative or other fiduciary, last designated in writing by a Participant in accordance with procedures established by the EDCP Committee to receive the benefits specified hereunder in the event of the Participant’s death. No Beneficiary designation shall become effective until it is filed with the EDCP Committee. If there is no Beneficiary designation in effect, or if there is no surviving designated Beneficiary, then the Participant’s surviving spouse shall be the Beneficiary. If there is no surviving spouse to receive any benefits payable in accordance with the preceding sentence, the participant’s estate shall be the Beneficiary. In the event any amount is payable under the Plan to a minor, payment shall not be made to the minor, but instead be paid (1) to that person’s living parent(s) to act as custodian, (2) if that person’s parents are then divorced, and one parent is the sole custodial parent, to such custodial parent, or (3) if no parent of that person is then living, to a custodian selected by the EDCP Committee to hold the funds for the minor under the Uniform Transfers or Gifts to Minors Act in effect in the jurisdiction in which the minor resides. If no parent is living and the EDCP Committee decides not to select another custodian to hold the funds for the minor, then payment shall be made to the duly appointed and currently acting guardian of the estate for the minor or, if no guardian of the estate for the minor is duly appointed and currently acting within sixty (60) days after the date the amount becomes payable, payment shall be deposited with the court having jurisdiction over the estate of the minor.

“Board of Directors” or “Board” shall mean the Board of Directors of the Company.

“Bonus Compensation” shall mean any compensation designated as a bonus that is payable by the Employer to the Eligible Employee in a Plan Year.

“Bonus Compensation Company Contribution Amount” shall mean the amount described in Section 4.2(c).

“Change in Control” shall mean the first to occur of any of the following events:

(a) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) (a “Person”) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either (i) the then outstanding shares of common stock of the Company (the “Outstanding Company Common Stock”) or (ii) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the “Outstanding Company Voting Securities”); provided, however, that for purposes of this subsection (a), the following acquisitions shall not constitute a Change of Control: (i) any acquisition directly from the Company, (ii) any acquisition by the Company, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company, or any corporation controlled by the Company or (iv) any acquisition by any corporation pursuant to a transaction which complies with clauses (i), (ii) and (iii) of subsection (c); or

(b) Individuals who, as of the date hereof, constitute the Board (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the board; or

(c) Consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company (a “Business Combination”), in each case, unless, following such Business Combination, (i) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 70% of, respectively, the then outstanding shares of common stock and the combined voting power or the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation, which as a result of such transaction owns the Company or all or substantially all of the Company’s assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior

to such Business Combination of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, (ii) no Person (excluding any employee benefit plan (or related trust) of such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, the then outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination and (iii) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(d) Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

“Caesars Plan Account” shall mean the separate bookkeeping account maintained by the EDCP Committee for certain Participants in accordance with Section 1 of Appendix A.

“Code” shall mean the Internal Revenue Code of 1986, as amended.

“Company” shall mean Harrah’s Entertainment, Inc., a Delaware Corporation.

“Company Contribution Account” shall mean the separate bookkeeping account maintained by the EDCP Committee for each Participant in accordance with Section 4.2.

“Compensation” shall mean the total Base Compensation and Bonus Compensation that is payable by the Employer to the Eligible Employee in a Plan Year.

“Competitor” shall mean any employer or person who is in the same primary business or provides the same primary services as those primarily conducted or provided by the Company and all other Employers, considered as a single enterprise, as reasonably determined by the EDCP Committee.

“Deferral Account” shall mean the separate bookkeeping account maintained by the EDCP Committee for each Participant in accordance with Section 4.1.

“Disability”, with respect to a Participant, shall mean such Participant’s disability, within the meaning of Section 409A(a)(2)(C) of the Code and Treasury Regulation Section 1.409A-3(i)(4).

“EDCP Committee” shall mean the Committee appointed to administer the Plan in accordance with Article IX.

“EDCP Investment Committee” shall mean the Committee that has the responsibility for selecting and monitoring performance of the Funds.

“Effective Date” shall mean January 1, 1999.

“Eligible Employee” shall mean (i) any Employee who participated or was eligible to participate in the Hilton Plan on December 31, 1998, (ii) any Employee who is an officer of the Employer at the Vice President level or higher, and (iii) any other officers and highly compensated Employees who are designated by the EDCP Committee (or its delegate) in its sole discretion to participate in the Plan pursuant to Section 2.1.

“Employee” shall mean an employee of an Employer.

“Employer” or “Employers” shall mean individually or collectively as may be stated or indicated from the context, the Company or any subsidiary or affiliate of the Company which is designated by the Board to be a participating Employer in the Plan and which adopts the Plan.

“Fund” or “Funds” shall mean one or more of the investments selected by the EDCP Investment Committee pursuant to Section 3.3(a).

“Harrah’s Plan” shall mean the Harrah’s Entertainment, Inc. Executive Supplemental Savings Plan II, as amended.

“Hilton Plan” shall mean the Hilton Hotels Executive Deferred Compensation Plan as in effect on December 31, 1998.

“HRC” shall mean the Human Resources Committee of the Board.

“Participant” shall mean any Eligible Employee who either (i) was a “Participant” in the Hilton Plan (as such term is defined in Section 1.2 of the Hilton Plan) on December 31, 1998, (ii) was a Participant in the Plan on the Restatement Effective Date or (iii) elects to defer Compensation in accordance with Section 3.1.

No Eligible Employee shall become a Participant on or after July 1, 2005.

“Plan” shall mean the restated Park Place Entertainment Corporation Executive Deferred Compensation Plan set forth herein, as amended from time to time. It is intended that the Plan be an unfunded arrangement for the purposes of providing deferred compensation for a select group of management or highly compensated employees for purposes of Title I of the Employee Retirement Income Security Act of 1974, as amended.

“Plan Year” shall mean the 12 consecutive month period beginning on each January 1.

“Restatement Effective Date” shall mean August 3, 2007.

“Separation from Service”, with respect to a Service Provider, shall mean such Service Provider’s “separation from service,” as defined in Treasury Regulation Section 1.409A-1(h), with respect to the Service Recipient.

“Service Provider” shall mean a Participant or any other “service provider”, as defined in Treasury Regulation Section 1.409A-1(f).

“Service Recipient”, with respect to any Service Provider, shall mean the “service recipient,” as defined in Treasury Regulation Section 1.409A-1(g), as determined from time to time. As provided in Treasury Regulation Section 1.409A-1(g), the “service recipient” shall mean the person for whom the Service Provider’s services are performed and with respect to whom the legally binding right to compensation arises, and all persons with whom such person would be considered a single employer under Section 414(b) or 414(c) of the Code; *provided, however*, that for purposes of the definition of “Separation from Service,” the “service recipient” shall be determined as provided in Treasury Regulation Section 1.409A-1(h)(3).

“Special Distribution Election Period” means the period designated by the EDCP Committee during which the elections under Sections 6.3C and 6.3D may be made. The “Special Distribution Election Period” shall commence not earlier than August 3, 2007 and end not later than October 15, 2007.

“Specified Employee” shall mean a Service Provider who, as of the date of the Service Provider’s Separation from Service, is a “Key Employee” of the Service Recipient any stock of which is publicly traded on an established securities market or otherwise. For purposes of this definition, a Service Provider is a “Key Employee” if the Service Provider meets the requirements of Section 416(i)(1)(A)(i), (ii) or (iii) of the Code (applied in accordance with the Treasury Regulations thereunder and disregarding Section 416(i)(5) of the Code) at any time during the Testing Year. If a Service Provider is a “Key Employee” (as defined above) as of a Specified Employee Identification Date, the Service Provider shall be treated as “Key Employee” for the entire 12 month period beginning on the Specified Employee Effective Date. For purposes of this definition of “Specified Employee”, a Service Provider’s compensation for a Testing Year shall mean such Service Provider’s compensation, as determined under Treasury Regulation Section 1.415(c)-2(d)(4), from the Service Recipient for such Testing Year. The “Specified Employees” shall be determined in accordance with Section 409A(a)(2)(B)(i) of the Code and Treasury Regulation Section 1.409A-1(i).

“Specified Employee Effective Date” means the first day of the fourth month following the Specified Employee Identification Date. The Specified Employee Effective Date may be changed by the HRC, in its discretion, in accordance with Treasury Regulation Section 1.409A-1(i)(4).

“Specified Employee Identification Date,” for purposes of Treasury Regulation Section 1.409A-1(i)(3), shall mean December 31. The “Specified Employee Identification Date” shall apply to all “nonqualified deferred compensation plans” (as defined in Treasury Regulation Section 1.409A-1(a)) of the Service Recipient and all affected Service Providers. The “Specified Employee Identification Date” may be changed by the HRC, in its discretion, in accordance with Treasury Regulation Section 1.409A-1(i)(3).

“Testing Year” shall mean the 12 month period ending on the Specified Employee Identification Date, as determined from time to time.

“Unforeseeable Emergency”, with respect to a Participant, shall mean a severe financial hardship to the Participant resulting from an illness or accident of the Participant or the Participant’s spouse, Beneficiary or dependent (as defined in Section 152 of the Code, without

regard to Sections 152(b)(1), (b)(2) and (d)(1)(B) of the Code) of the Participant, loss of the Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant, as determined by the EDCP Committee in accordance with Section 409A(a)(2)(B)(ii)(I) of the Code and the Treasury Regulation Section 1.409A-3(i)(3)(i).

"Year of Vesting Service" shall mean as follows:

(a) For Plan Years commencing prior to January 1, 2000, any Plan Year in which a Participant is both (i) credited with 1,000 Hours of Service in accordance with the provisions of the tax-qualified plan maintained by the Participant's Employer and (ii) employed by an Employer on December 31 of such Plan Year. For purposes of this provision, Hours of Service shall be given the same meaning as in such tax-qualified plan. Any period of time during which a Participant was employed by (i) Hilton Hotels Corporation or any affiliate thereof prior to the Effective Date, (ii) Bally Entertainment Corp. or any affiliate thereof ("Bally") prior to Bally being merged with the Hilton Hotels Corporation or (iii) Grand Casinos, Inc. or any affiliate thereof prior to the Effective Date, shall be considered as employment with an Employer for purposes calculating such Participant's Years of Vesting Service under the Plan; and

(b) For Plan Years commencing on or after January 1, 2000, any Plan Year during which a Participant has been employed by one or more Employers throughout such Plan Year (January 1 through December 31); provided however, that any Participant who is first eligible to defer Compensation under the Plan after January 1 of a Plan Year shall be credited with a Year of Vesting Service for such Plan Year, if such Participant is employed by one or more Employers from the date on which he or she is first eligible to defer Compensation through December 31 of such Plan Year.

1.3 Continuation by Harrah's Operating Company, Inc.

Effective as of June 13, 2005, Caesars Entertainment, Inc. (formerly named Park Place Entertainment Corporation) was merged with and into Harrah's Operating Company, Inc., a Delaware corporation and a wholly-owned subsidiary of Harrah's Entertainment, Inc., a Delaware corporation. The Plan was continued by Harrah's Operating Company, Inc., as successor to Caesars Entertainment, Inc.

ARTICLE II
PARTICIPATION

2.1 Participation.

(a) [Reserved]

(b) Any Eligible Employee who is a Participant in the Plan on the Restatement Effective Date shall continue as a Participant subject to the terms hereunder.

(c) [Reserved]

(d) No Eligible Employee or other person shall become a Participant on or after July 1, 2005.

ARTICLE III
DEFERRAL ELECTIONS

3.1 Elections to Defer Base Compensation.

(a) Each Eligible Employee may elect to defer up to 100% of their Base Compensation by filing with the Committee an election that conforms to the requirements of this Section 3.1, on a form provided by the Committee, prior to the last business day of the year preceding the Plan Year for which the election is to become effective (or such earlier date as the Committee may in its sole discretion determine). Persons who first become Eligible Employees on or after January 1, but before July 1 of any Plan Year, may elect to defer Base Compensation effective July 1 of such Plan Year by filing with the Committee an election that conforms to the requirements of this Section 3.1, on a form provided by the Committee, no later than June 1 of such Plan Year (or such earlier date as the Committee in its sole discretion may determine). Persons who were employed by Caesars World, Inc. or any affiliate thereof immediately prior to the acquisition of Caesars World, Inc. and its affiliates by the Company, and who become Eligible Employees prior to July 1, 2000, may elect to defer Base Compensation effective as of July 1, 2000 by filing with the Committee an election that conforms to the requirements of this Section 3.1, on a form provided by the Committee, no later than June 30, 2000 (or such earlier date as the Committee in its sole discretion may determine). Notwithstanding the foregoing, no Eligible Employee shall be permitted to defer Base Compensation which the Committee (or its delegate) reasonably determines is required to pay the Eligible Employee's portion of payroll taxes and contributions towards benefits provided to the Eligible Employee and his or her dependents.

(b) Any deferral election made under paragraph (a) of this Section 3.1 shall remain in effect and be irrevocable, notwithstanding any change in the Participant's Base Compensation, for the entire Plan Year for which it is effective. Subject to the provisions of this Section 3.1, a Participant shall file a new election each year with the Committee prior to the last business day of such year (or such earlier date as the Committee in its sole discretion may determine), for Base Compensation earned during the Plan Year beginning on January 1, of the immediately following year.

(c) [Reserved]

(d) [Reserved]

(e) Notwithstanding the foregoing, no Eligible Employee or Participant shall be permitted to make an election under the Plan to defer his or her Base Compensation earned for services performed during the 2006 Plan Year or any later Plan Year.

3.2 Elections to Defer Bonus Compensation.

Each Eligible Employee may separately elect to defer up to 100% of their Bonus Compensation by filing with the Committee an election that conforms to the requirements of this

Section 3.2, on a form provided by the Committee, prior to the last business day of the year preceding the Plan Year in which the Bonus Compensation is payable to the Eligible Employee (or such earlier date as the Committee may in its sole discretion determine). Notwithstanding the foregoing, no Eligible Employee shall be permitted to defer any portion of their Bonus Compensation which the Committee (or its delegate) reasonably determines is required to pay the Eligible Employee's portion of payroll taxes and contributions towards benefits provided to the Eligible Employee and his or her dependents. Notwithstanding the first sentence of this Section 3.2, a Participant may file a new election with the EDCP Committee, on a form provided by the EDCP Committee, not later than June 30, 2005 to: (i) reduce his or her Bonus Compensation deferral election then in effect, thereby reducing such Participant's Bonus Compensation deferral percentage for any Bonus Compensation earned for services performed during 2005 and otherwise payable after such new election to a lesser percentage, or (ii) suspend his or her Bonus Compensation deferral election then in effect, thereby reducing such Participant's Bonus Compensation deferral percentage to 0% for any Bonus Compensation earned for services performed during 2005 and otherwise payable after such new election. If a suspension election is made, the Participant shall make no further Bonus Compensation deferrals under the Plan for Bonus Compensation earned for services performed during the 2005 Plan Year. Such election shall be valid as soon as administratively feasible following its receipt by the EDCP Committee. A Participant's new election may not increase his or her Bonus Compensation deferral percentage for the 2005 Plan Year.

Notwithstanding the foregoing, no Eligible Employee or Participant shall be permitted to make an election to defer his or her Bonus Compensation earned for services performed during the 2006 Plan Year or any later Plan Year.

3.3 Investment Elections.

(a) At the time of making the deferral election described in Sections 3.1 and 3.2, the Participant shall designate, in a manner prescribed by the EDCP Committee, the Funds in which the Participant's Accounts shall be deemed to be invested for purposes of determining the amount of earnings to be credited, and/or losses to be debited, to such Accounts under Article IV. The Funds shall consist of the investment vehicles selected by the EDCP Investment Committee from time to time in its sole discretion.

(b) In making the designation pursuant to this Section 3.3, the Participant may specify that all or any whole percentage of his Accounts be deemed to be invested in one or more of the Funds. A Participant may change the designation made under this Section 3.3, in a manner prescribed by the EDCP Committee, effective as of the first day of the calendar month following the date on which such change is made.

(c) Notwithstanding any other provision of this Plan that may be interpreted to the contrary, the Funds are to be used only for purposes of determining the amount of earnings to be credited and/or losses to be debited to a Participant's Account, and a Participant's designation of any such Fund, the allocation to his or her Accounts thereof, the calculation of earnings and the crediting or debiting of such earnings to a Participant's Accounts shall not be considered or construed in any manner as an actual investment of his or her Accounts in any such Fund. In the event that the Company or any trustee of a Trust described in Section 6.6, in

its sole discretion, decides to invest any amounts in any or all of the Funds, no Participant shall have any rights in or to such investments themselves. Without limiting the foregoing, a Participant's Accounts shall at all times be a bookkeeping entry only and shall not represent any investment made on his or her behalf by the Company or any trustee.

(d) Notwithstanding the foregoing provisions of this Section 3.3, the EDCP Investment Committee may retain the overriding discretion regarding the Participant's designation of Funds under this Section 3.3. If a Participant fails to designate any Fund under this Section 3.3, the Participant shall be deemed to have designated the default Fund selected by the EDCP Investment Committee for such purpose, in the discretion of the EDCP Committee and in accordance with its uniform policies and procedures.

(e) Each Participant shall bear full responsibility for all results associated with his or her designation of Funds under this Section 3.3, and none of the Employer, the EDCP Committee nor the EDCP Investment Committee shall have any responsibility or liability with respect to any Participant's designation of such Funds.

3.4 Investment Committee.

(a) Membership. The EDCP Investment Committee shall be appointed by action of the HRC. The EDCP Investment Committee members shall serve without compensation but shall be reimbursed for all expenses by the Company. The EDCP Investment Committee shall conduct itself in accordance with the provisions of this Section. The members of the EDCP Investment Committee may resign with thirty (30) days notice in writing to the Company and may be removed immediately at any time by written notice from the HRC. The EDCP Investment Committee may have duties with respect to other plans of the Company that are similar or identical to its duties under the Plan.

(b) Appointment of Agents. The EDCP Investment Committee may appoint such other agents, who need not be members of the EDCP Investment Committee, as it may deem necessary for the effective performance of its duties, whether ministerial or discretionary, as the EDCP Investment Committee may deem expedient or appropriate. The compensation of any agents who are not employees of the Company shall be fixed by the EDCP Investment Committee within any limitations set by the HRC.

(c) Majority Vote. On all matters, questions and decisions, the action of the EDCP Investment Committee shall be determined by a majority vote of its members. They may meet informally or take any ordinary action without the necessity of meeting as a group. All instruments executed by the EDCP Investment Committee shall be executed by a majority of its members or by any member of the EDCP Investment Committee designated to act on its behalf.

(d) Allocation of Responsibilities. The EDCP Investment Committee may allocate responsibilities among its members or designate other persons to act on its behalf. Any allocation or designation, however, must be set forth in writing and must be retained in the permanent records of the EDCP Investment Committee.

(e) Indemnification. The Company shall indemnify and hold harmless the members of the EDCP Investment Committee against any and all claims, loss, damage, expense

or liability arising from any action or failure to act with respect to this Plan on account of such member's service on the EDCP Investment Committee, except in the case of gross negligence or willful misconduct.

ARTICLE IV ACCOUNTS

4.1 Deferral Account.

The EDCP Committee shall establish and maintain a Deferral Account for each Participant under the Plan. Each Participant's Deferral Account shall be further divided into separate subaccounts ("subaccounts"), each of which corresponds to a Fund elected by the Participant pursuant to Section 3.3(a). A Participant's Deferral Account shall be credited as follows:

(a) If a Participant was a participant in the Hilton Plan on December 31, 1998, the subaccounts of the Participant's Deferral Account were credited with an amount equal to the value of his or her "Deferral Account" under the Hilton Plan (as such term is defined in Section 1.2 of the Hilton Plan) as of December 31, 1998;

(b) As soon as practicable after the last day of each payroll period, the subaccounts of the Participant's Deferral Account shall be credited with an amount equal to the Base Compensation deferred by the Participant during such payroll period in accordance with the Participant's elections under Section 3.1(a) and Section 3.3(a); that is, the portion of the Participant's Base Compensation that the Participant has elected to defer and be deemed invested in a certain Fund shall be credited to the subaccount corresponding to that Fund; provided, however, that, with respect to Base Compensation deferred by the Participant for any such payroll period for such Participant commencing on or after July 1, 2005 and before January 1, 2006, an amount equal to the Base Compensation deferred by the Participant for such payroll period in accordance with the Participant's election under Section 3.1(a) shall be credited to such Participant's "Deferral Contribution Account" under the Harrah's Plan (and shall not be credited to the Participant's Deferral Account or the subaccounts thereunder);

(c) As soon as practicable after the day on which Bonus Compensation would be payable to a Participant, the subaccounts of the Participant's Deferral Account shall be credited with an amount equal to the portion of the Bonus Compensation deferred by the Participant in accordance with the Participant's elections under Section 3.2 and Section 3.3(a); that is, the portion of the Participant's Bonus Compensation that the Participant has elected to defer and be deemed invested in a certain Fund shall be credited to the subaccount corresponding to that Fund; provided, however, that, with respect to the Bonus Compensation earned for services performed during 2005, and otherwise payable on or after July 1, 2005, and deferred by the Participant, an amount equal to the portion of such Bonus Compensation deferred by the Participant in accordance with the Participant's election under Section 3.2 shall be credited to such Participant's "Deferral Contribution Account" under the Harrah's Plan (and shall not be credited to the Participant's Deferral Account or the subaccounts thereunder); and

(d) Each subaccount of a Participant's Deferral Account shall be credited with earnings and debited with losses on a daily basis based on the earnings and losses of the Fund or Funds selected by the Participants in accordance with Section 3.3.

4.2 Company Contribution Account.

The EDCP Committee shall establish and maintain a Company Contribution Account for each Participant under the Plan. Each Participant's Company Contribution Account shall be further divided into separate subaccounts corresponding to the Fund elected by the Participant pursuant to Section 3.3(a). A Participant's Company Contribution Account shall be credited in accordance with the following provisions:

(a) If a Participant was a Participant in the Hilton Plan on December 31, 1998, the subaccounts of the Participant's Company Contribution Account were credited with an amount equal the value of his or her "Company Contribution Account" under the Hilton Plan (as such term is defined in Section 1.2 of the Hilton Plan) as of December 31, 1998;

(b) As soon as practicable after the last day of each payroll period, the subaccounts of the Participant's Company Contribution Account shall be credited with an amount equal to the portion of the Base Compensation Company Contribution Amount, if any, which the Participant elected to be deemed to be invested in a specific Fund. A Participant's Base Compensation Company Contribution Amount for any payroll period shall be equal to 50% of the Base Compensation deferred by the Participant during such payroll period in accordance with the Participant's election under Section 3.1(a), disregarding any such deferral in excess of 10% of the Participant's Base Compensation for such payroll period; provided, however, that, with respect to Base Compensation deferred by the Participant for any such payroll period for such Participant commencing on or after July 1, 2005 and before January 1, 2006, the Participant's Base Compensation Company Contribution Amount for such payroll period shall be credited to such Participant's "Caesars Company Contribution Account" under the Harrah's Plan (and shall not be credited to the Participant's Company Contribution Account or any subaccount thereunder);

(c) As soon as practicable after the day on which Bonus Compensation would be payable to a Participant, the subaccounts of the Participant's Company Contribution Account shall be credited with an amount equal to the portion of the Bonus Compensation Company Contribution Amount, if any, which the Participant elected to be deemed to be invested in a specific Fund. A Participant's Bonus Compensation Company Contribution Amount with respect to any Bonus Compensation shall be equal to 50% of portion of the Bonus Compensation deferred by the Participant in accordance with the Participant's election under Section 3.2, disregarding any such deferral in excess of 10% of the Participant's Bonus Compensation; provided, however, that, with respect to the Bonus Compensation earned for services performed during 2005, and otherwise payable on or after July 1, 2005, and deferred by the Participant, the Participant's Bonus Compensation Company Contribution Amount for such Bonus Compensation shall be credited to the Participant's "Caesars Company Contribution Account" under the Harrah's Plan (and shall not be credited to the Participant's Company Contribution Account or any subaccount thereunder);

(d) Each subaccount of a Participant's Company Contribution Account shall be credited with earnings or debited with losses on a daily basis, based on the Fund or Funds selected by the Participant, in accordance with Section 3.3 and in a manner determined by the EDCP Committee;

(e) As of the date on which a Participant receives or commences to receive the payment of the amount credited to his or her Accounts, the amount of any forfeitures that occur under Section 5.2 with respect to any such Participant's Company Contribution Account shall be subtracted from his or her Company Contribution Account;

(f) [Reserved]

(g) [Reserved]

(h) As provided in Sections 3.1(e) and 3.2, no Eligible Employee or Participant shall be permitted to make an election to defer his or her Base Compensation or Bonus Compensation earned for services performed during the 2006 Plan Year or any later Plan Year and, consequently, no Base Compensation Company Contribution Amount or Bonus Compensation Contribution Amount shall be credited to a Participant's Company Contribution Account with respect to the 2006 Plan Year or any later Plan Year.

ARTICLE V **VESTING**

5.1 Deferral Account.

A Participant's Deferral Account shall be 100% vested at all times.

5.2 Company Contribution Account.

(a) Amounts that are credited to a Participant's Company Contribution Account prior to January 1, 2000 shall become nonforfeitable in the following increments: (1) 25% upon the Participant's completion of two Years of Vesting Service, (2) an additional 25% (50% total) upon completion of three Years of Vesting Service, (3) an additional 25% (75% total) upon completion of four Years of Vesting Service, and (4) in its entirety after the Participant's completion of five Years of Vesting Service. Notwithstanding the foregoing, any amounts credited to a Participant's Company Contribution Account that are attributable to "Company Matching Contributions" (as such term was defined in the Bally Entertainment Corporation Management Retirement Savings Plan (the "Bally Plan")) that were credited to such Participant under the Bally Plan prior to 1997, shall become nonforfeitable in accordance with the vesting schedule provided for under the Bally Plan.

(b) Effective for Plan Years commencing on or after January 1, 2000, a Participant shall vest in the Base Compensation Company Contribution Amount and Bonus Compensation Company Contribution Amount (collectively the "Company Contribution Amount") that are credited to the Participant's Company Contribution Account in a Plan Year (plus earnings thereon), upon the completion of the applicable vesting period for such Company Contribution Amount. The vesting period for each Plan Year's Company Contribution Amount

shall commence with the Plan Year in which the Company Contribution Amount is credited, with the Participant vesting in (i) 33 1/3% of the applicable Company Contribution Amount upon being credited with a Year of Vesting Service (as defined under paragraph (b) of the definition of Year of Service) for the Plan Year for which the Company Contribution Amount is credited, (ii) 33 1/3% of the applicable Company Contribution Amount upon being credited with a Year of Vesting Service for the immediately following Plan Year and (iii) 33 1/3% of the applicable Company Contribution Amount upon being credited with a Year of Vesting Service for the next following Plan Year.

(c) Notwithstanding paragraphs (a) and (b) of this Section 5.2, a Participant's Company Contribution Account shall become 100% vested should: (1) the Participant die while employed by the Employer, (2) the Participant become Disabled while employed by the Employer, or (3) there occurs a Change of Control.

(d) If a Participant who is not 100% vested in his or her Company Contribution Account retires on or after attaining age 55 and becomes employed by a Competitor during the Six-Month Period, the portion of such Participant's Company Contribution Account which is not vested shall immediately be forever forfeited and the Employer shall have no obligation to the Participant (or Beneficiary) with respect to such forfeited amount.

(e) If a Participant who is not 100% vested in his or her Company Contribution Account receives or commences to receive the payment of the amount credited to his or her Accounts, the portion of such Participant's Company Contribution Account which is not vested shall immediately be forever forfeited and the Employer shall have no obligation to the Participant (or Beneficiary) with respect to such forfeited amount.

(f) The EDCP Committee shall have the sole and absolute discretion to waive, limit, or condition any forfeiture of benefits under this Section 5.2 with respect to any Participant.

ARTICLE VI

DISTRIBUTIONS AND WITHDRAWALS

6.1 Distribution of Deferred Compensation.

(a) A Participant may elect, on the form provided by the EDCP Committee, to defer Compensation under Section 3.1 and Section 3.2, to receive one of the optional forms of payment described in Section 6.1(c). Such an election shall be effective for all of the Participant's Accounts.

(b) The amount credited to a Participant's Deferral Account and the vested portion of the amount credited to his or her Company Contribution Account shall be paid to the Participant in the form of payment that the Participant has timely elected (or, in the case of the Participant's death, to the Participant's Beneficiary in accordance with Article VII). If no such timely election is made, the payment shall be made in the form of a cash lump sum payment within sixty (60) days following the Participant's Separation from Service.

(c) Subject to Section 6.3, a Participant may elect one of the following optional forms of payment provided that such optional form of payment may not be made or commence before his or her Separation from Service:

(1) A lump sum payment which shall be paid within sixty (60) days after the Participant's Separation from Service, or

(2) Substantially equal annual installments over five, ten, or fifteen years, to begin within sixty (60) days after the Participant's Separation from Service;

provided, however, that, in case of any installment distribution payments on and after January 1, 2008, such installment distribution payments shall be made in substantially equal monthly installments over the remaining period of such installment distribution; and, *provided, further*, that, in the event of any such monthly installment distributions, the amount of each monthly installment in any calendar year shall be calculated as follows. The amount of the monthly installment shall be determined before the first installment on or after January 1, 2008 is paid and on each January 1st in all subsequent calendar years. The amount of each monthly installment for such calendar year shall be determined by dividing: (A) the number of remaining monthly installments into (B) the Participant's vested balance in the Participant's Accounts, determined as of the last valuation date of the prior month. A Participant's last installment payment shall be adjusted as needed to reflect investment gains or losses. If the total of the vested balance in the Participant's Accounts (and the vested balances in the Participant's accounts in all other agreements, methods, programs or other arrangements with respect to which deferrals of compensation are treated as having been deferred under a single nonqualified deferred compensation plan under Treasury Regulation Section 1.409A-1(c)(2)), determined as of any date that is on or after January 1, 2008 and on or after monthly installment payments commence, is not greater than the applicable dollar amount under Section 402(g)(1)(B) of the Code, such vested balance in the Participant's Accounts (and the vested balances in such other agreements, methods, programs and arrangements) shall be paid to the Participant in a lump sum payment not later than sixty (60) days after such date in accordance with Treasury Regulation Section 1.409A-3(j)(4)(v).

(d) If installment payments are paid to a Participant under this Plan, the unpaid portion of a Participant's vested Accounts shall continue to be credited monthly with earnings and/or losses pursuant to Article IV of the Plan until all amounts credited to his or her Accounts under the Plan have been distributed.

(e) [Reserved]

6.2 Inability to Locate Participant.

In the event that the EDCP Committee is unable to locate a Participant or Beneficiary within two years following the date the Participant was to commence receiving payment, the entire amount allocated to the Participant's Deferral Account and Company Contribution Account shall be forfeited. If, after such forfeiture, the Participant or Beneficiary later claims such benefit, such benefit shall be reinstated without interest or earnings from the date payment was to commence under Section 6.1.

6.3 Irrevocable Distribution Elections.

Except as provided in Sections 6.3A and 6.3C, a Participant's distribution elections as of August 3, 2007 are irrevocable and cannot be amended.

6.3A Distributions upon Unforeseeable Emergency.

A Participant's distribution elections are irrevocable by the Participant and cannot be amended, except that a distribution may be made by the Company in case of a Participant's Unforeseeable Emergency, as determined by EDCP Committee in its sole discretion, as provided herein, on or after January 1, 2008.

(a) A Participant may elect to receive a distribution from his or her Accounts (and Caesars Plan Account) upon the occurrence of an Unforeseeable Emergency. Such Participant may elect to receive a distribution upon Unforeseeable Emergency by completing and delivering an election with the EDCP Committee in accordance with the uniform procedures promulgated by the EDCP Committee.

(b) The election to receive a distribution upon the occurrence of an Unforeseeable Emergency by a Participant who is entitled to a distribution under this Article VI (or Appendix A) shall override the distribution election in effect for such Participant under this Article VI (or Appendix A) with respect to the amount to be distributed, both as to form of payment and timing of payment. If installment payments to such Participant have begun at the time an election for a distribution upon the occurrence of an Unforeseeable Emergency is made, the election shall apply only with respect to the unpaid balance of such Participant's Accounts (and Caesars Plan Account).

(c) The amount to be distributed to a Participant who elects a distribution upon the occurrence of an Unforeseeable Emergency shall not exceed the amounts reasonably necessary to satisfy such Unforeseeable Emergency (and shall include amounts necessary to pay federal, state, local or foreign income taxes or penalties reasonably anticipated as a result of the distribution), after taking into account the extent to which such Unforeseeable Emergency is or may be relieved through reimbursement or compensation through insurance or otherwise, or by liquidation of the Participant's assets (to the extent the liquidation of such assets would not itself cause severe financial hardship), as determined by the EDCP Committee in accordance with Section 409A(a)(2)(B)(ii)(II) of the Code and the Treasury Regulation Section 1.409A-3(i)(3)(ii).

(d) The amount to be distributed to the Participant pursuant to such Participant's election to receive a distribution upon the occurrence of Unforeseeable Emergency shall be paid in a lump sum payment within sixty (60) days following the approval of the Participant's distribution election by the EDCP Committee.

6.3B Distributions subject to Section 409A of the Code.

(a) The distribution of a Participant's Accounts (and Caesars Plan Account) shall be made in the optional form of payment specified in such Participant's distribution election under Section 6.1, subject to this Section 6.3 and Section 6.3A.

(b) The distribution from a Participant's Accounts (and Caesars Plan Account) shall be made or commence upon the earlier of:

- (1) the Participant's Separation from Service, or
- (2) the Participant's death;

provided, however, that in the case of a Participant who is a Specified Employee, the distribution of such Participant's Accounts shall be made or commence upon the date which is six months after the date of such Participant's Separation from Service (or, if earlier, the date of such Participant's death) in accordance with Section 409A(a)(2)(B)(i) of the Code and the Treasury Regulation Section 1.409A-3(i)(2); and provided, further, that the distribution of a Participant's Caesars Plan Account shall be subject to Appendix A.

(c) If a Participant's Accounts (and Caesars Plan Account) are to be distributed in the form of annual installment payments, and such Participant is a Specified Employee as of the date of such Participant's Separation from Service, the annual installment payment that otherwise would have been made to such Participant prior to the date which is six months after the date of such Participant's Separation from Service (or, if earlier, the date of such Participant's death) and any interest accrued thereon shall be paid commencing on such date in accordance with Section 409A(a)(2)(B)(i) of the Code and the Treasury Regulation Section 1.409A-3(i)(2). The Participant's Accounts (and Caesars Plan Account) shall be distributed in installment payments commencing on the date which is six months after such Participant's Separation from Service (or, if earlier, the date of such Participant's death), over the designated installment payment period.

6.3C Special Lump Sum Distribution.

(a) Subject to Section 6.8, a Participant, or a Beneficiary of a deceased Participant, may elect to receive a special lump sum distribution from such Participant's or Beneficiary's Accounts (and Caesars Plan Account) on June 1, 2008 (or within thirty (30) days thereafter) in accordance with this Section 6.3C. A Participant's or Beneficiary's special lump sum distribution shall be made only from the Accounts (and Caesars Plan Account) in which such Participant or Beneficiary has a fully vested interest, determined as of the last day of the Special Distribution Election Period. The special lump sum distribution shall be in the amount equal to the Participant's or Beneficiary's designated percentage of the Participant's or Beneficiary's interest in such Accounts (and Caesars Plan Account), and such designated percentage of the Account (or Caesars Plan Account) shall be credited to a special subaccount of such Account (or Caesars Plan Account). Such special lump sum distribution shall be made proportionately from such Participant's or Beneficiary's Accounts (and Caesars Plan Account) (and the subaccounts thereunder) and shall apply only to amounts that would not otherwise be payable before January 1, 2008.

(b) A Participant, or a Beneficiary of a deceased Participant, shall elect to receive a special lump sum distribution under subsection (a) by completing and delivering a Special Lump Sum Distribution Agreement in accordance with the rules and procedures adopted by the EDCP Committee for such purpose. Such Participant or Beneficiary shall designate the

whole percentage (up to a maximum of 100%) of such Participant's or Beneficiary's interest in his or her Accounts (and Caesars Plan Account) to be distributed in such special lump sum distribution. Such Participant or Beneficiary must complete and deliver such Special Lump Sum Distribution Agreement not later than the last day of the Special Distribution Election Period, and such Participant's or Beneficiary's Special Lump Sum Distribution Agreement shall become irrevocable as of the last day of the Special Distribution Election Period. Such special lump sum distribution election shall supersede such Participant's prior distribution election with respect to the portion of such Participant's Accounts subject to such special lump sum distribution election, except as provided in Section 6.8.

(c) Special distribution elections under this Section 6.3C shall be subject to such administrative rules, procedures and restrictions as are prescribed by the EDCP Committee in its discretion. No election may be made under this Section 6.3C after the last day of the Special Distribution Election Period.

6.3D Special Distribution Elections.

(a) Subject to Section 6.8, a Participant may elect in accordance with this Section 6.3D to make a special Separation from Service Election, or a special Distribution Year Election, with respect to any Deferral Period ending on or before December 31, 2007. Such special Separation from Service Election or special Distribution Year Election shall apply to the portion of the Participant's Accounts attributable to compensation amounts deferred during such Deferral Period.

(1) Special Separation from Service Elections. A special Separation from Service Election under this Section 6.3D with respect to a Deferral Period shall provide for the distribution of the subaccounts of such Participant's Accounts for such Deferral Period upon such Participant's Separation from Service and shall be in a form of distribution selected by the Participant in such Participant's Special Distribution Election Agreement. Such Participant may select distribution in the form of a lump sum payment, or monthly installment payments over a period of years. If such Participant selects distribution in the form of monthly installment payments, such Participant shall designate the period of years (which shall be not less than one and not more than fifteen (15)) over which such monthly installment payments shall be made; provided, however, that such installment period shall not extend beyond fifteen (15) years following such Participant's Separation from Service. If such Participant makes a special Separation from Service Election under this Section 6.3D and fails to select a form of distribution for purposes of distributions from the subaccounts of such Participant's Accounts for a Deferral Period, such distributions shall be made in a lump sum payment. A Participant may not change his or her special Separation from Service Election under this Section 6.3D with respect to a Deferral Period, or the form of distribution of the subaccounts of such Participant's Accounts for such Deferral Period.

(2) Special Distribution Year Elections. A special Distribution Year Elections under this Section 6.3D with respect to a Deferral Period shall provide for the distribution of the subaccounts of such Participant's Accounts for such Deferral Period upon the earlier of the first day of the Distribution Year (as selected by the Participant),

or the Participant's Separation from Service. Such Participant shall select the Distribution Year for purposes of distributions from the subaccounts of such Participant's Accounts for such Deferral Period. The Distribution Year shall be not earlier than the 2009 calendar year, and shall not be later than the 2027 calendar year. The distribution of the subaccounts of such Participant's Accounts for such Deferral Period shall be made in a lump sum payment. A Participant may not change such Participant's Distribution Year Election with respect to a Deferral Period.

(3) Separate Elections. A Participant may make a separate special Separation of Service Election or special Distribution Year Election with respect to each Deferral Period.

(4) Time of Payment.

(A) A Participant's Accounts shall be distributed in accordance with the special Separation from Service Election or special Distribution Year Election for the subaccounts of such Participant's Accounts for each Deferral Period.

(B) The distributions from the subaccounts of a Participant's Accounts for a Deferral Period shall be made or commence upon the earliest of:

(I) the first day of the Distribution Year (if any) selected by such Participant (in the case of subaccounts subject to such Participant's Distribution Year Election), or

(II) the Participant's Separation from Service; or

(III) the Participant's death;

provided, however, that, in the case of a Participant who is a Specified Employee as of the date of such Participant's Separation from Service, the distributions of the subaccounts of such Participant's Accounts for such Deferral Period upon such Participant's Separation from Service shall be made or commence on the date which is six months after the date of such Participant's Separation from Service (or, if earlier, the date of such Participant's death) in accordance with Section 409A(a)(2)(B)(i) of the Code and the Treasury Regulation Section 1.409A-3(i)(2).

(C) If the subaccounts of a Participant's Accounts for any Deferral Period are to be distributed in the form of monthly installment payments, and such Participant is a Specified Employee as of the date of such Participant's Separation from Service, the monthly installment payments that otherwise would be made to such Participant prior to the date which is six months after the date of such Participant's Separation from Service (or, if earlier, the date of such Participant's death) shall be accumulated in the subaccounts of such Participant's Accounts for such Deferral Period and paid commencing on such date in accordance with Section 409A(a)(2)(B)(i) of the Code and Treasury Regulation

Section 1.409A-3(i)(2), as adjusted to reflect the rate of return on the hypothetical Investment Funds selected by the Participant in accordance with Section 6.4. The subaccounts of such Participant's Accounts for such Deferral Period shall be distributed in installment payments, commencing on the date which is six months after the date of such Participant's Separation from Service (or, if earlier, the date of such Participant's death), over the installment payment period designated under the Separation from Service Election for the subaccounts of such Participant's Accounts for the Deferral Period.

(5) Form of Payments.

(A) Separation from Service Election Payments. In the event a Participant made a special Separation from Service Election with respect to a Deferral Period, the distribution from the subaccounts in such Participant's Accounts for such Deferral Period shall be made in a lump sum payment, or in monthly installment payments, in accordance with Section 6.3D(a)(1).

(B) Distribution Year Election Payment. In the event a Participant made a special Distribution Year Election with respect to a Deferral Period, the distribution from the subaccounts in such Participant's Accounts for such Deferral Period shall be made to such Participant in a lump sum payment. Such lump sum payment shall be made not later than sixty (60) days after the date determined under Section 6.3D(a)(4).

(6) Definition of Deferral Period and Distribution Year. For purposes of this Section 6.3D,

(A) "Deferral Period" means a calendar year, and

(B) "Distribution Year" means the calendar year selected by a Participant for purposes of distributions from the subaccounts of such Participant's Accounts for a Deferral Period.

(7) Installment Payments.

(A) In the event a Participant makes a special Separation from Service Election, and elects distribution in the form of installment payments, the amount of each monthly installment in any calendar year for the distribution of the subaccounts in a Participant's Accounts for a Deferral Period shall be calculated as follows. The amount of the monthly installment shall be determined before the first installment is paid and on each January 1st in all subsequent calendar years. The amount of each monthly installment for such calendar year shall be determined by dividing: (A) the number of remaining monthly installments into (B) the Participant's vested balance in the subaccounts in the Participant's Accounts for such Deferral Period, determined as of the last Valuation Date of the prior month. A Participant's last installment payment shall be adjusted as needed to reflect investment gains or losses. If the total of the vested balance in the Participant's Accounts (and the vested balances in the

Participant's accounts in all other agreements, methods, programs or other arrangements with respect to which deferrals of compensation are treated as having been deferred under a single nonqualified deferred compensation plan under Treasury Regulation Section 1.409A-1(c)(2)), determined as of any date that is on or after January 1, 2008 and on or after monthly installment payments commence, is not greater than the applicable dollar amount under Section 402(g)(1)(B) of the Code, such vested balance in the Participant's Accounts (and the vested balances in such other agreements, methods, programs and arrangements) shall be paid to the Participant in a lump sum payment not later than sixty (60) days after such date in accordance with Treasury Regulation Section 1.409A-3(j)(4)(v).

(B) If installment payments are made, the provisions of Section 3.3 shall continue to apply to the unpaid interest in the relevant subaccounts.

(b) If a Participant elects to make a special Separation from Service Election, or a special Distribution Year Election with respect to a Deferral Period, under this Section 6.3D, such special Separation from Service Election or special Distribution Year Election shall apply to the subaccounts of such Participant's Accounts (and Caesars Plan Account) for such Deferral Period and shall apply only to amounts that would not otherwise be payable before January 1, 2008 or payable in accordance with a special lump sum distribution election under Section 6.3C.

(c) A Participant shall make a special Separation from Service Election or a special Distribution Year Election under subsection (a) by completing and delivering a Special Distribution Election Agreement in accordance with rules and procedures adopted by the EDCP Committee for such purpose. Such Participant must complete and deliver such Special Distribution Election Agreement not later than the last day of the Special Distribution Election Period, and such Participant's Special Distribution Election Agreement shall become irrevocable as of the last day of the Special Distribution Election Period. Such special Separation from Service Election, or special Distribution Year Election, shall supercede such Participant's prior distribution election with respect to the portion of such Participant's Accounts subject to such special Separation from Service Election or special Distribution Year Election, except as provided in Section 6.8.

(d) Special Separation from Service Elections and special Distribution Year Elections under this Section 6.3D shall be subject to such administrative rules, procedures and restrictions as are prescribed by the EDCP Committee in its discretion. No election may be made under this Section 6.3D after the last day of the Special Distribution Election Period.

6.4 Loans.

There shall be no loans permitted under the Plan.

6.5 Distributions on Disability.

If a Participant has a Separation from Service by reason of Disability, such Participant's vested Account shall be distributed pursuant to Section 6.1(b).

6.6 [Reserved].

6.7 Trust.

(a) The Company may make contributions to a trust (hereinafter referred to as the "Trust") in such amounts as are determined by the EDCP Committee to be necessary to provide for the payment to the Participants of the benefits which are the responsibility of the Company and other Employers under this Plan. The Trust is intended to be a grantor trust within the meaning of subpart E, part I, subchapter J, chapter 1, subtitle A of the Code, and shall be construed accordingly.

(b) A Participant shall have no preferred claim on, or any beneficial interest in, any assets of the Trust. Any assets held by the Trust shall be subject to (i) the claims of general creditors of the Company and (ii) the claims of general creditors of each Employer other than the Company (but only to the extent of the assets of the Trust and earnings thereon attributable to the Participants employed by such Employer), under Federal and state law in the event of the "insolvency" of the Company or other Employer, i.e., the Company or other Employer is unable to pay its debts as they become due or is subject to a pending proceeding as a debtor under the United States Bankruptcy Code.

6.8 Compliance with Section 409A of the Code.

(a) The Plan shall be interpreted, construed and administered in a manner that satisfies the requirements of Sections 409A(a)(2), (3) and (4) of the Code and the Treasury Regulations thereunder (subject to the transitional relief under Internal Revenue Service Notice 2005-1, the Proposed Regulations under Section 409A of the Code and other applicable authority issued by the Internal Revenue Service).

(b) As provided in Internal Revenue Notice 2006-79, notwithstanding any other provision of the Plan, with respect to an election under Section 6.3C or 6.3D, or an election or amendment to change a time and form of payment under the Plan made on or after January 1, 2007 and on or before December 31, 2007, the election or amendment shall apply only to amounts that would not otherwise be payable in 2007 and shall not cause an amount to be paid in 2007 that would not otherwise be payable in 2007.

ARTICLE VII
DEATH BENEFITS

7.1 In General.

Upon the death of a Participant before the amount credited to his or her Accounts has been paid in full (either in a lump sum or installment payments), his or her Beneficiary shall receive the balance of the Participant's vested Account as of the date of death in accordance with Section 7.2.

7.2 Payment of Death Benefits.

The death benefit payable pursuant to Section 7.1 shall be paid to the Participant's Beneficiary in a lump sum payment within ninety (90) days of the Participant's death.

ARTICLE VIII
CLAIMS PROCEDURE

8.1 General.

(a) A Participant or Beneficiary who believes that he or she has not received the benefits to which he or she is entitled may assert a claim for benefits under the Plan in accordance with the claims procedure of this Article VIII. The claims procedure of this Article Ten shall be applied in accordance with Section 503 of Employee Retirement Income Security Act of 1974, as amended ("ERISA") and Department of Labor Regulation Section 2560.503-1. A Participant or Beneficiary may assert a benefit claim, or appeal the denial of a benefits claim, through such Participant's or Beneficiary's authorized representative, provided that such Participant or Beneficiary has submitted a written notice evidencing the authority of such representative to the EDCP Committee. A Participant or Beneficiary asserting a benefits claim shall be referred to as a "Claimant" under this Article VIII.

(b) A Claimant shall submit his or her benefits claim under the Plan in writing to the EDCP Committee. The Claimant may include documents, records or other information relating to the benefits claim for review by the EDCP Committee in connection with such benefits claim.

8.2 Benefit Determination.

(a) The EDCP Committee shall review the Claimant's benefits claim (including any documents, records or other information submitted with such benefits claim) and determine whether such benefits claim shall be approved or denied in accordance with the Plan.

(b) In the event that a Claimant's benefits claim is wholly or partially denied, the EDCP Committee shall provide to the Claimant with written notice of the denial within a reasonable period of time, but not later than ninety (90) days after the receipt of the benefits claim by the EDCP Committee, unless the EDCP Committee determines that special circumstances require an extension of time for making a determination with respect to the benefits claim. If the EDCP Committee determines that an extension of time for making a determination with respect to the benefits claim is required, the EDCP Committee shall provide the Claimant with written notice of such extension prior to the end of the initial ninety (90) day period. The extension of time shall not exceed a period of ninety (90) days from the end of such initial period. The extension notice shall indicate the special circumstances requiring the extension of time and the date by which the EDCP Committee expects to render the benefit determination.

(c) The notice of denial of the Claimant's benefits claim shall set forth:

(i) the specific reason or reasons for the denial;

(ii) references to specific Plan provisions on which the denial is based;

(iii) a description of any additional material or information necessary for the Claimant to perfect the claim and an explanation of why the material or information is necessary; and

(iv) a description of the Plan's appeal procedures and the time limits applicable to such procedures, including a statement of the Claimant's right to bring a civil action under Section 502(a) of ERISA following a denial of the appeal of the denial of the benefits claim.

(d) The Claimant may appeal any denial of the benefits claim in writing to the EDCP Committee within sixty (60) days after receipt of the EDCP Committee's notice of denial of benefits claim. The Claimant's failure to appeal the denial of the benefits claim by the EDCP Committee in writing within the sixty (60) day period shall render the EDCP Committee's determination final, binding, and conclusive.

8.3 Appeals.

(a) A Claimant may appeal the denial of a benefits claim to the EDCP Committee. The EDCP Committee shall review the appeal of the denial of the benefits claim and make a final determination as to whether the benefits claim should be approved or denied in accordance with the Plan.

(b) The Claimant shall be afforded the opportunity to submit written comments, documents, records, and other information relating to the benefits claim, and the Claimant shall be provided, upon request and free of charge, reasonable access to all documents, records, and other information relevant to the Claimant's benefits claim. A document, record or other information shall be considered "relevant" to the benefits claim, as provided in Department of Labor Regulation Section 2560.503-1(m)(8). The review on appeal by the EDCP Committee shall take into account all comments, documents, records, and other information submitted by the Claimant, without regard to whether such information was submitted or considered in the EDCP Committee's initial determination with respect to the benefits claim. The EDCP Committee shall advise the Claimant in writing of the EDCP Committee's determination of the appeal within sixty (60) days of the claimant's written request for review, unless special circumstances (such as a hearing) would make the rendering of a determination within the sixty (60) day period infeasible, but in no event shall the EDCP Committee render a determination regarding the denial of a claim for benefits later than one hundred twenty (120) days after its receipt of a request for review. If an extension of time for review is required because of special circumstances, written notice of the extension shall be furnished to the Claimant prior to the date the extension period commences.

(c) The notice of denial of the Claimant's appeal of the denial of the Claimant's benefit claim shall set forth:

(i) the specific reason or reasons for the denial of the appeal;

(ii) reference to the specific Plan provisions on which the denial of the appeal is based;

(iii) a statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the Claimant's benefits claim (and a document, record or other information shall be considered "relevant" to the benefits claim, as provided in Department of Labor Regulation Section 2560.503-1(m)(8)); and

(iv) a statement describing Claimant's right to bring an action under ERISA Section 502(a).

(d) If, upon appeal, the EDCP Committee shall grant the relief requested by the Claimant, then, in addition, the EDCP Committee shall award to the Claimant reasonable fees and expenses of counsel, or any other duly authorized representative of Claimant, which shall be paid by the Company. The determination as to whether such fees and expenses are reasonable shall be made by the Company in its sole and absolute discretion and such determination shall be binding and conclusive on all parties.

8.4 Notice of Denials. The EDCP Committee's notice of denial of a benefits claim shall identify the address to which the Claimant may forward his appeal.

ARTICLE IX ADMINISTRATION

9.1 Powers of the EDCP Committee.

(a) Plan Administrator. The EDCP Committee shall be the administrator of the Plan and shall be responsible for the administration of the Plan.

(b) General Powers of the EDCP Committee. The EDCP Committee shall have the power and discretion to perform the administrative duties described in this Plan or required for proper administration of the Plan and shall have all powers necessary to enable it to properly carry out such duties. Without limiting the generality of the foregoing, the EDCP Committee shall have the power and discretion to construe and interpret this Plan, to hear and resolve claims relating to this Plan, and to decide all questions and disputes arising under this Plan. The EDCP Committee shall determine, in its discretion, the service credited to the Participants, the status and rights of a Participant, and the identity of the Beneficiary or Beneficiaries entitled to receive any benefits payable hereunder on account of the death of a Participant. The decision or action of the EDCP Committee in respect of any question arising under or in connection with the Plan and the rules and regulations promulgated hereunder shall be final and conclusive and binding upon all persons having an interest in the Plan.

(c) Distributions. Except as is otherwise provided hereunder, the EDCP Committee shall determine the manner and time of payment of benefits under this Plan. All benefit disbursements by the Trustee shall be made upon the instructions of the EDCP Committee.

(d) Decisions Conclusive. The decision of the EDCP Committee upon all matters within the scope of its authority shall be binding and conclusive upon all persons.

(e) Reporting. The EDCP Committee shall file all reports and forms lawfully required to be filed by the EDCP Committee and shall distribute any forms, reports or statements to be distributed to Participants and others.

(f) Trust Fund. The EDCP Committee shall keep itself advised with respect to the funded status and investment of the Trust Fund.

9.2 Creation of Committee.

The EDCP Committee shall be appointed by the Chief Executive Officer of the Company. The EDCP Committee must consist of at least three members. The EDCP Committee members shall serve without compensation but shall be reimbursed for all expenses by the Company. The EDCP Committee shall conduct itself in accordance with the provisions of this Article IX. The members of the EDCP Committee may resign with thirty (30) days notice in writing to the Company and may be removed immediately at any time by written notice from the Company. The EDCP Committee may have duties with respect to other plans of the Company that are or identical to its duties under the Plan.

9.3 Appointment of Agents.

The EDCP Committee may appoint such other agents, who need not be members of the EDCP Committee, as it may deem necessary for the effective performance of its duties, whether ministerial or discretionary, as the EDCP Committee may deem expedient or appropriate. The compensation of any agents who are not employees of the Company shall be fixed by the EDCP Committee within any limitations set by the HRC.

9.4 Majority Vote and Execution of Instruments.

In all matters, questions and decisions, the action of the EDCP Committee shall be determined by a majority vote of its members. They may meet informally or take any ordinary action without the necessity of meeting as a group. All instruments executed by the EDCP Committee shall be executed by a majority of its members or by any member of the EDCP Committee designated to act on its behalf.

9.5 Allocation of Responsibilities.

The EDCP Committee may allocate responsibilities among its members or designate other persons to act on its behalf. Any allocation or designation, however, must be set forth in writing and must be retained in the permanent records of the EDCP Committee.

9.6 Conflict of Interest.

No member of the EDCP Committee who is a Participant shall take any part in any action in connection with his participation as an individual. Such action shall be voted or decided by the remaining members of the EDCP Committee.

9.7 Indemnification.

The Company shall indemnify and hold harmless the members of the EDCP Committee against any and all claims, loss, damage, expense or liability arising from any action or failure to act with respect to this Plan on account of such member's service on the EDCP Committee, except in the case of gross negligence or willful misconduct.

9.8 Action Taken by Employee.

Any action to be taken by an Employer shall be taken by resolution adopted by its board of directors or appropriate board committee; provided, however, that by resolution, the board of directors or appropriate board committee may delegate to any committee of the board or any officer of the Employer the authority to take any actions under this Plan, other than the power to determine the basis of Employer contributions.

9.9 Discretionary Authority.

All delegations of responsibility set forth in this document regarding the determination of benefits and the interpretation of the terms of the Plan confer discretionary authority upon the person delegated such responsibility.

9.10 Participant Statements.

The EDCP Committee shall provide a statement of Plan Accounts to each Participant and Beneficiary on a quarterly or more frequent basis, as determined by the EDCP Committee in its discretion. Such statement of Plan Accounts shall reflect the amounts allocated to each Account maintained for the Participant, the Participant's vested interest in his Accounts, any distributions, withdrawals or expenses charged against the Participant's Account, the hypothetical investment earnings and losses on the Participant's Account, and any other information deemed appropriate by the EDCP Committee.

ARTICLE X
MISCELLANEOUS

10.1 Participating Employers.

(a) The Board shall designate each Employer which shall become a participating Employer under the Plan.

(b) As a condition to participating in the Plan, each participating Employer shall be deemed to have authorized the EDCP Committee to act for it in all matters arising under or with respect to the Plan and shall comply with such other terms and conditions as may be imposed by the EDCP Committee.

(c) Each participating Employer hereby irrevocably grants the Company full and exclusive power to exercise, enforce or waive any right which such Employer might otherwise have under the terms of the Plan, and each participating Employer irrevocably appoints the Company as its agent for such purpose.

(d) Each Employer shall be responsible for the benefits under this Plan with respect to each Participant employed by such Employer.

(e) Notwithstanding paragraph (d) of this Section 10.1, the Company may assume the obligations of any Employer to provide benefits to Participants under the Plan.

(f) Each participating Employer may cease to participate in the Plan with respect to its employees by resolution of its governing body, if authorized to do so by the Company.

10.2 Unsecured General Creditor.

(a) Participants and their Beneficiaries, heirs, successors, and assigns shall have no legal or equitable rights, claims, or interest in any specific property or assets of any such Participant's Employer or the Company. Any rights created under this Plan with respect to a Participant shall be mere unsecured contractual rights of the Participant against the Employer (or the Employers if a Participant has been employed by more than one Employer) responsible for the Participant's benefits or the Company.

(b) In the event that the trustee under the Trust (or any Employer) purchases (i) an insurance policy or policies insuring the lives of Participants or (ii) any other property to allow any Employer to recover the costs of any payments required to be made by them under this Plan, no Participant nor any of his or her designated Beneficiaries shall have or acquire any right whatsoever therein or in the proceeds therefrom. The trustee under the Trust (or, if applicable the Employer) shall be the sole owner of any such policy or policies, and, as such, shall possess and may exercise all incidents of ownership.

10.3 Restriction Against Assignment.

(a) Except as may otherwise be required under applicable law, the Company or the Employer shall pay all amounts payable hereunder only to the person or persons designated by the Plan and not to any other person or corporation. Except as may otherwise be required under applicable law, no part of a Participant's Accounts shall be liable for the debts, contracts, or engagements of any Participant, his or her Beneficiary, or successors in interest, nor shall a Participant's Accounts be subject to execution by levy, attachment, or garnishment or by any other legal or equitable proceeding, nor shall any such person have any right to alienate, anticipate, commute, pledge, encumber, or assign any benefits or payments hereunder in any manner whatsoever. If any Participant, Beneficiary or successor in interest is adjudicated bankrupt or purports to anticipate, alienate, sell, transfer, assign, pledge, encumber or charge any distribution or payment from the Plan, voluntarily or involuntarily, the EDCP Committee, in its discretion, may cancel such distribution or payment (or any part thereof) to or for the benefit of such Participant, Beneficiary or successor in interest in such manner as the EDCP Committee shall direct.

(b) If the EDCP Committee determines that a domestic relations order (within the meaning of Section 414(p)(1)(B) of the Code) requires that all or a portion of a Participant's vested Accounts be paid to an individual other than the Participant, the Company or the Employer shall pay all or a portion of such vested Accounts to such individual in accordance

with such order. Any such amount shall be paid in a lump sum payment and shall generally be paid within 30 days of the Participant's Separation from Service (including any Separation from Service on account of death or Disability) or, if later, within thirty (30) days after the EDCP Committee receives the domestic relations order.

10.4 Withholding.

There shall be deducted from each payment made under the Plan or any other compensation payable to the Participant (or Beneficiary) all taxes which are required to be withheld by the Employer in respect to such payment or this Plan. The Employer shall have the right to reduce any payment (or compensation) by the amount of cash sufficient to provide the amount of said taxes.

10.5 Amendment, Modification, Suspension or Termination.

(a) The Company may amend, modify, suspend or terminate the Plan in whole or in part (including, without limitation, to comply with Sections 409A(a)(2), (3) and (4) of the Code and the Treasury Regulations and applicable guidance thereunder), except that (i) no amendment, modification, suspension or termination shall have any retroactive effect to reduce any amounts allocated to a Participant's Accounts, and (ii) Section 8.1 may not be amended with respect to any Participant or Beneficiary following the date the Participant or Beneficiary makes a claim for benefits under the Plan.

(b) Additionally, the EDCP Committee may amend, modify or suspend the Plan in whole or in part, provided that such amendment, modification or suspension does not have a material adverse financial effect on the Company or the Plan and except that (i) no amendment, modification or suspension shall have any retroactive effect to reduce any amounts allocated to a Participant's Accounts, and (ii) Section 8.1 may not be amended with respect to any Participant or Beneficiary following the date the Participant or Beneficiary makes a claim for benefits under the Plan.

10.6 Governing Law.

This Plan shall be construed, governed and administered in accordance with the Employee Retirement Income Security Act of 1974, as amended.

10.7 Receipt or Release.

Any payment to a Participant or the Participant's Beneficiary in accordance with the provisions of the Plan shall, to the extent thereof, be in full satisfaction of all claims against the EDCP Committee, the Employer and the trustee of any grantor trust that holds assets for purposes of making benefit payments under the Plan. The EDCP Committee may require such Participant or Beneficiary, as a condition precedent to such payment, to execute a receipt and release to such effect.

10.8 Payments on Behalf of Persons under Incapacity.

In the event that any amount becomes payable under the Plan to a person who, in the sole judgment of the EDCP Committee, is considered by reason of physical or mental condition to be unable to give a valid receipt therefore, the EDCP Committee may direct that such payment be made to any person found by the EDCP Committee, in its sole judgment, to have assumed the care of such person. Any payment made pursuant to such determination shall constitute a full release and discharge of the EDCP Committee and the Company.

10.9 Termination of Participation and/or Deferrals.

If the EDCP Committee determines in its sole discretion that a Participant no longer qualifies as a member of a select group of management or highly compensated employees, for purposes of the Employee Retirement Income Security Act of 1974, the EDCP Committee shall have the right, in its sole discretion to (i) terminate any deferral election the Participant has made for the remainder of the Plan Year in which the Participant's membership status changes, (ii) prevent the Participant from making future deferral elections, and/or (iii) immediately distribute in the form of a lump sum cash payment, the vested portion of the amount credited to the Participant's Accounts and terminate the Participant's participation in the Plan (with the unvested portion being forfeited or, at the discretion of the EDCP Committee, treated as vested).

10.10 Headings, etc. Not Part of Agreement.

Headings and subheadings in this Plan are inserted for convenience of reference only and are not to be considered in the construction of the provisions hereof.

Executed at Las Vegas, Nevada as of August 3, 2007.

HARRAH'S ENTERTAINMENT, INC.

By: /S/ Mary Thomas

Name: Mary Thomas

Title: Senior Vice President, Human Resources

Appendix A

**SPECIAL RULES FOR CERTAIN INDIVIDUALS
WHO WERE PARTICIPANTS IN THE
CAESARS WORLD INC. EXECUTIVE SECURITY PLAN**

Effective July 1, 2001 (the "Transfer Date"), the assets held by the Trust shall include assets that were previously held by a trust under the Caesars World Inc. Executive Security Plan (the "Caesars Plan") for purposes of paying benefits to participants under the Caesars Plan ("Caesars Participants") who are (i) Caesars Participants who are employed by an Employer; (ii) Caesars Participants who are receiving monthly benefits under the Caesars Plan on the Transfer Date; or (iii) terminated Caesars Participants who are vested in their accrued benefit under the Caesars Plan, but are not entitled to receive payment of their benefits under the Caesars Plan on the Transfer Date, because two years have not elapsed since their termination of employment.

For purposes of this Appendix A, any term used herein (or incorporated by reference herein) that is not separately defined in this Appendix shall have the meaning set forth elsewhere in the Plan.

The following special rules shall apply to Caesars Participants:

1. Caesars Plan Participants who are Employed by an Employer.

(a) The EDCP Committee shall establish and maintain a "Caesars Plan Account" for each Caesars Participant who is an Employee of an Employer on the Transfer Date; and each such Caesars Participant for whom a Caesars Plan Account is established shall become a Participant under the Plan on the Transfer Date if not already a Participant pursuant to Section 2.1 herein. Each such Participant's Caesars Plan Account shall be further divided into separate subaccounts corresponding to the Fund elected by the Participant pursuant to paragraph (b). The subaccounts of the Participant's Caesars Plan Account shall collectively be credited as of the Transfer Date with an amount equal to the present value of the Participant's accrued benefit under the Caesars Plan as of the date on which such Participant's benefit under the Caesars Plan was frozen, as determined by the Administrative Committee under the Caesars Plan in accordance with the applicable provisions of the Caesars Plan (such amount being hereinafter referred to as a Participant's "Caesars Plan Benefit"). In the event that a Terminated Caesars Participant (as defined in Section 3(a) of this Appendix) becomes employed by an Employer prior to receiving payment of his Caesars Plan Benefit under Section 3 herein, the EDCP Committee shall establish and maintain a Caesars Plan Account for such Participant and the subaccounts of such Participant's Caesars Plan Account shall be credited on the date on which the Terminated Caesars Participant becomes employed by an Employer, with an amount equal to the Participant's Caesars Plan Benefit. Each subaccount of a Participant's Caesars Plan Account shall be credited with earnings and debited with losses at the time and in a manner determined by the EDCP Committee.

(b) Prior to the Transfer Date, the Participant shall designate, in a manner prescribed by the EDCP Committee, the Funds in which the Participant's Caesars Plan Account shall be

deemed to be invested for purposes of determining the amount of earnings to be credited, and/or losses to be debited to the Caesars Plan Account under paragraph (a). The provisions of Sections 3.3(b), (c), (d) and (e) shall apply to the designation of Funds by the Participant pursuant to this paragraph.

(c) (i) The amount that is credited to a Participant's Caesars Plan Account shall be or become nonforfeitable if the Participant has completed or completes five years of Continuous Employment. For purposes of this paragraph, Continuous Employment shall mean a Participant's continuing years and full months of service as an Employee, commencing with the date on which the employee became a participant in the Caesars Plan, which shall include service with Caesars World Inc. and its affiliates prior to the acquisition of Caesars World Inc. by the Company. In determining the number of years of Continuous Employment completed by a Participant, each full month of Continuous Employment shall be counted as one-twelfth of a year of Continuous Employment.

(ii) If a Participant who has Accounts under the Plan and is not vested in his or her Caesars Plan Account, receives or commences to receive the payment of the amount credited to his or her Accounts, such Participant's Caesars Plan Account shall immediately be forever forfeited and neither the Company nor the Participant's Employer shall have any obligation to the Participant (or the Participant's Beneficiary) with respect to such forfeited amount.

(iii) If a Participant who does not have Accounts under the Plan and is not vested in his or her Caesars Plan Account has a Separation from Service, such Participant's Caesars Plan Account shall immediately be forever forfeited and neither the Company nor the Participant's Employer shall have any obligation to the Participant (or the Participant's Beneficiary) with respect to such forfeited amount.

(iv) Notwithstanding subparagraph (i) of this paragraph, a Participant's Caesars Plan Account shall become fully vested if the Participant becomes Disabled while employed by the Employer.

(v) Notwithstanding any provisions contained herein, a Participant's Caesars Plan Account shall be immediately forfeited and no benefits attributable to the Participant's Caesars Plan Account shall be payable (or if payments attributable to the Participant's Caesars Plan Account have commenced, no further benefits shall be paid) if:

(x) the Participant has a Separation from Service by reason of termination by the Employer for a material act of dishonesty, disclosure of confidential information, gross carelessness, significant neglect of duty, breach of fiduciary duty to the Employer or Company, misappropriation of assets, commission of an illegal act or any action that has a direct, substantial, and adverse affect on the reputation or business of the Employer, Company or any affiliate; or

(y) the Participant has a Separation from Service and, before two years have elapsed after such Separation from Service, such Participant becomes an employee of or a consultant to a Competitor or such Participant becomes a Competitor; or

(z) the Participant discloses or uses without prior approval of an officer of the Company, any confidential information of the Company or any Employer including, without limitation, data and information concerning customers, marketing strategies, trade representatives, employees, and any risk or exposure confronting the Company or any Employer where such use or disclosure adversely affects the financial condition, business or reputation of the Company, Employer or any affiliate thereof.

(vi) [Reserved]

(d) If a Participant has made an election to defer Base Compensation pursuant to Section 3.1 or Bonus Compensation pursuant to Section 3.2, the amount credited to such Participant's Caesars Plan Account shall be paid in the form of payment in which the Participant receives payment of the amount credited to his or her Accounts under Section 6.1.

(e) If a Participant has not elected to defer or is not eligible to elect to defer Base Compensation pursuant to Section 3.1 or Bonus Compensation pursuant to Section 3.2, such Participant must elect, on the form provided by the EDCP Committee, to receive payment of the amount credited to his or her Caesars Plan Account in one of the optional forms of payment described in Section 6.1(c). The form in which a Participant receives payment of his or her Caesars Plan Account shall be subject to the rules provided for under Section 6.1.

(f) Subject to Sections 6.3, 6.3A, 6.3B and 6.3C, the amount credited to a Participant's Caesars Plan Account shall be paid or commence to be paid within thirty (30) days after the Participant's Separation from Service; provided, however, that if a Participant has not attained age 63 on or prior to the date of such Separation from Service, such Participant shall receive or commence to receive payment of the amount credited to his or her Caesars Plan Account within thirty (30) days after the second anniversary of such Participant's Separation from Service (unless the Participant's Caesars Plan Account is forfeited pursuant to subparagraph (v) of paragraph (c) herein).

2. Caesars Participants who were Receiving Monthly Payments Prior to the Transfer Date.

If, on the Transfer Date, a Caesars Participant is receiving payment of monthly benefits under the Caesars Plan, all remaining benefits to be paid under the Caesars Plan to such Caesars Participant on or after the Transfer Date shall be paid under the Plan. All such benefits shall be paid to any such Caesars Participant at the same time and in the same manner as such benefits would have been paid to such Caesars Participant under the Caesars Plan.

3. Terminated Vested Caesars Plan Participants.

(a) If, on the Transfer Date, a terminated Caesars Participant who has not attained age 63, is vested in his or her Caesars Plan Benefit (as defined in Section 1(a) of this Appendix), but is not entitled to receive payment of such benefit under the Caesars Plan on the Transfer Date, solely because two years have not elapsed since such Caesars Participant's Separation from

Service (any such Caesars Participant being hereinafter referred to as a “Terminated Caesars Participant”), such Terminated Caesars Participant shall receive payment of his or her Caesars Plan Benefit under this Plan in accordance with paragraph (b) of this Section 3.

(b) A Terminated Caesars Participant shall receive payment of his or her Caesars Plan Benefit in the form of a lump sum payment within thirty (30) days after the second anniversary of such Participant’s Separation from Service (the “Two-Year Period”).

(c) Notwithstanding any provisions contained herein, the Caesars Plan Benefit of a Terminated Caesars Participant shall be immediately forfeited and no Caesars Plan Benefit shall be payable to a Terminated Caesars Participant (or if payments have commenced, no further benefits shall be paid) if:

(i) the Terminated Caesars Participant becomes an employee of or a consultant to a Competitor or such Terminated Caesars Participant becomes a Competitor before the completion of the Two-Year Period, or

(ii) the Terminated Caesars Participant discloses or uses without prior approval of an officer of the Company, any confidential information of the Company or any Employer including, without limitation, data and information concerning customers, marketing strategies, trade representatives, employees, and any risk or exposure confronting the Company or any Employer where such use or disclosure adversely affects the financial condition, business or reputation of the Company, Employer or any affiliate thereof.

(d) [Reserved]

**AMENDMENT AND RESTATEMENT OF THE
HARRAH'S ENTERTAINMENT, INC.
EXECUTIVE SUPPLEMENTAL SAVINGS PLAN
Effective as of August 3, 2007**

**AMENDMENT AND RESTATEMENT OF THE
HARRAH'S ENTERTAINMENT, INC.
EXECUTIVE SUPPLEMENTAL SAVINGS PLAN**

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE ONE PREAMBLE	1
ARTICLE TWO DEFINITIONS	2
2.1 "Account" or "Accounts"	2
2.2 "Affiliate"	2
2.3 "Beneficiary"	2
2.4 "Board"	2
2.5 "Bonus"	2
2.6 "Change of Control"	2
2.7 "Code"	4
2.8 "Company"	4
2.9 "Compensation"	4
2.10 "DCP"	4
2.11 "Deferral Contribution"	4
2.12 "Deferral Contribution Account"	4
2.13 "Deferral Period"	4
2.14 "Disability" or "Disabled"	5
2.15 "Discretionary Contribution"	5
2.16 "Discretionary Contribution Account"	5
2.17 "EDCP"	5
2.18 "EDCP Committee"	5
2.19 "EDCP Investment Committee"	5
2.20 "EDCP Pre-Termination Withdrawal"	5
2.21 "EDCP Retirement Account"	5
2.22 "EDCP Termination Account"	5
2.23 "Effective Date"	5
2.24 "Employee"	5
2.25 "Employer"	5
2.26 "Enhancement Contribution"	6
2.27 "ERISA"	6
2.28 "HRC"	6
2.29 "Investment Fund"	6
2.30 "Matching Contribution"	6
2.31 "Matching Contribution Account"	6
2.32 "Matching Limit"	6
2.33 "Participant"	6
2.34 "Participation Agreement"	6
2.35 "Pay Status"	6
2.36 "Plan"	6
2.37 "Salary"	6

**AMENDMENT AND RESTATEMENT OF THE
HARRAH'S ENTERTAINMENT, INC.
EXECUTIVE SUPPLEMENTAL SAVINGS PLAN**

TABLE OF CONTENTS

	<u>Page</u>
2.38 "Savings and Retirement Plan"	7
2.39 "Separation from Service"	7
2.40 "Service Provider"	7
2.41 "Service Recipient"	7
2.42 "Special Distribution Election Period"	7
2.43 "Specified Employee"	7
2.44 "Specified Employee Effective Date"	7
2.45 "Specified Employee Identification Date"	8
2.46 "Trust Agreement"	8
2.47 "Trust Fund"	8
2.48 "Trustee"	8
2.49 "Valuation Date"	8
2.50 "Years of Vesting Service"	8
ARTICLE THREE ELIGIBILITY	8
3.1 Selection of Participants.	8
3.2 Participation Agreement.	9
3.3 Revised Participation Agreement.	10
3.4 Discontinuance of Participation.	10
3.5 Reemployment.	10
3.6 Adoption by Affiliates.	10
ARTICLE FOUR CONTRIBUTIONS	11
4.1 Participant Contributions.	11
4.2 Matching Contributions.	12
4.3 Change in Contributions.	13
4.4 Suspension of Contributions.	13
4.5 Transferred Contributions.	14
4.6 Discretionary Contributions.	15
4.7 Enhancement Contributions.	15
4.8 Transfers to Harrah's ESSP II.	16
ARTICLE FIVE WITHDRAWALS	18
5.1 Unforeseeable Emergency Withdrawals.	18
5.2 Account Adjustments.	19
5.3 [Reserved]	19
5.4 In-Service Withdrawals for EDCP Transfers.	19

**AMENDMENT AND RESTATEMENT OF THE
HARRAH'S ENTERTAINMENT, INC.
EXECUTIVE SUPPLEMENTAL SAVINGS PLAN**

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE SIX CREDITING OF CONTRIBUTIONS AND INCOME	20
6.1 Account Allocations.	20
6.2 Subaccounts.	20
6.3 Hypothetical Investment Funds.	20
6.4 Investment Direction.	21
6.5 Rate of Return.	21
6.6 Application to Beneficiaries	21
6.7 EDCP Investment Committee.	21
ARTICLE SEVEN VESTING	22
7.1 Vesting of Benefits.	22
7.2 Changes in Vesting Schedule.	23
ARTICLE EIGHT PAYMENT OF BENEFITS	24
8.1 Time of Payment	24
8.2 Method of Payments.	24
8.3 Beneficiary Designations.	26
8.4 Prohibition on Acceleration of Distributions.	27
8.5 Withholding and Payroll Taxes.	27
8.6 [Reserved]	27
8.7 Special Lump Sum Distribution.	27
8.8 Special Distribution Elections.	28
8.9 Compliance with Section 409A of the Code.	31
ARTICLE NINE ADMINISTRATION OF THE PLAN	31
9.1 Adoption of Trust.	31
9.2 Powers of the EDCP Committee.	32
9.3 Creation of Committee.	32
9.4 Appointment of Agents.	32
9.5 Majority Vote and Execution of Instruments.	33
9.6 Allocation of Responsibilities.	33
9.7 Conflict of Interest.	33
9.8 Indemnification.	33
9.9 Action taken by Employer.	33
9.10 Fiduciary Authority.	33
9.11 Participant Statements.	33

**AMENDMENT AND RESTATEMENT OF THE
HARRAH'S ENTERTAINMENT, INC.
EXECUTIVE SUPPLEMENTAL SAVINGS PLAN**

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE TEN CLAIM REVIEW PROCEDURE	33
10.1 General.	33
10.2 Appeals.	34
10.3 Notice of Denials.	34
ARTICLE ELEVEN LIMITATION ON ASSIGNMENT; PAYMENTS TO LEGALLY INCOMPETENT DISTRIBUTE	35
11.1 Anti-Alienation Clause.	35
11.2 Permitted Arrangements.	35
11.3 Payment to Minor or Incompetent.	35
ARTICLE TWELVE AMENDMENT, MERGER AND TERMINATION	35
12.1 Amendment.	35
12.2 Merger or Consolidation of Company.	36
12.3 Termination of Plan or Discontinuance of Contributions.	36
12.4 Continuation of Plan following a Change of Control.	36
12.5 Limitation of Company's Liability.	36
12.6 Limitation on Distributions.	36
ARTICLE THIRTEEN GENERAL PROVISIONS	37
13.1 Limitation of Rights.	37
13.2 Construction.	37
13.3 Status of Participants as Unsecured Creditors.	37
13.4 Status of Trust Fund.	37
13.5 Funding upon a Change of Control.	37
13.6 Uniform Administration.	38
13.7 Heirs and Successors.	38
13.8 Electronic Administration.	38

**AMENDMENT AND RESTATEMENT OF THE
HARRAH'S ENTERTAINMENT, INC.
EXECUTIVE SUPPLEMENTAL SAVINGS PLAN**

Effective as of August 3, 2007

**ARTICLE ONE
PREAMBLE**

HARRAH'S ENTERTAINMENT, INC., a corporation organized and existing under the laws of the State of Delaware (the "Company"), adopted the Harrah's Entertainment, Inc. Executive Supplemental Savings Plan (the "Plan") in order to provide key executives with an opportunity and incentive to save for retirement and other purposes. The Plan was amended and restated effective April 1, 2001, to permit discretionary contributions, to delegate certain amendment authority, to remove the restrictions on installment payments and to make certain other changes.

The purpose of this Plan is to provide a select group of management or highly compensated employees of the Company and certain of its affiliates with the opportunity to defer a portion of their compensation and to receive contributions from their employers. As a result, the Plan shall be considered a "top hat plan", exempt from many of the requirements of the Employee Retirement Income Security Act of 1974 ("ERISA"). This Plan is not intended to "qualify" for favorable tax treatment pursuant to Section 401(a) of the Internal Revenue Code of 1986 (the "Code") or any successor section or statute.

The Plan was subsequently amended in certain respects, and the Plan was amended to provide that no deferrals will be made under the Plan for Salary or Bonus or other amounts earned during the 2005 Deferral Period or any later Deferral Period.

The Plan was subsequently amended by the First and Second Amendments to the Plan and was amended and restated generally effective as of January 1, 2005.

The Human Resources Committee of the Board of Directors of Harrah's Entertainment, Inc. now wishes to amend the Plan to provide each Participant and each Beneficiary of a deceased Participant with an opportunity to elect to receive a special lump sum distribution from his or her Accounts under the Plan during 2008, and an opportunity to make special distribution elections, in accordance with the transitional relief under Internal Revenue Service Notice 2005-1, Q/A-19(c), the Proposed Regulations under Section 409A of the Code and Internal Revenue Service Notice 2006-79.

The Company has adopted this Amendment and Restatement of the Plan, effective as of August 3, 2007. This Amendment and Restatement of the Plan incorporates the prior amendment and restatement of the Plan and constitutes a complete amendment, restatement and continuation of the Plan. This Amendment and Restatement of the Plan is intended to comply with the requirements of Sections 409A(a)(2), (3) and (4) of the Code and the Treasury Regulations thereunder. As provided in Notice 2006-79, with respect to an election or amendment to change a time and form of payment under the Plan made on or after January 1,

2007 and on or before December 31, 2007, the election or amendment shall apply only to amounts that would not otherwise be payable in 2007 and shall not cause an amount to be paid in 2007 but would not otherwise be payable in 2007. The Plan, as in effect prior to this Amendment and Restatement of the Plan, shall govern distributions under the Plan prior to August 3, 2007.

ARTICLE TWO DEFINITIONS

When a word or phrase appears in this Plan with the initial letter capitalized, and the word or phrase does not begin a sentence, the word or phrase shall generally be a term defined in this Article Two or in the Preamble. The following words and phrases used in the Plan with the initial letter capitalized shall have the meanings set forth in this Article Two, unless a clearly different meaning is required by the context in which the word or phrase is used:

2.1 “Account” or “Accounts” means the accounts which may be maintained by the EDCP Committee to reflect the interest of a Participant or the Beneficiary of a deceased Participant under the Plan.

2.2 “Affiliate” means (a) a corporation which is a member of the same controlled group of corporations (within the meaning of Section 414(b) of the Code) as is the Company, (b) any other trade or business (whether or not incorporated) controlling, controlled by, or under common control (within the meaning of Section 414(c) of the Code) with the Company, and (c) any other corporation, partnership, or other organization which is a member of an affiliated service group (within the meaning of Section 414(m) of the Code) with the Company or which is otherwise required to be aggregated with the Company pursuant to Section 414(o) of the Code.

2.3 “Beneficiary” means the person or trust that a Participant, in his most recent written designation filed with the EDCP Committee, shall have designated to receive his benefit under the Plan in the event of his death or, if applicable, the person or entity determined in accordance with Section 8.3 (Beneficiary Designations).

2.4 “Board” means the Board of Directors of the Company.

2.5 “Bonus” means the incentive payment or payments earned by a Participant during a Deferral Period pursuant to the Company’s Annual Management Bonus Plan, the Company’s Senior Executive Incentive Plan, the Company’s Player Development Bonus Program and/or the Horseshoe Gaming Holding Corp. 2004 Annual Bonus Incentive Plan (the “Horseshoe 2004 Bonus Plan”), as such plans may be amended from time to time, and those short-term cash incentive plans that are approved by the EDCP Committee or its delegate, the Senior Vice President of Human Resources.

2.6 “Change of Control” means and includes each of the following:

(a) the acquisition, directly or indirectly, by any “person” or “group” (as those terms are defined in Sections 3(a)(9), 13(d) and 14(d) of the Securities Exchange Act of 1934 (the “Exchange Act”) and the rules thereunder) of “beneficial ownership” (as determined pursuant to Rule 13d-3 under the Exchange Act) of securities entitled to vote generally in the election of directors (“voting securities”) of the Company that represent 25% or more of the combined voting power of the Company’s then outstanding voting securities, other than

(1) an acquisition by a trustee or other fiduciary holding securities under any employee benefit plan (or related trust) sponsored or maintained by the Company or any person controlled by the Company or by any employee benefit plan (or related trust) sponsored or maintained by the Company or any person controlled by the Company, or

(2) an acquisition of voting securities by the Company or a corporation owned, directly or indirectly by the stockholders of the Company in substantially the same proportions as their ownership of the stock of the Company, or

(3) an acquisition of voting securities pursuant to a transaction described in clause (3) below that would not be a Change of Control under clause (3);

Notwithstanding the foregoing, neither of the following events shall constitute an “acquisition” by any person or group for purposes of this clause (a): an acquisition of the Company’s securities by the Company which causes the Company’s voting securities beneficially owned by a person or group to represent 25% or more of the combined voting power of the Company’s then outstanding voting securities; *provided, however*, that if a person or group shall become the beneficial owner of 25% or more of the combined voting power of the Company’s then outstanding voting securities by reason of share acquisitions by the Company as described above and shall, after such share acquisitions by the Company, become the beneficial owner of any additional voting securities of the Company, then such acquisition shall constitute a Change of Control; or

(b) during any period of two consecutive years, individuals who, at the beginning of such period, constitute the Board together with any new director(s) (other than a director designated by a person who shall have entered into an agreement with the Company to effect a transaction described in clauses (1) or (3) of this Section) whose election by the Board or nomination for election by the Company’s stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the two year period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or

(c) the consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination or (y) a sale or other disposition of all or substantially all of the Company’s assets or (z) the acquisition of assets or stock of another entity, in each case other than a transaction

(1) which results in the Company’s voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company’s assets or otherwise

succeeds to the business of the Company (the Company or such person, the "Successor Entity") directly or indirectly, at least a majority of the combined voting power of the Successor Entity's outstanding voting securities immediately after the transaction, and

(2) after which no person or group beneficially owns voting securities representing 25% or more of the combined voting power of the Successor Entity; *provided, however*, that no person or group shall be treated for purposes of this clause (B) as beneficially owning 25% or more of combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction; or

(d) the Company's stockholders approve a liquidation or dissolution of the Company.

(e) The Human Resources Committee of the Board shall have full and final authority, which shall be exercised in its discretion, to determine conclusively whether a Change of Control of the Company has occurred pursuant to the above definition, and the date of the occurrence of such Change of Control and any incidental matters relating thereto.

2.7 "Code" means the Internal Revenue Code of 1986, as amended.

2.8 "Company" means Harrah's Entertainment, Inc.

2.9 "Compensation" means, for each Deferral Period, the total Salary paid to the Participant and the Bonus earned by the Participant.

2.10 "DCP" means Harrah's Entertainment, Inc. Deferred Compensation Plan, as it may be amended from time to time.

2.11 "Deferral Contribution" means a contribution by a Participant pursuant to Section 4.1 (Participant Contributions) of this Plan.

2.12 "Deferral Contribution Account" means the Account maintained to record the Deferral Contributions made by a Participant pursuant to Section 4.1 (Participant Contributions), as adjusted to reflect the rate of return on the hypothetical Investment Funds selected by the Participant in accordance with Section 6.4 (Investment Direction) and other credits or charges called for by this Plan.

2.13 "Deferral Period" means, generally, the 12 month period beginning on each January 1 and ending on the next following December 31. The initial Deferral Period shall commence as soon as administratively feasible after the Effective Date and shall end on the next following December 31. With respect to Participants who enter the Plan after the Effective Date, the initial Deferral Period shall commence on the date the Participant is notified of his eligibility to participate in the Plan in accordance with Section 3.1 (Selection of Participants) and shall end on the next following December 31; provided, however, that, for purposes of Section 2.5, the initial Deferral Period for such a Participant shall mean the 12 month period beginning on January 1 and ending on the next following December 31 during which such Participant is notified of his eligibility to participate in the Plan in accordance with Section 3.1.

2.14 “Disability” or “Disabled” means, for purposes of this Plan, that the Participant qualifies to receive long term disability payments under the Employer’s long term disability insurance program, as it may be amended from time to time.

2.15 “Discretionary Contribution” means an Employer contribution determined in accordance with Sections 4.6 or 4.7 of this Plan, which may, in the discretion of the Employer, be transferred to the Trust.

2.16 “Discretionary Contribution Account” means the Account maintained to record the Discretionary Contributions calculated in accordance with Section 4.6 (other than Enhancement Contributions) on behalf of a Participant, as adjusted to reflect the rate of return on the hypothetical Investment Funds selected by the Participant in accordance with Section 6.4 and other credits or charges called for by this Plan. A Participant’s Discretionary Contribution Account may be divided into sub-accounts as determined by the EDCP Committee.

2.17 “EDCP” means the Harrah’s Entertainment, Inc. Executive Deferred Compensation Plan, as it may be amended from time to time.

2.18 “EDCP Committee” means the committee designated in accordance with Section 9.3 (Creation of Committee) to carry out the administrative responsibilities under the Plan.

2.19 “EDCP Investment Committee” means the committee that has the responsibility for selecting and monitoring performance of the Investment Funds.

2.20 “EDCP Pre-Termination Withdrawal” has the same meaning as it does under the EDCP.

2.21 “EDCP Retirement Account” has the same meaning as it does under the EDCP.

2.22 “EDCP Termination Account” has the same meaning as it does under the EDCP.

2.23 “Effective Date” means April 1, 2001. With respect to each Affiliate that adopts this Plan after April 1, 2001, the term “Effective Date” means the date designated by the adopting Affiliate.

2.24 “Employee” means any individual classified by an Employer as a common law employee of the Employer. For this purpose, the classification that is relevant is the classification in which such individual is placed by the Employer for purposes of this Plan and the classification of such individual for any other purpose (e.g., employment tax or withholding purposes) shall be irrelevant. If an individual is characterized as a common law employee of the Employer by a governmental agency or court but not by the Employer, such individual shall be treated as an employee who has not been designated for participation in this Plan.

2.25 “Employer” means the Company and any Affiliate that has adopted this Plan pursuant to Section 3.6 (Adoption by Affiliates).

2.26 "**Enhancement Contribution**" means the specific Discretionary Contribution determined in accordance with Section 4.7 of this Plan, which may, in the discretion of the Employer, be transferred to the Trust.

2.27 "**ERISA**" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

2.27A "**Harrah's ESSP II**" shall mean the Harrah's Entertainment, Inc. Executive Supplemental Savings Plan II, as amended.

2.28 "**HRC**" means the Human Resources Committee of the Board.

2.29 "**Investment Fund**" means the hypothetical investment fund or funds established by the EDCP Investment Committee pursuant to Section 6.4 (Investment Direction).

2.30 "**Matching Contribution**" means an Employer contribution calculated in accordance with Section 4.2 (Matching Contributions) of this Plan, which may, in the discretion of the Employer, be transferred to the Trust.

2.31 "**Matching Contribution Account**" means the Account maintained to record the Matching Contributions calculated in accordance with Section 4.2 (Matching Contributions) on behalf of a Participant, as adjusted to reflect the rate of return on the hypothetical Investment Funds selected by the Participant in accordance with Section 6.4 (Investment Direction) and other credits or charges called for by this Plan.

2.32 "**Matching Limit**" means the designated percentage of compensation of Participant contributions to the Savings and Retirement Plan that are eligible for a matching contribution under the Savings and Retirement Plan.

2.33 "**Participant**" means any Employee who has been selected for participation in the Plan. The term "Participant" also shall include former Participants whose benefits under the Plan have not been fully distributed pursuant to the provisions of the Plan.

2.34 "**Participation Agreement**" means the written agreement to defer Salary and/or Bonus submitted by a Participant to the EDCP Committee in accordance with Section 3.2 (Participation Agreement) or Section 3.3 (Revised Participation Agreement).

2.35 "**Pay Status**" means, with respect to an EDCP Pre-Termination Withdrawal, that payments from the EDCP have commenced.

2.36 "**Plan**" means the Harrah's Entertainment, Inc. Executive Supplemental Savings Plan, as it may be amended from time to time.

2.37 "**Salary**" means the annual base salary paid to the Participant by the Employer during the Deferral Period, before reduction for amounts deferred pursuant to this Plan, the Savings and Retirement Plan, any plan maintained under Section 125 of the Code or any other plan maintained by the Company or an Employer. Salary does not include expense reimbursements, salary continuation payments except as otherwise provided by an employment agreement or separation agreement, or any form of non-cash compensation and benefits.

2.38 “Savings and Retirement Plan” means the Harrah’s Entertainment, Inc. Savings and Retirement Plan, as it may be amended from time to time.

2.39 “Separation from Service” of a Service Provider means his or her “separation from service,” as defined in Treasury Regulation Section 1.409A-1(h), with respect to the Service Recipient.

2.40 “Service Provider” means a Participant or any other “service provider”, as defined in Treasury Regulation Section 1.409A-1(f).

2.41 “Service Recipient”, with respect to any Service Provider, means the “service recipient,” as defined in Treasury Regulation Section 1.409A-1(g), as determined from time to time. As provided in Treasury Regulation Section 1.409A-1(g), the “service recipient” shall mean the person for whom the Service Provider’s services are performed and with respect to whom the legally binding right to compensation arises, and all persons with whom such person would be considered a single employer under Section 414(b) or 414(c) of the Code; *provided, however*, that for purposes of Section 2.39, the “service recipient” shall be determined as provided in Treasury Regulation Section 1.409A-1(h)(3).

2.42 “Special Distribution Election Period” means the period designated by the EDCP Committee during which the elections under Sections 8.7 and 8.8 may be made. The “Special Distribution Election Period” shall commence not earlier than August 3, 2007 and end not later than October 15, 2007.

2.43 “Specified Employee” means a Service Provider who, as of the date of the Service Provider’s Separation from Service, is a “Key Employee” of the Service Recipient any stock of which is publicly traded on an established securities market or otherwise. For purposes of this definition, a Service Provider is a “Key Employee” if the Service Provider meets the requirements of Section 416(i)(1)(A)(i), (ii) or (iii) of the Code (applied in accordance with the Treasury Regulations thereunder and disregarding Section 416(i)(5) of the Code) at any time during the Testing Year. If a Service Provider is a “Key Employee” (as defined above) as of a Specified Employee Identification Date, the Service Provider shall be treated as “Key Employee” for the entire 12 month period beginning on the Specified Employee Effective Date. For purposes of this Section 2.43, a Service Provider’s compensation for a Testing Year shall mean such Service Provider’s compensation, as determined under Treasury Regulation Section 1.415(c)-2(d)(4), from the Service Recipient for such Testing Year. The “Specified Employees” shall be determined in accordance with Section 409A(a)(2)(B)(i) of the Code and Treasury Regulation Section 1.409A-1(i).

2.44 “Specified Employee Effective Date” means the first day of the fourth month following the Specified Employee Identification Date. The Specified Employee Effective Date may be changed by the HRC, in its discretion, in accordance with Treasury Regulation Section 1.409A-1(i)(4).

2.45 “Specified Employee Identification Date”, for purposes of Treasury Regulation Section 1.409A-1(i)(3), means December 31. The “Specified Employee Identification Date” shall apply to all “nonqualified deferred compensation plans” (as defined in Treasury Regulation Section 1.409A-1(a)) of the Service Recipient and all affected Service Providers. The “Specified Employee Identification Date” may be changed by the HRC, in its discretion, in accordance with Treasury Regulation Section 1.409A-1(i)(3).

2.46 “Trust Agreement” means that certain trust agreement established pursuant to the Plan between the Company and the Trustee or any trust agreement hereafter established, the provisions of which are incorporated herein by reference.

2.47 “Trust Fund” means all assets of whatsoever kind or nature held from time to time by the Trustee pursuant to the Trust Agreement and forming a part of this Plan, without distinction as to income and principal and without regard to source, *i.e.*, Employer or Participant contributions or earnings.

2.48 “Trustee” means the Trustee under the Trust Agreement.

2.49 “Valuation Date” means the date for valuing the hypothetical Investment Funds maintained under the Plan, which shall be each business day of the Deferral Period.

2.50 “Years of Vesting Service” means the years of service credited to an individual for vesting purposes under the Savings and Retirement Plan, determined in accordance with all applicable provisions of the Savings and Retirement Plan.

ARTICLE THREE **ELIGIBILITY**

3.1 Selection of Participants.

(a) General. For purposes of Title I of ERISA, the Plan is intended to be an unfunded plan of deferred compensation covering a select group of management or highly compensated employees. As a result, participation in the Plan shall be limited to Employees employed in a position classified by the Company as a Director-level position or above, and any other Employees employed by an Employer who are selected for participation in the Plan by the EDCP Committee. To further ensure compliance with the ERISA participation requirements applicable to this Plan, the Company, in the exercise of its discretion, may exclude from participation in the Plan an individual who otherwise meets the requirements this Section 3.1(a) for any reason, or for no reason, as the Company deems to be appropriate.

(b) Entry into Plan. Employees who are eligible to participate in the Plan as of the initial Effective Date shall enter the Plan as soon as administratively feasible following such Effective Date. Employees who become eligible to participate in the Plan after the initial Effective Date shall enter the Plan as of the first day of the first payroll period commencing in the Deferral Period next following the Employee’s notification of his eligibility to participate in the Plan. Notwithstanding the foregoing, the EDCP Committee may, in its discretion, waive the Plan entry provision set forth in the preceding sentence and permit an Employee to enter the Plan as of the first day of any payroll period commencing during a particular Deferral Period or, solely with respect to a Discretionary Contribution or Enhancement Contribution, as of any day selected by the EDCP Committee.

No eligible Employee shall become a Participant on or after January 1, 2005.

(c) No Waiting Periods. A Participant need not complete any particular period of service in order to be eligible to make Deferred Contributions or to receive Discretionary Contributions (other than the second Enhancement Contribution as provided in Section 4.7(b)). In order to receive Matching Contributions for a Deferral Period, however, a Participant also must be eligible to receive matching contributions under the Savings and Retirement Plan for that Deferral Period, as determined in accordance with the provisions of the Savings and Retirement Plan.

3.2 Participation Agreement.

(a) Content of Participation Agreement. Each Participant shall execute a Participation Agreement evidencing his election to participate in the Plan in the manner and at such time as the EDCP Committee shall require. In the Participation Agreement, the Participant shall select the amount or rate of Deferral Contributions and authorize the reduction of the Participant's Compensation in an amount equal to his Deferral Contributions. The Participant also shall select in the Participation Agreement the form in which distributions are to be made from the Participant's Accounts (i.e., lump sums, installment payments). The Participation Agreement also may set forth such other information as the EDCP Committee shall require. The Participation Agreement made by the Participant shall remain in full force and effect until such time as it is amended or replaced, or the Participant's participation in this Plan terminates.

(b) Timing Requirements.

(1) Entry on Initial Effective Date. If a Participant is eligible to participate in the Plan as of the initial Effective Date and the Participant's initial Participation Agreement is completed and delivered within 30 days of the Effective Date, the Participant's Deferral Contributions may be determined with reference to Compensation earned on or after the first day of the first full payroll period next following receipt of the Participation Agreement by the EDCP Committee or as of such other uniform date (not earlier than the first day of the next full payroll period) as may be designated by the EDCP Committee.

(2) Entry after Initial Effective Date. Participants who begin Plan participation as of the beginning of any Deferral Period commencing after the Effective Date must submit separate Participation Agreements for their Salary Deferral Contributions and Bonus Deferral Contributions.

(A) A Participant's Salary Deferral Contributions may be determined with reference to Salary earned on or after the first day of the first full payroll period in a Deferral Period if the Participant completes and delivers a Participation Agreement to the EDCP Committee during the election period established by the EDCP Committee which ends prior to the first day of such Deferral Period.

(B) A Participant's Bonus Deferral Contributions may be determined with reference to Bonus for the entire 12 month period beginning on each January 1 and ending on the next following December 31 if the Participant completes and delivers a Participation Agreement to the EDCP Committee during the election period established by the EDCP Committee which ends no later than June 30 of each Deferral Period.

(3) Exceptions. If a Participant is permitted to enter the Plan during a Deferral Period, his Participation Agreement must be completed and delivered in accordance with the rules and procedures adopted by the EDCP Committee for such purpose. Such Participation Agreement shall apply with respect to Salary earned on or after the effective date of the Participation Agreement, as determined by the EDCP Committee. Such Participation Agreement shall apply with respect to Bonus for the entire 12 month period beginning on January 1 and ending on the next following December 31 if it is effective no later than June 30 of such Deferral Period (or, not later than September 30, in the case of a Bonus earned under the Horseshoe 2004 Bonus Plan), as determined by the EDCP Committee. However, except as provided in Section 4.3(c), if such Participation Agreement is effective after June 30 (or, after September 30, in the case of a Bonus earned under the Horseshoe 2004 Bonus Plan), as determined by the EDCP Committee, it shall only apply with respect to Bonus attributable to the portion of the Deferral Period commencing on such effective date.

3.3 Revised Participation Agreement. A Participant may file a new Participation Agreement to change a previously filed election. If the Participant changes the amount of his Deferral Contributions, the new amount will become effective in accordance with Section 4.3 (Change in Contributions).

3.4 Discontinuance of Participation. Once an Employee is designated as a Participant, he will continue as such for all future Deferral Periods unless and until (a) the Participant has a Separation from Service and receives a full distribution of his Accounts, or (b) is no longer categorized as an individual entitled to participate in the Plan pursuant to Section 3.1 (Selection of Participants) above. If a Participant's participation is discontinued, the Participant will no longer be eligible to make Deferral Contributions. The Participant will not be entitled to receive a distribution, however, until the occurrence of one of the events listed in Article Five (Withdrawals) or Article Eight (Payment of Benefits).

3.5 Reemployment. If a former Employee is rehired by an Employer and is eligible to participate in the Plan, he shall reenter the Plan on the same basis as a newly eligible Employee in accordance with the provisions of Section 3.1 (Selection of Participants). Such Employee's reentry into the Plan shall have no impact on any distributions that have been made or are being made in accordance with Article Eight (Payment of Benefits). Any amounts previously forfeited from the Participant's Accounts pursuant to Section 7.1 (Vesting of Benefits) shall not be restored or reinstated upon the Participant's subsequent reentry into the Plan.

3.6 Adoption by Affiliates. Any Affiliate of the Company may adopt this Plan with the approval of the EDCP Committee. Any Affiliate that permits an individual to make Deferral

Contributions pursuant to Section 4.1 (Participant Contributions) shall be deemed to have adopted the Plan without any further action. The EDCP Committee's acceptance of such Deferral Contributions shall evidence the consent of the EDCP Committee to the adoption of the Plan by the Affiliate. Notwithstanding the foregoing, at the request of the EDCP Committee, the Affiliate shall evidence its adoption of the Plan by an appropriate resolution of its Board of Directors or in such other manner as may be authorized by the EDCP Committee. By adopting this Plan, the Affiliate shall be deemed to have agreed to make the contributions called for by Article Four (Contributions), agreed to comply with all of the other terms and provisions of this Plan, delegated to the EDCP Committee the power and responsibility to administer this Plan with respect to the Affiliate's employees, and delegated to the Company the full power to amend or terminate this Plan with respect to the Affiliate's employees.

ARTICLE FOUR
CONTRIBUTIONS

4.1 Participant Contributions.

(a) Salary Deferral Contributions. A Participant may elect to defer a maximum of 25% of the Salary otherwise payable to him during the Deferral Period, or such other maximum amount as may be prescribed by the EDCP Committee as the Salary Deferral Contribution limit for all Participants or pursuant to subsection (c); provided, however, that Savings and Retirement Plan Rollover Deferrals pursuant to subsection (d) below shall be in addition to any Salary Deferral Contributions permitted under this subsection (a).

Notwithstanding the foregoing, no Participant shall make deferrals of Salary earned during the 2005 Deferral Period or any later Deferral Period.

(b) Bonus Deferral Contributions. A Participant may elect to defer a maximum of 90% of any Bonus earned by him during the Deferral Period (which may be paid during the applicable Deferral Period or after the close of the applicable Deferral Period), or such other maximum amount as may be prescribed by the EDCP Committee as the Bonus Deferral Contribution limit for all Participants or pursuant to subsection (c). Notwithstanding the foregoing, for purposes of calculating the maximum Bonus Deferral Contributions for the initial Deferral Period beginning on the Effective Date, the Bonus earned by the Participant during the entire 2001 calendar year shall be taken into account.

Notwithstanding the foregoing, no Participant shall make deferrals of Bonus earned during the 2005 Deferral Period or any later Deferral Period.

(c) The EDCP Committee may, in its discretion, permit an individual Participant to make Deferral Contributions in excess of the limitations set forth in or established in accordance with this Section 4.1 or place additional restrictions on an individual Participant's Deferral Contributions. All Deferral Contributions under this Plan shall be made in accordance with such rules and procedures regarding Participant deferrals as may be promulgated by the EDCP Committee from time to time. All Participant elections are subject to the timing requirements set forth in Section 3.2(b) (Participation Agreement – Timing Requirements) and shall remain in effect until replaced or revised in accordance with Section 3.3 (Revised Participation Agreement).

(d) Savings and Retirement Plan Rollover Deferrals. In addition to the deferrals permitted under subsection (a) above, any Participant that participates at the maximum before-tax percentage contributions under the Savings and Retirement Plan shall be deemed to have elected to defer into this Plan as a Savings and Retirement Plan Rollover Deferral that portion to defer under such Savings and Retirement Plan which could not be deferred on a before-tax basis under any such plan due to any law or regulation, but excluding any amount which was actually deferred into the Savings and Retirement Plan but distributed back to the Participant in a following plan year.

Notwithstanding the foregoing, no Participant shall make any deferrals under this subsection (d) for the 2005 Deferral Period or any later Deferral Period.

4.2 Matching Contributions.

(a) Each Employer shall make a Matching Contribution on behalf of each of its Participants who has elected to make Salary Deferral Contributions or has had any Savings and Retirement Plan Rollover Deferrals pursuant to Section 4.1(d) during the Deferral Period under Section 4.1 (Participant Contributions), and is eligible to receive a matching contribution under the Savings and Retirement Plan, if such Participant is described in subsection (c) below. No Matching Contributions shall be made with respect to Bonus Deferral Contributions. The Matching Contribution shall be credited to each eligible Participant's Matching Contribution Account as of the year-end Valuation Date or the date of termination.

As provided in Sections 4.1(a), (b) and (d), no Participant shall make deferrals of Salary, Bonus or other compensation earned during the 2005 Deferral Period or any later Deferral Period and, consequently, no Matching Contribution shall be made with respect to Salary, Bonus or other compensation earned during the 2005 Deferral Period or any later Deferral Period.

(b) The Matching Contribution for each eligible Participant shall equal the difference between

(1) the sum of

(A) 50% of the Participant's contributions to the Savings and Retirement Plan for its plan year coinciding with the Deferral Period, plus

(B) 50% of the Participant's Salary Deferral Contributions and Savings and Retirement Plan Rollover Deferrals in the Deferral Period, up to the Matching Limit as applied to the Participant's Salary, less

(C) the Employer's matching contribution for such Participant under the Savings and Retirement Plan.

(c) A Participant shall be eligible for the Matching Contribution for the Deferral Period, if and only if such Participant makes 401(k) contributions under the Savings and Retirement Plan for the plan year of the Savings and Retirement Plan coinciding with the Deferral Period in an amount equal to the lesser of: (1) the maximum 401(k) contributions permitted under Code Section 402(g), or (2) the maximum 401(k) contributions permitted under the Savings and Retirement Plan.

4.3 Change in Contributions.

(a) **Rules.** Any and all changes in Deferral Contributions made pursuant to this Section 4.3 shall be made in accordance with rules promulgated by the EDCP Committee.

(b) **Salary Deferral Contributions.** A Participant may change the amount or percentage of Salary Deferral Contributions under Section 4.1(a) prior to the beginning of any Deferral Period. Any change in the amount or percentage of the Deferral Contribution to be made from any Salary shall be effective with respect to Salary earned on or after the first day of the first full payroll period of the next following Deferral Period.

(c) **Bonus Deferral Contributions.** A participant may change the amount or percentage of Bonus Deferral Contributions for the current Deferral Period until the last day of the election period described in Section 3.2(b)(2)(B). If the election period described in Section 3.2(b)(2)(B) has ended, any change in the amount or percentage of the Deferral Contribution to be made from any Bonus shall be effective with respect to Bonuses earned in the first Deferral Period immediately following the EDCP Committee's receipt of such revised Participation Agreement. Notwithstanding the above, the EDCP Committee may, in its discretion, determine that special circumstances exist and permit a Participant to change the amount of his Bonus Deferral Contributions during the Deferral Period, but in no event shall the change in the Bonus Deferral Contributions be made later than the last day of the Deferral period.

(d) **Future Participation.** A Participant's election to make no Deferral Contributions to the Plan during one or more Deferral Periods shall not affect his continued participation in the Plan or his ability to resume his Deferral Contributions to the Plan in the future.

4.4 Suspension of Contributions.

(a) **Suspension.** A Participant may suspend his contributions under Section 4.1 as of the first day of any full payroll period in the Deferral Period, by giving appropriate notice to the EDCP Committee at least 30 days (or such other period specified by the EDCP Committee pursuant to rules of uniform application) prior to the date on which the suspension shall become effective. Any such suspension shall remain in effect for the remainder of the Deferral Period during which the suspension begins and the entire next following Deferral Period.

(b) **Resumption of Contributions.** A Participant who has suspended his contributions pursuant to paragraph (a) above and who applies to the EDCP Committee in a timely manner shall be entitled to resume his contributions with respect to Compensation earned beginning on the first day of the first full payroll period in the Deferral Period next following the

expiration of the suspension as set forth in paragraph (a) above. Any application to resume contributions shall be made in the form of a revised Participation Agreement and shall comply with all procedures promulgated by the EDCP Committee pursuant to Section 3.3 (Revised Participation Agreement).

4.5 Transferred Contributions.

(a) General.

(1) DCP and EDCP Transfers. A Participant may make an irrevocable election, with the consent of the EDCP Committee and in accordance with the procedures promulgated by the EDCP Committee for such purpose, to transfer all or a portion of his accumulated account balance under the EDCP or the DCP to this Plan. Any account balance transfers to this Plan from either the EDCP or the DCP shall include the vested and non-vested portions of the Participant's account under such Plan. In general, all amounts transferred to this Plan from the EDCP or the DCP shall be subject to all of the terms and provisions of this Plan, including, specifically, the vesting, earnings crediting and payment provisions of this Plan. In general, the elective deferral account balance and the employer matching contribution account balance which are transferred from the EDCP and DCP pursuant to this Section 4.5 shall be allocated among the affected Participant's Deferral Contribution Account and Matching Contribution Account, respectively. Amounts transferred from the EDCP or the DCP to this Plan pursuant to this Section 4.5 may not be transferred from this Plan to the EDCP or DCP.

(2) Certain Deferred Compensation Agreements. An Employee who has a deferred compensation agreement with Harrah's Club (which has been succeeded to by Harrah's Operating Company, Inc. by merger) may, upon written agreement with Harrah's Operating Company, Inc., transfer the account balance of such deferred compensation agreement including accrued interest to the Plan. Upon such transfer, the transferred amount will be fully vested and shall be subject to all of the terms and provisions of the Plan including, specifically, earnings crediting and payment provisions.

(b) Enhancement Program. During the time period approved by the chief financial officer of the Company, an individual who is a participant in the EDCP may elect to transfer all or a portion of his EDCP Termination Account balance to this Plan pursuant to the requirements of this subsection (b) and have the opportunity to receive an Enhancement Contribution.

(1) Eligibility. This election is only available to an individual participating in the EDCP who (A) is either a Participant or eligible to be a Participant in this Plan, (B) is employed by an Employer at the time of the election and (C) as of the date of his election, will not be eligible for his EDCP Retirement Account under the terms of the EDCP for five or more years.

(2) Transfers. Each individual must elect to transfer to the Plan all of his EDCP Termination Account balance, including all amounts credited towards EDCP Pre-Termination Withdrawals that are not in Pay Status on the date of the election. If the individual has an EDCP Pre-Termination Withdrawal in Pay Status under the EDCP on the date of the election, he must elect to transfer to the Plan all of his EDCP Termination Account balance, including all amounts credited towards EDCP Pre-Termination Withdrawals that are not in Pay Status. However, any amount credited towards an EDCP Pre-Termination Withdrawal that is in Pay Status at the time of the election will remain in the EDCP (subject to the terms of the EDCP) and will not be transferred to this Plan.

(3) Vesting. All amounts transferred from a Participant's EDCP Termination Account under this subsection (b) will be credited to the Participant's Deferral Account and will be 100% vested.

No transfer of all or a portion of a Participant's EDCP Termination Account shall be made after April 1, 2001.

4.6 Discretionary Contributions. With the approval of the EDCP Committee, each Employer, in its sole discretion, may make a Discretionary Contribution on behalf of such Participants as it designates. Enhancement Contributions, which are described in Section 4.7, are Discretionary Contributions. Except as provided in Section 4.7, the amount of the Discretionary Contribution will be determined by the Employer in its sole discretion and approved by the EDCP Committee. Except for Enhancement Contributions, all Discretionary Contributions will be credited to the Discretionary Contribution Account as of the time designated by the Employer or the EDCP Committee. Discretionary Contributions may be subject to additional requirements, including vesting and in-service withdrawal limitations, as established by the Company or the EDCP Committee.

Notwithstanding the foregoing, no Discretionary Contribution shall be made with respect to the 2005 Deferral Period or any later Deferral Period.

4.7 Enhancement Contributions. Participants who make a valid election pursuant to Section 4.5(b) will receive a special Discretionary Contribution called an Enhancement Contribution as provided in this Section. The Enhancement Contribution may be made in two parts, as described below.

(a) Initial Enhancement Contribution.

(1) Eligibility. Each Participant who makes a valid election pursuant to Section 4.5(b) will be credited with an initial Enhancement Contribution.

(2) Timing. The initial Enhancement Contribution, determined as described in subsection (a)(3), will be credited to the Participant's Deferral Account as of the effective date of the transfer to the Plan of the Participant's EDCP Termination Account.

(3) Amount. Except as provided below, the initial Enhancement Contribution will be an amount equal to the greatest of:

(A) the Participant's EDCP Retirement Account balance less his EDCP Termination Account balance, multiplied by two;

(B) 40% of the Participant's EDCP Termination Account balance, not to exceed \$100,000; or

(C) Four times the Participant's EDCP Termination Account balance, not to exceed \$10,000.

For any Participant who has an EDCP Pre-Termination Withdrawal in Pay Status at the time he makes an election pursuant to Section 4.5(b), his initial Enhancement Contribution will equal the product of (i) the greatest figure from (A), (B) and (C) and (ii) a fraction (not to exceed one), the numerator of which is the balance of the Participant's EDCP Termination Account transferred to the Plan, and the denominator of which is the sum of (I) the balance of the Participant's EDCP Termination Account transferred to the Plan and (II) the balance of all amounts credited towards a EDCP Pre-Termination Withdrawal that are not transferred to the Plan.

(b) Second Enhancement Contribution.

(1) Eligibility. Each Participant who received an initial Enhancement Contribution as described in subsection (a) and who continues to be employed by, or receives salary continuation payments from, an Employer until the earlier of: (A) the date he attains age 55 and has completed 10 years of service, or (B) the date of a Change of Control, will be credited with a second Enhancement Contribution.

(2) Timing. The second Enhancement Contribution, determined in accordance with subsection (b)(3), will be credited to the Participant's Deferral Account as of the date described in subsection (b)(1).

(3) Amount. The second Enhancement Contribution will be an amount equal to 50% of the initial Enhancement Contribution credited determined under subsection (a)(3).

(4) Crediting under Harrah's ESSP II. If a Participant becomes entitled to an Enhancement Contribution (as defined in the Plan) under this Section 4.7(b) on or after the Second Transfer Date, such Enhancement Contribution shall be credited to such Participant's "Deferral Contribution Account" under the Harrah's ESSP II (and shall not be credited to such Participant's Deferral Account under the Plan or the subaccounts thereunder).

(c) Vesting. Each Participant is 100% vested in each of his Enhancement Contributions once made.

4.8 Transfers to Harrah's ESSP II.

(a) (1) First Amounts to be Transferred. Effective as of January 1, 2005 (the "First Transfer Date"), in the case of a Participant, the

amount credited to such Participant's Matching Contribution Account that is described in subsection (b) shall be transferred from such Matching Contribution Account to such Participant's "Transferred Harrah's ESSP Matching Account" (as defined in the Harrah's ESSP II), as provided in subsection (b).

(2) Second Amounts to be Transferred. Effective as of January 1, 2006 (the "Second Transfer Date"), in the case of a Participant, the amount credited to such Participant's Deferral Contribution Account that is described in this subsection (c) shall be transferred from such Deferral Contribution Account to such Participant's "Transferred Harrah's ESSP Deferral Contribution Account" (as defined in the Harrah's ESSP II), as provided in subsection (c).

(3) Transferred Amounts. The amounts described in this Section 4.8 include amounts credited to such Participant's Accounts under the Plan as of December 31, 2004 that were not earned and vested as of December 31, 2004, as adjusted for any earnings credited thereto or any losses debited therefrom under the Plan, and amounts credited under the Plan after December 31, 2004, as adjusted for any earnings credited thereto or any losses debited therefrom under the Plan. The amounts transferred pursuant to this Section 4.8 shall be debited from such Participant's Accounts under the Plan, and shall be credited to such Participant's "Transferred Harrah's ESSP Accounts" (as defined in the Harrah's ESSP II), effective as of the First Transfer Date or the Second Transfer Date, as applicable.

(4) [Reserved]

(b) Harrah's ESSP Matching Contributions. In the event that all or any portion of a Participant's Matching Contribution Account (as defined in the Plan) was not fully vested as of December 31, 2004 under the Plan, the portion of the total balance in such Participant's Matching Contribution Account that was not vested as of December 31, 2004 under the Plan, as adjusted for any earnings credited thereto or any losses debited therefrom under the Plan, shall be transferred from such Participant's Matching Contribution Account to such Participant's "Transferred Harrah's ESSP Matching Contribution Account" (as defined in the Harrah's ESSP II), effective as of the First Transfer Date. The portion of the balance in such Participant's Matching Contribution Account that was vested as of December 31, 2004, as adjusted for any earnings credited thereto or any losses debited therefrom under the Plan, shall not be transferred and shall remain credited to such Participant's Matching Contribution Account. Effective as of the First Transfer Date, the portion of the balance in such Participant's Matching Contribution Account that was vested as of December 31, 2004, as adjusted for any earnings credited thereto or any losses debited therefrom under the Plan, which is not transferred and remains credited to such Participant's Matching Contribution Account, shall be fully vested.

(c) Harrah's ESSP Bonus Deferral Contributions. The Participant's Bonus (as defined in the Plan) earned by such Participant during the 2004 Deferral Period (as defined in the Plan), and otherwise payable after December 31, 2004, and deferred by such Participant in accordance with Section 4.1(b) of the Plan, as adjusted for any earnings credited thereto or any losses debited therefrom under the Plan, shall be transferred from such Participant's Deferral Contribution Account to such Participant's "Transferred Harrah's ESSP Deferral Contribution Account" (as defined in the Harrah's ESSP II), effective as of the Second Transfer Date.

ARTICLE FIVE
WITHDRAWALS

5.1 Unforeseeable Emergency Withdrawals.

(a) General.

(1) A Participant may elect to receive a withdrawal from his or her Accounts upon the occurrence of an Unforeseeable Emergency, as determined by the EDCP Committee in its sole discretion, as provided herein, on or after January 1, 2008. Such Participant may elect to receive a withdrawal by completing and delivering an election with the EDCP Committee in accordance with the uniform procedures promulgated by the EDCP Committee.

(2) The election to receive a withdrawal upon the occurrence of an Unforeseeable Emergency by a Participant who is entitled to a distribution under Article Eight (Distribution Elections; Payment of Benefits) shall override the distribution election in effect for such Participant under Article Eight with respect to the amount to be withdrawn, both as to form of payment and timing of payment. If installment payments to such Participant have begun at the time an election for a withdrawal upon the occurrence of an Unforeseeable Emergency is made, the election shall apply only with respect to the unpaid balance of such Participant's Accounts.

(3) The amount to be distributed to a Participant who elects a withdrawal upon the occurrence of an Unforeseeable Emergency shall not exceed the amounts reasonably necessary to satisfy such Unforeseeable Emergency (and shall include amounts necessary to pay federal, state, local or foreign taxes and penalties reasonably anticipated as a result of the withdrawal), after taking into account the extent to which such Unforeseeable Emergency is or may be relieved through reimbursement or compensation through insurance or otherwise, by liquidation of the Participant's assets (to the extent the liquidation of such assets would not itself cause severe financial hardship), as determined by the EDCP Committee in accordance with Section 409A(a)(2)(B)(ii)(II) of the Code and the Treasury Regulation Section 1.409A-3(i)(3)(ii).

(4) For purposes of this Section 5.1, "Unforeseeable Emergency" with respect to a Participant shall mean a severe financial hardship to the Participant resulting from an illness or accident of the Participant, or the Participant's spouse, Beneficiary or

dependent (as defined in Section 152 of the Code, without regard to Sections 152(b)(1), (b)(2) and (d)(1)(B) of the Code) of the Participant, loss of the Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant, as determined by the EDCP Committee in accordance with Section 409A(a)(2)(B)(ii)(I) of the Code and the Treasury Regulation Section 1.409A-3(i)(3)(i).

(5) For purposes of determining the amount to be distributed to such Participant, the Participant's Accounts shall be valued as of the Valuation Date immediately preceding the date the withdrawal election is approved by the EDCP Committee. The amount to be distributed to a Participant who elects a withdrawal upon the occurrence of an Unforeseeable Emergency shall not exceed such Participant's vested interest in his or her Accounts. The Participant's vested interest in his or her Matching Contribution Account and Discretionary Contribution Account shall be determined as of the Valuation Date immediately preceding the date the withdrawal election is approved by the EDCP Committee.

(6) The amount to be distributed to the Participant pursuant to such Participant's election to receive a withdrawal upon the occurrence of Unforeseeable Emergency shall be paid in a lump sum payment within sixty (60) days following the approval of the Participant's withdrawal election by the EDCP Committee.

(b) [Reserved]

5.2 Account Adjustments. A Participant's withdrawal upon the occurrence of Unforeseeable Emergency shall be charged on a pro rata basis to the Participant's vested interests in the subaccounts in such Participant's Accounts.

5.3 [Reserved]

5.4 In-Service Withdrawals for EDCP Transfers.

(a) Election. This Section 5.4 applies only to those individuals who make a valid election pursuant to Section 4.5(b), and who, prior to April 1, 2001, elected an EDCP Pre-Termination Withdrawal under the EDCP that is not in Pay Status as of the date of his election under Section 4.5(b). At the time such individuals elect to transfer their EDCP Termination Account to the Plan pursuant to Section 4.5(b), they may make a one-time, irrevocable election to have all the amounts that were credited on their behalf for purposes of an EDCP Pre-Termination Withdrawal under the EDCP either (i) credited to the Participant's Deferral Contribution Account under this Plan and distributed pursuant to Section 8.1 or (ii) credited to the Participant's In-Service Withdrawal Account under this Plan and distributed pursuant to subsection (b).

If no valid election is made with respect to this issue, the amount credited under the EDCP on behalf of a Participant's EDCP Pre-Termination Withdrawal will automatically be credited to the Participant's Deferral Contribution Account.

No elections shall be made under this Section 5.4 on or after April 1, 2001.

(b) In-Service Withdrawals. The balance credited to an In-Service Withdrawal Account pursuant to the election described in subsection (a) will be deemed to be invested in accordance with Sections 6.3, 6.4 and 6.5. Except as provided in subsection (c), payments to the Participant from the In-Service Withdrawal Account will commence in the same year as payments to the Participant were scheduled to commence from the EDCP as an EDCP Pre-Termination Withdrawal and will be made in four annual installments. In each of the four years, the amount of the installment will equal a specified percentage of the remaining balance of the In-Service Withdrawal Account as of the Valuation Date immediately preceding each date of payment. The applicable percentages are as follows:

Year	Percentage of the In-Service Withdrawal Account
1	25%
2	33 1/3%
3	50%
4	100%

(c) Termination before Full Payment. Notwithstanding anything to the contrary in subsection (b), if any Participant with an In-Service Withdrawal Account established under this Section 5.4 dies or has a Separation from Service before all four installments have been paid, the remaining balance of his In-Service Withdrawal Account will be paid in accordance with Article Eight.

ARTICLE SIX

CREDITING OF CONTRIBUTIONS AND INCOME

6.1 Account Allocations. All Deferral Contributions, Enhancement Contributions and transfers of EDCP Termination Account balances made pursuant to Section 4.5(b) will be credited to the Participants' Deferral Contribution Account. All Matching Contributions will be credited to the Participants' Matching Contribution Accounts, and all Discretionary Contributions, other than Enhancement Contributions, will be credited to the Participants' Discretionary Contribution Accounts. All credits and charges to all Participants' Accounts shall be done in accordance with the policies and procedures of the EDCP Committee. All transfers to payments from and charges against an Account shall be charged against the Account as of the Valuation Date on which the transaction occurs. The Accounts are bookkeeping accounts only, and the EDCP Committee is not in any way obligated to segregate assets for the benefit of any Participant.

6.2 Subaccounts. The EDCP Committee may divide any Account into such subaccounts as it deems necessary and desirable.

6.3 Hypothetical Investment Funds. The EDCP Investment Committee shall establish a series of hypothetical Investment Funds for use pursuant to this Article Six.

6.4 Investment Direction. A Participant will direct the hypothetical investment of his Deferral Contribution Account, Matching Contribution Account, and Discretionary Contribution Account among the Investment Funds in the manner (including, but not limited to, writing, electronic, internet, intranet, voice response or telephonic) established by the EDCP Committee. The Participant's Deferral Contribution Account, Matching Contribution Account and Discretionary Contribution Account shall not be invested in the Investment Funds, but the value of the Participant's Accounts shall be measured by the performance of the Investment Funds selected. Any and all changes to a Participant's Investment Fund allocation shall be made in accordance with the uniform procedures of the EDCP Committee, which shall permit changes in Investment Fund allocations on a quarterly or more frequent basis. Notwithstanding the foregoing provisions of this Section 6.4, the EDCP Investment Committee may retain the overriding discretion regarding the Participant's selection of Investment Funds under this Section 6.4. If a Participant fails to direct the hypothetical investment of his Accounts in the manner established by the EDCP Committee, the Participant will be deemed to have selected the default hypothetical Investment Fund(s) selected by the EDCP Investment Committee for such purpose, in the discretion of the EDCP Committee and in accordance with its uniform policies and procedures.

6.5 Rate of Return. Participant Accounts shall be adjusted on each Valuation Date to reflect investment gains and losses as if the Accounts were invested in the hypothetical Investment Funds selected by the Participants in accordance with Section 6.4 (Investment Direction) and charged with any and all reasonable expenses related to the administration of the Plan including, but not limited to, the reasonable expenses of carrying out the hypothetical investment directions related to each Account. The earnings and losses allocated to any Account shall be allocated among the subaccounts of that Account in the same manner. The earnings and losses determined by the EDCP Investment Committee in good faith and in its discretion pursuant to this Article Six shall be binding and conclusive on the Participant, the Participant's Beneficiary and all parties claiming through them.

6.6 Application to Beneficiaries. The provisions of this Article Six shall also apply to the Beneficiaries of a deceased Participant.

6.7 EDCP Investment Committee.

(a) Membership. The EDCP Investment Committee shall be appointed by action of the HRC. The EDCP Investment Committee members shall serve without compensation but shall be reimbursed for all expenses by the Company. The EDCP Investment Committee shall conduct itself in accordance with the provisions of this Section. The members of the EDCP Investment Committee may resign with thirty (30) days notice in writing to the Company and may be removed immediately at any time by written notice from the HRC. The EDCP Investment Committee may have duties with respect to other plans of the Company that are similar or identical to its duties under the Plan.

(b) Appointment of Agents. The EDCP Investment Committee may appoint such other agents, who need not be members of the EDCP Investment Committee, as it may deem necessary for the effective performance of its duties, whether ministerial or discretionary, as the EDCP Investment Committee may deem expedient or appropriate. The compensation of any agents who are not employees of the Company shall be fixed by the committee within any limitations set by the HRC.

(c) **Majority Vote.** On all matters, questions and decisions, the action of the EDCP Investment Committee shall be determined by a majority vote of its members. They may meet informally or take any ordinary action without the necessity of meeting as a group. All instruments executed by the EDCP Investment Committee shall be executed by a majority of its members or by any member of the EDCP Investment Committee designated to act on its behalf.

(d) **Allocation of Responsibilities.** The EDCP Investment Committee may allocate responsibilities among its members or designate other persons to act on its behalf. Any allocation or designation, however, must be set forth in writing and must be retained in the permanent records of the EDCP Investment Committee.

(e) **Indemnification.** The Company shall indemnify and hold harmless the members of the EDCP Investment Committee against any and all claims, loss, damage, expense or liability arising from any action or failure to act with respect to this Plan on account of such member's service on the EDCP Investment Committee, except in the case of gross negligence or willful misconduct.

ARTICLE SEVEN **VESTING**

7.1 Vesting of Benefits.

(a) **Deferral Contributions.** Each Participant shall at all times have a fully vested interest in his Deferral Contribution Account, and a Participant's rights and interest therein shall not be forfeitable for any reason.

(b) **Matching Contributions.**

(1) **Full Vesting.** Each Participant shall have a fully vested interest in his Matching Contribution Account on and after the first to occur of the following events:

- (A) The Participant's attainment of age 60;
- (B) The Participant's date of death;
- (C) The Participant's Disability;
- (D) A Change of Control;
- (E) Termination of the Plan; or
- (F) The completion of five Years of Vesting Service.

(2) Vesting Schedule. If a Participant terminates service with an Employer at a time when the Participant does not have a fully vested interest in his Matching Contribution Account, the Participant's vested interest shall be determined in accordance with the applicable vesting schedule for matching contributions in effect under the Savings and Retirement Plan. As of the Effective Date, this schedule is as follows:

<u>Completed Years of Vested Service</u>	<u>Percentage Vested</u>
Less than 1	0%
1 but less than 2	20%
2 but less than 3	40%
3 but less than 4	60%
4 but less than 5	80%
5 or more	100%

(3) A Participant's vested interest in his Matching Contribution Account shall be determined as of the Valuation Date immediately preceding the first distribution to the Participant from his Matching Contribution Account following his termination of employment. Any portion of a Participant's Accounts which is not vested shall be forfeited in the first Deferral Period in which the Participant or his Beneficiary receives a distribution from this Plan under Article Eight.

(c) Discretionary Contributions. Except as provided by the Employer or EDCP Committee at the time a Discretionary Contribution is made or by Section 4.7, each Participant will vest in his Discretionary Contribution Account in the same manner he vests in his Matching Contribution Account. A Participant's vested interest in his Discretionary Contribution Account shall be determined as of the Valuation Date immediately preceding the first distribution to the Participant from his Discretionary Contribution Account following his termination of employment. Any portion of a Participant's Accounts which is not vested shall be forfeited in the first Deferral Period in which the Participant receives a distribution from this Plan.

7.2 Changes in Vesting Schedule. In the event that an amendment to this Plan or the Savings and Retirement Plan directly or indirectly changes the vesting provisions of Section 7.1 (Vesting of Benefits), the vested percentage for each Participant in his benefit accumulated to the date when the amendment is adopted shall not be reduced as a result of the amendment.

ARTICLE EIGHT
PAYMENT OF BENEFITS

8.1 Time of Payment

(a) (1) Except as provided in Article Five and Section 8.7, no distributions will be made to a Participant prior to the Participant's death or Separation from Service.

(2) A Disabled Participant shall continue to participate in the Plan until such time as the Participant has a Separation from Service or the Participant dies.

(3) Following the Participant's Separation from Service, distributions shall be made or commence within sixty (60) days following the end of the month in which the Participant's Separation from Service occurs; *provided, however*, that, in the case of a Participant who is a Specified Employee as of the date of such Participant's Separation from Service, the distributions of such Participant's Accounts shall be made or commence on the date which is six months after the date of such Participant's Separation from Service (or, if earlier, the date of such Participant's death) in accordance with Section 409A(a)(2)(B)(i) of the Code and Treasury Regulation Section 1.409A-3(i)(2). If benefits are being paid pursuant to this Plan following the death of a Participant, distributions will be made or commence as of the January 1 next following the date of the Participant's death.

(b) If a Participant's Accounts are to be distributed in the form of monthly installment payments, and such Participant is a Specified Employee as of the date of such Participant's Separation from Service, the monthly installment payments that otherwise would be made to such Participant prior to the date which is six months after the date of such Participant's Separation from Service (or, if earlier, the date of such Participant's death) shall be accumulated such Participant's Accounts and paid commencing on such date in accordance with Section 409A(a)(2)(B)(i) of the Code and Treasury Regulation Section 1.409A-3(i)(2), as adjusted to reflect the rate of return on the hypothetical Investment Funds selected by the Participant in accordance with Section 6.4. Such Participant's Accounts shall be distributed in installment payments, commencing on the date which is six months after the date of such Participant's Separation from Service (or, if earlier, the date of such Participant's death), over the installment payment period designated under the Separation from Service Election for such Participant's Accounts.

8.2 Method of Payments.

(a) Payments.

(1) A Participant may elect to receive distributions from his Accounts in either a cash lump sum, or in monthly cash installment payments over a period certain not exceeding 15 years. A Participant's distribution election form will only be respected if the method of payment has been elected by the Participant in his initial Participation Agreement or in any revised Participation Agreement that was in effect under Section 3.3. If the Participant has not made a valid distribution election, the Participant's Accounts will be distributed in one lump sum.

(2) Upon a Participant's death, payments shall be made to his Beneficiary in accordance with the Participant's distribution election under subsection (a)(1) above. If payments to the Participant have already commenced at the time of his death, payments will continue to the Beneficiary in the same manner.

(3) Except as provided in Sections 5.1, 8.7 and 8.8, a Participant's distribution elections as of August 3, 2007 are irrevocable and cannot be amended.

(b) Installment Payments.

(1) In the event a Participant and elects distribution in the form of installment payments, the amount of each monthly installment in any calendar year for the distribution of the subaccounts in a Participant's Accounts shall be calculated as follows. The amount of the monthly installment shall be determined before the first installment is paid and on each January 1st in all subsequent calendar years. The amount of each monthly installment for such calendar year shall be determined by dividing: (A) the number of remaining monthly installments into (B) the Participant's vested balance in the subaccounts in the Participant's Accounts for such Deferral Period, determined as of the last Valuation Date of the prior month. A Participant's last installment payment shall be adjusted as needed to reflect investment gains or losses. If the total of the vested balance in the Participant's Accounts (and the vested balances in the Participant's accounts in all other agreements, methods, programs or other arrangements with respect to which deferrals of compensation are treated as having been deferred under a single nonqualified deferred compensation plan under Treasury Regulation Section 1.409A-1(c)(2)), determined as of any date that is on or after January 1, 2008 and on or after monthly installment payments commence, is not greater than the applicable dollar amount under Section 402(g)(1)(B) of the Code, such vested balance in the Participant's Accounts (and the vested balances in such other agreements, methods, programs and arrangements) shall be paid to the Participant in a lump sum payment not later than sixty (60) days after such date in accordance with Treasury Regulation Section 1.409A-3(j)(4)(v).

(2) If installment payments are made, the provisions of Sections 6.3, 6.4 and 6.5 will continue to apply to the unpaid balance.

(c) Special Rule for Certain EDCP Transfers.

(1) **Existing Participants.** Notwithstanding subsection (a), an individual who is already a Participant who made a valid election pursuant to Section 4.5(b) may, at the time of such election, submit a new distribution election form. This distribution election form will become effective as of January 1, 2002 unless the Participant's employment with the Company and all Affiliates terminates after the distribution form election is submitted and before January 1, 2002, due to (A) the Participant's death; (B) the Participant's Disability or (C) action taken by the Company or the Participant's Employer. If any of these events occurs, the Participant's distribution election form will be respected in 2001. If the Participant voluntarily terminates employment or retires before January 1, 2002, then the new distribution election form

will not take effect, and the distribution will be determined by the Participant's previous valid distribution election form, if any. If none, the distribution will be made in a lump sum. The EDCP Committee will, in its sole discretion, determine if any Participant's employment terminates due to action taken by the Company or an Employer. For purposes of this subsection, a Participant who is receiving salary continuation payments from an Employer will be deemed to be employed.

No new distribution elections shall be made under this subsection (c)(1) after January 1, 2002.

(2) New Participants. An individual who makes a valid election pursuant to Section 4.5(b) and thereby becomes a Participant will submit an initial distribution election form that will be effective as of the date it is made.

No new distribution elections shall be made under this subsection (c)(2) after January 1, 2002.

8.3 Beneficiary Designations.

(a) General. In the event of the death of the Participant, the Participant's vested interest in his Accounts shall be paid to the Participant's Beneficiary as described in Section 8.1(a)(2). Each Participant shall have the right to designate, in the manner specified by the EDCP Committee, a Beneficiary or Beneficiaries to receive his benefits hereunder in the event of the Participant's death.

(b) Spousal Consent Requirements. If the Participant is married at the time the Beneficiary designation is filed, the Participant must designate his spouse as the Beneficiary of at least 50% of the Participant's Account or provide the spouse's consent to the designation of a Beneficiary other than the spouse. If a Participant marries or divorces after a Beneficiary designation is filed, the designation will no longer be effective.

(c) Revised Designations. Subject to the spousal consent requirements noted above, each Participant may change his Beneficiary designation from time to time in the manner described above. Upon receipt of such designation by the EDCP Committee, such designation or change of designation shall become effective as of the date of the notice, whether or not the Participant is living at the time the notice is received. There shall be no liability on the part of the Employer, the EDCP Committee or the Trustee with respect to any payment authorized by the EDCP Committee in accordance with the most recent Beneficiary designation of the Participant in the possession of the EDCP Committee before the EDCP Committee receives a more recent Beneficiary designation.

(d) Deemed Beneficiary Designations. If no designated Beneficiary is living when benefits become payable, or if there is no designated Beneficiary, the Beneficiary shall be the Participant's spouse. If there is no living spouse, the Beneficiary shall be the Participant's estate. If the designated Beneficiary dies after the payment of benefits begin, then the Beneficiary for the remainder of the benefits payable shall be the estate of the Beneficiary.

8.4 Prohibition on Acceleration of Distributions. The time or schedule of payment of any withdrawal or distribution under the Plan shall not be subject to acceleration, except as provided under Treasury Regulations promulgated in accordance with Section 409A(a)(3) of the Code, or as provided in Sections 8.7 and 8.8 in accordance with the transitional relief under Internal Revenue Service Notice 2005-1 Q/A-19(c), the Proposed Regulations under Section 409A of the Code and Internal Revenue Service Notice 2006-79.

8.5 Withholding and Payroll Taxes. The Employer shall withhold from Plan payments any taxes required to be withheld from such payments under federal, state or local law. Any withholding of taxes or other amounts required by federal, state or local law with respect to amounts credited to Participant Accounts including, but not limited to, tax due under the Federal Insurance Contributions Act, shall be withheld, to the maximum extent possible, from the portion of the Participant's Salary or Bonus that is not contributed to this Plan. Any withholding amounts that cannot be withheld in accordance with the preceding sentence shall be withheld from the Participant's Deferral Contributions.

8.6 [Reserved]

8.7 Special Lump Sum Distribution.

(a) Subject to Section 8.9, a Participant, or a Beneficiary of a deceased Participant, may elect to receive a special lump sum distribution from such Participant's or Beneficiary's Accounts on June 1, 2008 (or within thirty (30) days thereafter) in accordance with this Section 8.7. A Participant's or Beneficiary's special lump sum distribution shall be made only from the Accounts in which such Participant or Beneficiary has a fully vested interest, determined as of the last day of the Special Distribution Election Period. The special lump sum distribution shall be in the amount equal to the Participant's or Beneficiary's designated percentage of the Participant's or Beneficiary's interest in such Accounts, and such designated percentage of the Account shall be credited to a special subaccount of such Account. Such special lump sum distribution shall be made proportionately from such Participant's or Beneficiary's Accounts (and the subaccounts thereunder) and shall apply only to amounts that would not otherwise be payable before January 1, 2008.

(b) A Participant, or a Beneficiary of a deceased Participant, shall elect to receive a special lump sum distribution under subsection (a) by completing and delivering a Special Lump Sum Distribution Agreement in accordance with the rules and procedures adopted by the EDCP Committee for such purpose. Such Participant or Beneficiary shall designate the whole percentage (up to a maximum of 100%) of such Participant's or Beneficiary's interest in his or her Accounts to be distributed in such special lump sum distribution. Such Participant or Beneficiary must complete and deliver such Special Lump Sum Distribution Agreement not later than the last day of the Special Distribution Election Period, and such Participant's or Beneficiary's Special Lump Sum Distribution Agreement shall become irrevocable as of the last day of the Special Distribution Election Period. Such special lump sum distribution election shall supersede such Participant's prior distribution election with respect to the portion of such Participant's Accounts subject to such special lump sum distribution election, except as provided in Section 8.9.

(c) Special distribution elections under this Section 8.7 shall be subject to such administrative rules, procedures and restrictions as are prescribed by the EDCP Committee in its discretion. No election may be made under this Section 8.7 after the last day of the Special Distribution Election Period.

8.8 Special Distribution Elections.

(a) Subject to Section 8.9, a Participant may elect in accordance with this Section 8.8 to make a special Separation from Service Election, or a special Distribution Year Election, with respect to any Deferral Period ending on or before December 31, 2007. Such special Separation from Service Election or special Distribution Year Election shall apply to the portion of the Participant's Accounts attributable to compensation amounts deferred during such Deferral Period.

(1) Special Separation from Service Elections. A special Separation from Service Election under this Section 8.8 with respect to a Deferral Period shall provide for the distribution of the subaccounts of such Participant's Accounts for such Deferral Period upon such Participant's Separation from Service and shall be in a form of distribution selected by the Participant in such Participant's Special Distribution Election Agreement. Such Participant may select distribution in the form of a lump sum payment, or monthly installment payments over a period of years. If such Participant selects distribution in the form of monthly installment payments, such Participant shall designate the period of years (which shall be not less than one and not more than fifteen (15)) over which such monthly installment payments shall be made; provided, however, that such installment period shall not extend beyond fifteen (15) years following such Participant's Separation from Service. If such Participant makes a special Separation from Service Election under this Section 8.8 and fails to select a form of distribution for purposes of distributions from the subaccounts of such Participant's Accounts for a Deferral Period, such distributions shall be made in a lump sum payment. A Participant may not change his or her special Separation from Service Election under this Section 8.8 with respect to a Deferral Period, or the form of distribution of the subaccounts of such Participant's Accounts for such Deferral Period.

(2) Special Distribution Year Elections. A special Distribution Year Election under this Section 8.8 with respect to a Deferral Period shall provide for the distribution of the subaccounts of such Participant's Accounts for such Deferral Period upon the earlier of the first day of the Distribution Year (as selected by the Participant), or the Participant's Separation from Service. Such Participant shall select the Distribution Year for purposes of distributions from the subaccounts of such Participant's Accounts for such Deferral Period. The Distribution Year shall be not earlier than the 2009 calendar year, and shall not be later than the 2027 calendar year. The distribution of the subaccounts of such Participant's Accounts for such Deferral Period shall be made in a lump sum payment. A Participant may not change such Participant's special Distribution Year Election with respect to a Deferral Period.

(3) Separate Elections. A Participant may make a separate special Separation of Service Election or special Distribution Year Election with respect to each Deferral Period.

(4) Time of Payment.

(A) A Participant's Accounts shall be distributed in accordance with the special Separation from Service Election or special Distribution Year Election for the subaccounts of such Participant's Accounts for each Deferral Period.

(B) The distributions from the subaccounts of a Participant's Accounts for a Deferral Period shall be made or commence upon the earliest of:

(I) the first day of the Distribution Year (if any) selected by such Participant (in the case of subaccounts subject to such Participant's Distribution Year Election), or

(II) the Participant's Separation from Service; or

(III) the Participant's death;

provided, however, that, in the case of a Participant who is a Specified Employee as of the date of such Participant's Separation from Service, the distributions of the subaccounts of such Participant's Accounts for such Deferral Period upon such Participant's Separation from Service shall be made or commence on the date which is six months after the date of such Participant's Separation from Service (or, if earlier, the date of such Participant's death) in accordance with Section 409A(a)(2)(B)(i) of the Code and the Treasury Regulation Section 1.409A-3(i)(2).

(C) If the subaccounts of a Participant's Accounts for any Deferral Period are to be distributed in the form of monthly installment payments, and such Participant is a Specified Employee as of the date of such Participant's Separation from Service, the monthly installment payments that otherwise would be made to such Participant prior to the date which is six months after the date of such Participant's Separation from Service (or, if earlier, the date of such Participant's death) shall be accumulated in the subaccounts of such Participant's Accounts for such Deferral Period and paid commencing on such date in accordance with Section 409A(a)(2)(B)(i) of the Code and Treasury Regulation Section 1.409A-3(i)(2), as adjusted to reflect the rate of return on the hypothetical Investment Funds selected by the Participant in accordance with Section 6.4. The subaccounts of such Participant's Accounts for such Deferral Period shall be distributed in installment payments, commencing on the date which is six months after the date of such Participant's Separation from Service (or, if earlier, the date of such Participant's death), over the installment payment period designated under the Separation from Service Election for the subaccounts of such Participant's Accounts for the Deferral Period.

(5) Form of Payments.

(A) Separation from Service Election Payments. In the event a Participant made a special Separation from Service Election with respect to a Deferral Period, the distribution from the subaccounts in such Participant's Accounts for such Deferral Period shall be made in a lump sum payment, or in monthly installment payments, in accordance with Section 8.8(a)(1).

(B) Distribution Year Election Payment. In the event a Participant made a special Distribution Year Election with respect to a Deferral Period, the distribution from the subaccounts in such Participant's Accounts for such Deferral Period shall be made to such Participant in a lump sum payment. Such lump sum payment shall be made not later than sixty (60) days after the date determined under Section 8.8(a)(4).

(6) Definition of Distribution Year. For purposes of this Section 8.8, "Distribution Year" means the calendar year selected by a Participant for purposes of distributions from the subaccounts of such Participant's Accounts for a Deferral Period.

(7) Installment Payments.

(A) In the event a Participant makes a special Separation from Service Election, and elects distribution in the form of installment payments, the amount of each monthly installment in any calendar year for the distribution of the subaccounts in a Participant's Accounts for a Deferral Period shall be calculated as follows. The amount of the monthly installment shall be determined before the first installment is paid and on each January 1st in all subsequent calendar year. The amount of each monthly installment for such calendar year shall be determined by dividing: (A) the number of remaining monthly installments into (B) the Participant's vested balance in the subaccounts in the Participant's Accounts for such Deferral Period, determined as of the last Valuation Date of the prior month. A Participant's last installment payment shall be adjusted as needed to reflect investment gains or losses. If the total of the vested balance in the Participant's Accounts (and the vested balances in the Participant's accounts in all other agreements, methods, programs or other arrangements with respect to which deferrals of compensation are treated as having been deferred under a single nonqualified deferred compensation plan under Treasury Regulation Section 1.409A-1(c)(2)), determined as of any date that is on or after January 1, 2008 and on or after monthly installment payments commence, is not greater than the applicable dollar amount under Section 402(g)(1)(B) of the Code, such vested balance in the Participant's Accounts (and the vested balances in such other agreements, methods, programs and arrangements) shall be paid to the Participant in a lump sum payment not later than sixty (60) days after such date in accordance with Treasury Regulation Section 1.409A-3(j)(4)(v).

(B) If installment payments are made, the provisions of Sections 6.3, 6.4 and 6.5 shall continue to apply to the unpaid interest in the relevant subaccounts.

(b) If a Participant elects to make a special Separation from Service Election, or a special Distribution Year Election, with respect to a Deferral Period under this Section 8.8, such special Separation from Service Election or special Distribution Year Election shall apply to the subaccounts of such Participant's Accounts for such Deferral Period and shall apply only to amounts that would not otherwise be payable before January 1, 2008 or payable in accordance with a special lump sum distribution election under Section 8.7.

(c) A Participant shall make a special Separation from Service Election or a special Distribution Year Election, with respect to a Deferral Period under subsection (a) by completing and delivering a Special Distribution Election Agreement in accordance with rules and procedures adopted by the EDCP Committee for such purpose. Such Participant must complete and deliver such Special Distribution Election Agreement not later than the last day of the Special Distribution Election Period, and such Participant's Special Distribution Election Agreement shall become irrevocable as of the last day of the Special Distribution Election Period. Such special Separation from Service Election, or special Distribution Year Election, shall supersede such Participant's prior distribution election with respect to the portion of such Participant's Accounts subject to such special Separation from Service Election or special Distribution Year Election, except as provided in Section 8.9.

(d) Special Separation from Service Elections and special Distribution Year Elections under this Section 8.8 shall be subject to such administrative rules, procedures and restrictions as are prescribed by the EDCP Committee in its discretion. No election may be made under this Section 8.8 after the last day of the Special Distribution Election Period.

8.9 Compliance with Section 409A of the Code.

(a) The Plan shall be interpreted, construed and administered in a manner that satisfies the requirements of Sections 409A(a)(2), (3) and (4) of the Code and the Treasury Regulations thereunder (subject to the transitional relief under Internal Revenue Service Notice 2005-1, the Proposed Regulations under Section 409A of the Code and other applicable authority issued by the Internal Revenue Service).

(b) As provided in Internal Revenue Notice 2006-79, notwithstanding any other provision of the Plan, with respect to an election or amendment to change a time and form of payment under the Plan made on or after January 1, 2007 and on or before December 31, 2007, the election or amendment shall apply only to amounts that would not otherwise be payable in 2007 and shall not cause an amount to be paid in 2007 that would not otherwise be payable in 2007.

ARTICLE NINE **ADMINISTRATION OF THE PLAN**

9.1 Adoption of Trust. The Company shall enter into a Trust Agreement with the Trustee, which Trust Agreement shall form a part of this Plan and is hereby incorporated herein by reference.

9.2 Powers of the EDCP Committee.

(a) **Named Fiduciary.** The EDCP Committee is the named fiduciary with respect to the administration of the Plan.

(b) **General Powers Of The EDCP Committee.** The EDCP Committee shall have the power and discretion to perform the administrative duties described in this Plan or required for proper administration of the Plan and shall have all powers necessary to enable it to properly carry out such duties. Without limiting the generality of the foregoing, the EDCP Committee shall have the power and discretion to construe and interpret this Plan, to hear and resolve claims relating to this Plan, and to decide all questions and disputes arising under this Plan. The EDCP Committee shall determine, in its discretion, the service credited to the Participants, the status and rights of a Participant, and the identity of the Beneficiary or Beneficiaries entitled to receive any benefits payable hereunder on account of the death of a Participant. The decision or action of the EDCP Committee in respect of any question arising under or in connection with the Plan and the rules and regulations promulgated hereunder shall be final and conclusive and binding upon all persons having an interest in the Plan.

(c) **Distributions.** Except as is otherwise provided hereunder, the EDCP Committee shall determine the manner and time of payment of benefits under this Plan. All benefit disbursements by the Trustee shall be made upon the instructions of the EDCP Committee.

(d) **Decisions Conclusive.** The decision of the EDCP Committee upon all matters within the scope of its authority shall be binding and conclusive upon all persons.

(e) **Reporting.** The EDCP Committee shall file all reports and forms lawfully required to be filed by the EDCP Committee and shall distribute any forms, reports or statements to be distributed to Participants and others.

(f) **Trust Fund.** The EDCP Committee shall keep itself advised with respect to the funded status and investment of the Trust Fund.

9.3 Creation of Committee. The EDCP Committee shall be appointed by the Chief Executive Officer of the Company. The EDCP Committee must consist of at least three members. The EDCP Committee members shall serve without compensation but shall be reimbursed for all expenses by the Company. The EDCP Committee shall conduct itself in accordance with the provisions of this Article Nine. The members of the EDCP Committee may resign with thirty (30) days notice in writing to the Company and may be removed immediately at any time by written notice from the Company. The EDCP Committee may have duties with respect to other plans of the Company that are or identical to its duties under the Plan.

9.4 Appointment of Agents. The EDCP Committee may appoint such other agents, who need not be members of the EDCP Committee, as it may deem necessary for the effective performance of its duties, whether ministerial or discretionary, as the EDCP Committee may deem expedient or appropriate. The compensation of any agents who are not employees of the Company shall be fixed by the committee within any limitations set by the HRC.

9.5 Majority Vote and Execution of Instruments. In all matters, questions and decisions, the action of the EDCP Committee shall be determined by a majority vote of its members. They may meet informally or take any ordinary action without the necessity of meeting as a group. All instruments executed by the EDCP Committee shall be executed by a majority of its members or by any member of the EDCP Committee designated to act on its behalf.

9.6 Allocation of Responsibilities. The EDCP Committee may allocate responsibilities among its members or designate other persons to act on its behalf. Any allocation or designation, however, must be set forth in writing and must be retained in the permanent records of the EDCP Committee.

9.7 Conflict of Interest. No member of the EDCP Committee who is a Participant shall take any part in any action in connection with his participation as an individual. Such action shall be voted or decided by the remaining members of the EDCP Committee.

9.8 Indemnification. The Company shall indemnify and hold harmless the members of the EDCP Committee against any and all claims, loss, damage, expense or liability arising from any action or failure to act with respect to this Plan on account of such member's service on the EDCP Committee, except in the case of gross negligence or willful misconduct.

9.9 Action taken by Employer. Any action to be taken by an Employer shall be taken by resolution adopted by its board of directors or appropriate board committee; provided, however, that by resolution, the board of directors or appropriate board committee may delegate to any committee of the board or any officer of the Employer the authority to take any actions under this Plan, other than the power to determine the basis of Employer contributions.

9.10 Fiduciary Authority. All delegations of fiduciary responsibility set forth in this document regarding the determination of benefits and the interpretation of the terms of the Plan confer discretionary authority upon the named fiduciary.

9.11 Participant Statements. The EDCP Committee shall provide a statement of Plan Accounts to each Participant and Beneficiary on a quarterly or more frequent basis, as determined by the EDCP Committee in its discretion. Such statement of Plan Accounts shall reflect the amounts allocated to each Account maintained for the Participant, the Participant's vested interest in his Accounts, any distributions, withdrawals or expenses charged against the Participant's Account, the hypothetical investment earnings and losses on the Participant's Account, and any other information deemed appropriate by the EDCP Committee.

ARTICLE TEN **CLAIM REVIEW PROCEDURE**

10.1 General. In the event that a Participant or Beneficiary (the "claimant") is denied a claim for benefits under this Plan, the EDCP Committee shall provide to the claimant written notice of the denial which shall set forth:

- (a) The specific reason or reasons for the denial;

(b) Specific references to pertinent Plan provisions on which the EDCP Committee based its denial;

(c) A description of any additional material or information needed for the claimant to perfect the claim and an explanation of why the material or information is needed;

(d) A statement that the claimant may:

(1) Request a review upon written application to the EDCP Committee;

(2) Review pertinent Plan documents; and

(3) Submit issues and comments in writing; and

(e) That any appeal the claimant wishes to make of the adverse determination must be in writing to the EDCP Committee within 60 days after receipt of the EDCP Committee's notice of denial of benefits. The EDCP Committee's notice must further advise the claimant that his failure to appeal the action to the EDCP Committee in writing within the 60 day period will render the EDCP Committee's determination final, binding, and conclusive.

10.2 Appeals.

(a) If the claimant should appeal to the EDCP Committee, he, or his duly authorized representative, may submit, in writing, whatever issues and comments he, or his duly authorized representative, feels are pertinent. The EDCP Committee shall re-examine all facts related to the appeal and make a final determination as to whether the denial of benefits is justified under the circumstances. The EDCP Committee shall advise the claimant in writing of its decision on his appeal, the specific reasons for the decision, and the specific Plan provisions on which the decision is based. The notice of the decision shall be given within 60 days of the claimant's written request for review, unless special circumstances (such as a hearing) would make the rendering of a decision within the 60 day period infeasible, but in no event shall the EDCP Committee render a decision regarding the denial of a claim for benefits later than 120 days after its receipt of a request for review. If an extension of time for review is required because of special circumstances, written notice of the extension shall be furnished to the claimant prior to the date the extension period commences.

(b) If, upon appeal, the EDCP Committee shall grant the relief requested by the claimant, then, in addition, the EDCP Committee shall award to the claimant reasonable fees and expenses of counsel, or any other duly authorized representative of claimant, which shall be paid by the Company. The determination as to whether such fees and expenses are reasonable shall be made by the Company in its sole and absolute discretion and such determination shall be binding and conclusive on all parties.

10.3 Notice of Denials. The EDCP Committee's notice of denial of benefits shall identify the address to which the claimant may forward his appeal.

ARTICLE ELEVEN
LIMITATION ON ASSIGNMENT; PAYMENTS TO LEGALLY
INCOMPETENT DISTRIBUTE

11.1 Anti-Alienation Clause. No benefit which shall be payable under the Plan to any person shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge or otherwise dispose of the same shall be void. No benefit shall in any manner be subject to the debts, contracts, liabilities, engagements or torts of any person, nor shall it be subject to attachment or legal process for or against any person, except to the extent as may be required by law. The benefits provided by this Plan are not subject to the qualified domestic relations order provisions of ERISA or the Code.

11.2 Permitted Arrangements. Section 11.1 (Anti-Alienation Clause) shall not preclude arrangements for the withholding of taxes from benefit payments, arrangements for the recovery of benefit overpayments, arrangements for the transfer of benefit rights to another plan, or arrangements for direct deposit of benefit payments to an account in a bank, savings and loan association or credit union (provided that such arrangement is not part of an arrangement constituting an assignment or alienation).

11.3 Payment to Minor or Incompetent. Whenever any benefit which shall be payable under the Plan is to be paid to or for the benefit of any person who is then a minor or determined by the EDCP Committee to be incompetent, the EDCP Committee need not require the appointment of a guardian or custodian, but shall be authorized to cause the same to be paid over to the person having custody of the minor or incompetent, or to cause the same to be paid to the minor or incompetent without the intervention of a guardian or custodian, or to cause the same to be paid to a legal guardian or custodian of the minor or incompetent if one has been appointed or to cause the same to be used for the benefit of the minor or incompetent.

ARTICLE TWELVE
AMENDMENT, MERGER AND TERMINATION

12.1 Amendment.

(a) The Company shall have the right at any time, by an instrument in writing duly executed, acknowledged and delivered to the EDCP Committee, to modify, alter or amend this Plan, in whole or in part, prospectively or retroactively (including, without limitation, to comply with Sections 409A(a)(2), (3) and (4) of the Code and the Treasury Regulations and applicable guidance thereunder). Additionally, the EDCP Committee shall also have the right to modify, alter or amend the Plan by written instrument provided that such amendment does not have a material adverse financial effect on the Company or the Plan. No amendment shall substantially increase the duties and liabilities of the EDCP Committee and the Trustee hereunder without its written consent. No amendment shall reduce any Participant's vested interest in the Plan, calculated as of the date on which the amendment is adopted.

(b) Any Affiliate or other entity adopting this Plan hereby delegates the authority to amend the Plan to the Company and the EDCP Committee. If the Plan is amended

after it is adopted by an Affiliate, unless otherwise expressly provided, it shall be treated as so amended by such Affiliate without the necessity of any action on the part of the Affiliate. An Affiliate or other entity that has adopted this Plan may terminate its future participation in the Plan at any time.

12.2 Merger or Consolidation of Company. The Plan shall not be automatically terminated by the Company's acquisition by or merger into any other employer, but the Plan shall be continued after such acquisition or merger if the successor employer elects and agrees to continue the Plan. Except as provided in Section 12.4 (Continuation of Plan following Change of Control), all rights to amend, modify, suspend, or terminate the Plan shall be transferred to the successor employer, effective as of the date of the merger.

12.3 Termination of Plan or Discontinuance of Contributions. It is the expectation of the Company that this Plan and the payment of contributions hereunder will be continued indefinitely. However, continuance of the Plan is not assumed as a contractual obligation of the Company. Except as provided in Section 12.4 (Continuation of Plan following Change of Control), the Company reserves the right at any time to terminate this Plan or to reduce, temporarily suspend or discontinue contributions hereunder. If this Plan is terminated, all Plan benefits shall be distributed in accordance with Article Eight and the distribution elections of the Participant's following the termination of the Plan.

12.4 Continuation of Plan following a Change of Control. Notwithstanding any provision of this Plan to the contrary, if a Change of Control occurs following the Effective Date of this Plan, a successor employer shall have the power to (a) terminate this Plan, (b) amend Section 13.5 (Funding upon a Change of Control) of the Plan, or (c) amend any provision of the Plan that affects a Participant's entitlement to or the timing of a distribution from the Plan, only if 80% of the individuals who are Participants in the Plan as of the date of the Change of Control consent to such an amendment or termination. The provisions of this Section 12.4 shall not limit a successor employer's authority to take other actions with respect to the Plan, including the authority to discontinue contributions to the Plan.

12.5 Limitation of Company's Liability. The adoption of this Plan is strictly a voluntary undertaking on the part of the Company and shall not be deemed to constitute a contract between the Company and any employee or Participant or to be consideration for, an inducement to, or a condition of the employment of any employee. A Participant, employee, or Beneficiary shall not have any right to retirement or other benefits except to the extent provided herein.

12.6 Limitation on Distributions. To the extent that any payment to be made to a Participant under this Plan during a taxable year of such Participant's Employer, when combined with all other payments received or to be received during such taxable year of the Participant's Employer that are subject to the limitation on deductibility under Section 162(m) of the Code, would exceed the limitation on deductibility under Section 162(m) of the Code, such payment under the Plan shall be delayed in accordance with Treasury Regulation Section 1.409A-2(b)(7)(i) to such Participant's Separation from Service (or, in the case of a Participant who is a Specified Employee as of the date of such Participant's Separation from Service, the date which is six months after the date of such Participant's Separation from Service (or, if earlier, the date

of such Participant's death) in accordance with Section 409A(a)(2)(B)(i) of the Code and the Treasury Regulation Section 1.409A-3(i)(2) and shall be paid in accordance with Treasury Regulation Section 1.409A-2(b)(7)(i). Any payment that is deferred in accordance with this Section 12.6 shall be credited with hypothetical investment earnings and losses in accordance with Article Six (Crediting of Contributions and Income).

ARTICLE THIRTEEN **GENERAL PROVISIONS**

13.1 Limitation of Rights. Neither this Plan, the Trust nor membership in the Plan shall give any employee or other person any right except to the extent that the right is specifically fixed under the terms of the Plan. The establishment of the Plan shall not be construed to give any individual a right to be continued in the service of a Employer or as interfering with the right of a Employer to terminate the service of any individual at any time.

13.2 Construction. The masculine gender, where appearing in the Plan, shall include the feminine gender (and vice versa), and the singular shall include the plural, unless the context clearly indicates to the contrary. Headings and subheadings are for the purpose of reference only and are not to be considered in the construction of this Plan. If any provision of this Plan is determined to be for any reason invalid or unenforceable, the remaining provisions shall continue in full force and effect. All of the provisions of this Plan shall be construed and enforced in accordance with the laws of the State of Delaware.

13.3 Status of Participants as Unsecured Creditors. All benefits under the Plan shall be the unsecured obligations of the Company and each Employer, as applicable, and, except for those assets which will be placed in the Trust established in connection with this Plan, no assets will be placed in trust or otherwise segregated from the general assets of the Company or each Employer, as applicable, for the payment of obligations hereunder. To the extent that any person acquires a right to receive payments hereunder, such right shall be no greater than the right of any unsecured general creditor of the Company and each Employer, as applicable.

13.4 Status of Trust Fund. The Trust Fund is being established to assist the Company and the Employers in meeting their obligations to the Participants and to provide the Participants with a measure of protection in certain limited instances. In certain circumstances described in the Trust Agreement, the assets of the Trust Fund may be used for the benefit of the Company's or an Affiliate's creditors and, as a result, the Trust Fund is considered to be part of the Company's and Employer's general assets. Benefit payments due under this Plan shall either be paid from the Trust Fund or from the Company's or Affiliate's general assets as directed by the EDCP Committee. Despite the establishment of the Trust Fund, it is intended that the Plan be considered to be "unfunded" for purposes of the ERISA and the Code.

13.5 Funding upon a Change of Control. Immediately before the occurrence of a Change of Control, the Company shall determine whether, for any reason, the assets of the Trust Fund are less than the aggregate Account balances of all Participants (determined without regard to the vested interest of each Participant) and transfer an amount equal to the deficiency to the Trustee of the Trust. If it is discovered at any time that the amount initially transferred is less than the total amount called for by the preceding sentence, the shortfall, including any accrued interest on the shortfall, shall be transferred to the Trustee immediately upon the discovery of such error.

13.6 Uniform Administration. Whenever in the administration of the Plan any action is required by the EDCP Committee, such action shall be uniform in nature as applied to all persons similarly situated, except as otherwise provided to the contrary in this Plan document or the Trust Agreement.

13.7 Heirs and Successors. All of the provisions of this Plan shall be binding upon all persons who shall be entitled to any benefits hereunder, and their heirs and legal representatives.

13.8 Electronic Administration. The EDCP Committee shall have the authority to employ alternative means (including, but not limited to, electronic, internet, intranet, voice response or telephonic) by which Participants may submit participation elections, directions, and forms required for participation in, and the administration of, this Plan. If the EDCP Committee chooses to use these alternative means, any elections, directions or forms submitted in accordance with the rules and procedures promulgated by the EDCP Committee will be deemed to satisfy any provision of this Plan calling for the submission of a written election, direction or form.

* * * *

To signify its adoption of this Amendment and Restatement of the Harrah's Entertainment, Inc. Executive Supplemental Savings Plan, the Company has caused this Plan document to be executed by a duly authorized officer of the Company as of August 3, 2007.

HARRAH'S ENTERTAINMENT, INC.

By: /S/ Mary Thomas

Name: Mary Thomas

Title: Senior Vice President, Human Resources

**AMENDMENT AND RESTATEMENT OF
THE HARRAH'S ENTERTAINMENT, INC.
EXECUTIVE SUPPLEMENTAL SAVINGS PLAN II
Effective as of August 3, 2007**

**AMENDMENT AND RESTATEMENT OF
THE HARRAH'S ENTERTAINMENT, INC.
EXECUTIVE SUPPLEMENTAL SAVINGS PLAN II**

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE ONE PREAMBLE	1
ARTICLE TWO DEFINITIONS	2
2.1 "Account" or "Accounts"	2
2.2 "Affiliate"	2
2.3 "Beneficiary"	2
2.4 "Board"	2
2.5 "Bonus"	2
2.5A "Caesars Company Contribution Account"	2
2.5B "Caesars Participant"	3
2.5C "Caesars Plan"	3
2.5D "Caesars Plan Transfer Date"	3
2.6 "Change of Control"	3
2.7 "Code"	4
2.8 "Company"	4
2.9 "Compensation"	5
2.10 "Deferral Contribution"	5
2.11 "Deferral Contribution Account"	5
2.12 "Deferral Period"	5
2.13 "Disability"	5
2.14 "Discretionary Contribution"	5
2.15 "Discretionary Contribution Account"	5
2.16 "Distribution Year"	5
2.17 "EDCP Committee"	5
2.18 "EDCP Investment Committee"	5
2.19 "Effective Date"	6
2.20 "Employee"	6
2.21 "Employer"	6
2.22 "ERISA"	6

**AMENDMENT AND RESTATEMENT OF
THE HARRAH'S ENTERTAINMENT, INC.
EXECUTIVE SUPPLEMENTAL SAVINGS PLAN II**

TABLE OF CONTENTS

	<u>Page</u>
2.23	6
2.24	6
2.25	6
2.26	6
2.26A	6
2.26B	7
2.26C	7
2.26D	7
2.27	7
2.28	7
2.29	7
2.30	7
2.31	7
2.32	7
2.33	7
2.34	7
2.35	8
2.36	8
2.37	8
2.38	8
2.39	8
2.40	8
2.41	8
2.42	9
2.43	9
2.44	9
2.45	9

**AMENDMENT AND RESTATEMENT OF
THE HARRAH'S ENTERTAINMENT, INC.
EXECUTIVE SUPPLEMENTAL SAVINGS PLAN II**

TABLE OF CONTENTS

	<u>Page</u>	
2.46	“Transferred Caesars Accounts”	9
2.47	“Transferred Caesars Company Contribution Account”	9
2.48	“Transferred Caesars Deferral Account”	9
2.49	“Transferred Harrah’s ESSP Accounts”	10
2.50	“Transferred Harrah’s ESSP Deferral Contribution Account”	10
2.51	“Transferred Harrah’s ESSP Matching Contribution Account”	10
2.52	“Trust”	10
2.53	“Trust Agreement”	10
2.54	“Trust Fund”	10
2.55	“Trustee”	10
2.56	“Valuation Date”	10
2.57	“Years of Vesting Service”	10
ARTICLE THREE ELIGIBILITY		11
3.1	Selection of Participants	11
3.2	Participation Agreement	14
3.3	Discontinuance of Participation	15
3.4	Reemployment	15
3.5	Adoption by Affiliates	16
ARTICLE FOUR CONTRIBUTIONS		16
4.1	Participant Contributions.	16
4.2	Matching Contributions.	17
4.3	Change or Suspension of Contributions	20
4.4	Discretionary Contributions	22
4.5	2005 Contributions under the Caesars Plan.	22
4.6	Second Enhancement Contributions	23
4.7	Transfers from Caesars Plan.	23
4.8	Transfers from Harrah’s ESSP.	24

**AMENDMENT AND RESTATEMENT OF
THE HARRAH'S ENTERTAINMENT, INC.
EXECUTIVE SUPPLEMENTAL SAVINGS PLAN II**

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE FIVE WITHDRAWALS UPON UNFORESEEABLE EMERGENCY	26
5.1 Unforeseeable Emergency Withdrawals.	26
5.2 Account Adjustments	27
5.3 Cancellation of Participation in the Event of Hardship Withdrawal	27
ARTICLE SIX CREDITING OF CONTRIBUTIONS AND INCOME	27
6.1 Account Allocations	27
6.2 Subaccounts	28
6.3 Hypothetical Investment Funds	28
6.4 Investment Direction	28
6.5 Rate of Return	28
6.6 Application to Beneficiaries	29
6.7 EDCP Investment Committee	29
ARTICLE SEVEN VESTING	29
7.1 Vesting of Accounts	29
7.2 Changes in Vesting Schedule	33
ARTICLE EIGHT DISTRIBUTION ELECTIONS; PAYMENT OF BENEFITS	33
8.1 Distribution Elections	33
8.2 Changes of Distribution Year Election	36
8.3 Time of Payment	38
8.4 Form of Payments	39
8.5 Beneficiary Designations	40
8.6 Prohibition on Acceleration of Distributions	41
8.7 Withholding and Payroll Taxes	41
8.8 [Reserved]	41
8.9 Special Lump Sum Distribution.	42
8.10 Special Distribution Elections.	42
8.11 Compliance with Section 409A of the Code.	44

**AMENDMENT AND RESTATEMENT OF
THE HARRAH'S ENTERTAINMENT, INC.
EXECUTIVE SUPPLEMENTAL SAVINGS PLAN II**

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE NINE ADMINISTRATION OF THE PLAN	44
9.1 Adoption of Trust	44
9.2 Powers of the EDCP Committee	44
9.3 Creation of Committee	45
9.4 Appointment of Agents	45
9.5 Majority Vote and Execution of Instruments	45
9.6 Allocation of Responsibilities	45
9.7 Conflict of Interest	45
9.8 Indemnification	45
9.9 Action Taken by Employer	45
9.10 Discretionary Authority	46
9.11 Participant Statements	46
9.12 Compliance with Section 409A of the Code	46
ARTICLE TEN CLAIMS REVIEW PROCEDURE	46
10.1 General	46
10.2 Benefit Determination	46
10.3 Appeals	47
10.4 Notice of Denials	48
ARTICLE ELEVEN LIMITATION ON ASSIGNMENT; PAYMENTS TO LEGALLY INCOMPETENT DISTRIBUTE	48
11.1 Anti-Alienation Clause	48
11.2 Permitted Arrangements	49
11.3 Payment to Minor or Incompetent	49
ARTICLE TWELVE AMENDMENT, MERGER AND TERMINATION	49
12.1 Amendment	49
12.2 Merger or Consolidation of Company	49
12.3 Termination of Plan or Discontinuance of Contributions	50
12.4 Continuation of Plan following a Change of Control	50

**AMENDMENT AND RESTATEMENT OF
THE HARRAH'S ENTERTAINMENT, INC.
EXECUTIVE SUPPLEMENTAL SAVINGS PLAN II**

TABLE OF CONTENTS

	<u>Page</u>
12.5	Limitation of Company's Liability
12.6	Limitation on Distributions
ARTICLE THIRTEEN GENERAL PROVISIONS	
13.1	Limitation of Rights
13.2	Construction
13.3	Status of Participants as Unsecured Creditors
13.4	Status of Trust Fund
13.5	Funding upon a Change of Control
13.6	Uniform Administration
13.7	Heirs and Successors
13.8	Electronic Administration.

**AMENDMENT AND RESTATEMENT OF
THE HARRAH'S ENTERTAINMENT, INC.
EXECUTIVE SUPPLEMENTAL SAVINGS PLAN II**

ARTICLE ONE

PREAMBLE

HARRAH'S ENTERTAINMENT, INC., a Delaware corporation (the "Company"), previously adopted this Harrah's Entertainment, Inc. Executive Supplemental Savings Plan II (the "Plan"), effective as of January 1, 2005, in order to provide key executives and senior management employees with an opportunity and incentive to save for retirement and other purposes.

The purpose of this Plan is to provide a select group of management or highly compensated employees of the Company and certain of its affiliates with the opportunity to defer a portion of their compensation and to receive contributions from their employers. As a result, the Plan is intended to be a "top hat plan," exempt from certain requirements of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), pursuant to Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA. This Plan is not intended to qualify for favorable tax treatment pursuant to Section 401(a) of the Internal Revenue Code of 1986, as amended (the "Code"), or any successor section or statute. This Plan is intended to comply with the requirements of Section 409A(a)(2), (3) and (4) of the Code.

The Plan was subsequently amended by the First and Second Amendments to the Plan and was amended and restated generally effective as of January 1, 2005.

The Human Resources Committee of the Board of Directors of Harrah's Entertainment, Inc. now wishes to amend the Plan to provide each Participant and each Beneficiary of a deceased Participant with an opportunity to elect to receive a special lump sum distribution from his or her Accounts under the Plan during 2008, and an opportunity to make special distribution elections, in accordance with the transitional relief under Internal Revenue Service Notice 2005-1, Q/A-19(c), the Proposed Regulations under Section 409A of the Code and Internal Revenue Service Notice 2006-79.

The Company has adopted this Amendment and Restatement of the Plan, effective as of August 3, 2007. This Amendment and Restatement of the Plan incorporates the prior amendment and restatement of the Plan and constitutes a complete amendment, restatement and continuation of the Plan. This Amendment and Restatement of the Plan is intended to comply with the requirements of Sections 409A(a)(2), (3) and (4) of the Code and the Treasury Regulations thereunder. As provided in Notice 2006-79, with respect to an election or amendment to change a time and form of payment under the Plan made on or after January 1, 2007 and on or before December 31, 2007, the election or amendment shall apply only to amounts that would not otherwise be payable in 2007 and shall not cause an amount to be paid in 2007 but would not otherwise be payable in 2007. The Plan, as in effect prior to this Amendment and Restatement of the Plan, shall govern distributions under the Plan prior to August 3, 2007.

ARTICLE TWO
DEFINITIONS

When a word or phrase appears in this Plan with the initial letter capitalized, and the word or phrase does not begin a sentence, the word or phrase shall generally be a term defined in this Article Two or in the Preamble. The following words and phrases used in the Plan with the initial letter capitalized shall have the meanings set forth in this Article Two, unless a clearly different meaning is required by the context in which the word or phrase is used:

2.1 “Account” or “Accounts” means the accounts which may be maintained by the EDCP Committee to reflect the interest of a Participant or the Beneficiary of a deceased Participant under the Plan.

2.2 “Affiliate” means: (a) a corporation which is a member of the same controlled group of corporations (within the meaning of Section 414(b) of the Code) as is the Company, (b) any other trade or business (whether or not incorporated) controlling, controlled by, or under common control (within the meaning of Section 414(c) of the Code) with the Company, and (c) any other corporation, partnership, or other organization which is a member of an affiliated service group (within the meaning of Section 414(m) of the Code) with the Company or which is otherwise required to be aggregated with the Company pursuant to Section 414(o) of the Code.

2.3 “Beneficiary” means the person or trust that a Participant, in his or her most recent written designation filed with the EDCP Committee, shall have designated to receive his or her benefit under the Plan in the event of his or her death or, if applicable, the person or entity determined in accordance with Section 8.5 (Beneficiary Designations).

2.4 “Board” means the Board of Directors of the Company.

2.5 “Bonus” means the incentive payment or payments earned by a Participant during a Deferral Period pursuant to the Company’s Annual Management Bonus Plan, the Company’s Senior Executive Incentive Plan, the Company’s Player Development Bonus Program and/or the Horseshoe Gaming Holding Corp. 2004 Annual Bonus Incentive Plan, as such plans may be amended from time to time, and those short-term cash incentive plans that are approved by the EDCP Committee or its delegate, the Senior Vice President of Human Resources of the Company.

2.5A “Caesars Company Contribution Account” means the Account maintained to record the amounts that otherwise would be credited to a Caesars Participant’s “Company Contribution Account” under the Caesars Plan, determined in accordance with Section 4.5(c) (Caesars Matching Contributions), on behalf of such Caesars Participant, as adjusted to reflect the rate of return on the hypothetical Investment Funds selected by the Caesars Participant in accordance with Section 6.4 (Investment Direction) and other credits or charges in accordance with this Plan. A Caesars Participant’s Caesars Company Contribution Account shall be divided into subaccounts as determined by the EDCP Committee.

2.5B “Caesars Participant” means:

(a) an Employee who is a “Participant” (as defined in the Caesars Plan) and becomes a Participant in accordance with Section 3.1(e)(1), or

(b) any other “Participant” (as defined in the Caesars Plan) or former “Participant” who has an “Account” (as defined in the Caesars Plan) or “Accounts” under the Caesars Plan, effective as of the Caesars Plan Transfer Date.

2.5C “Caesars Plan” means the Park Place Entertainment Corporation Executive Deferred Compensation Plan, as amended.

2.5D “Caesars Plan Transfer Date” means August 1, 2006.

2.6 “Change of Control” means and includes each of the following events or transactions described in subsection (a), (b), (c) or (d):

(a) the acquisition, directly or indirectly, by any "person" or "group" (as those terms are defined in Sections 3(a)(9), 13(d) and 14(d) of the Securities Exchange Act of 1934 (the "Exchange Act") and the rules thereunder) of "beneficial ownership" (as determined pursuant to Rule 13d-3 under the Exchange Act) of securities entitled to vote generally in the election of directors ("voting securities") of the Company that represent twenty-five percent (25%) or more of the combined voting power of the Company's then outstanding voting securities, other than

(1) an acquisition by a trustee or other fiduciary holding securities under any employee benefit plan (or related trust) sponsored or maintained by the Company or any person controlled by the Company or by any employee benefit plan (or related trust) sponsored or maintained by the Company or any person controlled by the Company, or

(2) an acquisition of voting securities by the Company or a corporation owned, directly or indirectly by the stockholders of the Company in substantially the same proportions as their ownership of the stock of the Company, or

(3) an acquisition of voting securities pursuant to a transaction described in subsection (c) below that would not be a Change of Control under subsection (c);

Notwithstanding the foregoing, neither of the following events shall constitute an "acquisition" by any person or group for purposes of this subsection (a): an acquisition of the Company's securities by the Company which causes the Company's voting securities beneficially owned by a person or group to represent twenty-five percent (25%) or more of the combined voting power of the Company's then outstanding voting securities; provided, however, that if a person or group shall become the beneficial owner of twenty-five percent (25%) or more of the combined voting power of the Company's then outstanding voting securities by reason of share acquisitions by the Company as described above and shall, after such share acquisitions by the Company, become the beneficial owner of any additional voting securities of the Company, then such acquisition shall constitute a Change of Control; or

(b) during any period of two consecutive years, individuals who, at the beginning of such period, constitute the Board together with any new director(s) (other than a director designated by a person who shall have entered into an agreement with the Company to effect a transaction described in subsection (a) or (c)) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the two year period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or

(c) the consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of a merger, consolidation, reorganization, or business combination, or a sale or other disposition of all or substantially all of the Company's assets, or the acquisition of assets or stock of another entity, in each case other than a transaction

(1) which results in the Company's voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company's assets or otherwise succeeds to the business of the Company (the Company or such person, the "Successor Entity")) directly or indirectly, at least a majority of the combined voting power of the Successor Entity's outstanding voting securities immediately after the transaction, and

(2) after which no person or group beneficially owns voting securities representing twenty-five percent (25%) or more of the combined voting power of the Successor Entity; *provided, however*, that no person or group shall be treated for purposes of this paragraph (2) as beneficially owning twenty-five percent (25%) or more of combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction; or

(d) the Company's stockholders approve a liquidation or dissolution of the Company.

The HRC shall have full and final authority, which shall be exercised in its discretion, to determine conclusively whether a "Change of Control" has occurred pursuant to the above definition, and the date of the occurrence of such "Change of Control" and any incidental matters relating thereto.

2.7 "**Code**" means the Internal Revenue Code of 1986, as amended from time to time.

2.8 "**Company**" means Harrah's Entertainment, Inc., a Delaware corporation.

2.9 “Compensation” means, for each Deferral Period, the total Salary earned to the Participant and the Bonus earned by the Participant.

2.10 “Deferral Contribution” means a contribution by a Participant pursuant to Section 4.1 (Participant Contributions) of this Plan.

2.11 “Deferral Contribution Account” means the Account maintained to record the Deferral Contributions made by a Participant pursuant to Section 4.1 (Participant Contributions) (and, in the case of a Caesars Participant, the deferral contributions made under Sections 4.5(a) and (b) (Caesars Base Compensation Deferral Contributions and Caesars Bonus Deferral Contributions)) as adjusted to reflect the rate of return on the hypothetical Investment Funds selected by the Participant in accordance with Section 6.4 (Investment Direction) and other credits or charges in accordance with this Plan. A Participant’s Deferral Contribution Account shall be divided into subaccounts as determined by the EDCP Committee.

2.12 “Deferral Period” means, the twelve (12) month period beginning on each January 1 and ending on the next following December 31. The initial Deferral Period shall commence as of the Effective Date and shall end on the next following December 31.

2.13 “Disability” means, for purposes of this Plan, that the Participant qualifies to receive long term disability payments under the Employer’s long term disability insurance program, as it may be amended from time to time.

2.14 “Discretionary Contribution” means an Employer contribution determined in accordance with Section 4.4 (Discretionary Contributions) of this Plan, which may, in the discretion of the Employer, be transferred to the Trust.

2.15 “Discretionary Contribution Account” means the Account maintained to record the Discretionary Contributions calculated in accordance with Section 4.4 (Discretionary Contributions) on behalf of a Participant, as adjusted to reflect the rate of return on the hypothetical Investment Funds selected by the Participant in accordance with Section 6.4 (Investment Direction) and other credits or charges in accordance with this Plan. A Participant’s Discretionary Contribution Account shall be divided into subaccounts as determined by the EDCP Committee.

2.16 “Distribution Year” means the calendar year selected by a Participant for purposes of distributions from the subaccounts of such Participant’s Accounts for a Deferral Period.

2.17 “EDCP Committee” means the committee designated in accordance with Section 9.3 (Creation of Committee) to carry out the administrative responsibilities under the Plan.

2.18 “EDCP Investment Committee” means the committee that has the responsibility for selecting and monitoring performance of the Investment Funds.

2.19 “Effective Date” means January 1, 2005. With respect to each Affiliate that adopts this Plan after January 1, 2005, the term “Effective Date” means the date designated by the adopting Affiliate.

2.20 “Employee” means any individual classified by an Employer as a common law employee of the Employer. For this purpose, the classification that is relevant is the classification in which such individual is placed by the Employer for purposes of this Plan and the classification of such individual for any other purpose (e.g., employment tax or withholding purposes) shall be irrelevant. If an individual is characterized as a common law employee of the Employer by a governmental agency or court but not by the Employer, such individual shall be treated as an employee who has not been designated for participation in this Plan.

2.21 “Employer” means the Company and any Affiliate that has adopted this Plan pursuant to Section 3.5 (Adoption by Affiliates).

2.22 “ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time.

2.23 “401(k) Compensation” means, with respect to a Participant, such Participant’s compensation (as defined in the Savings and Retirement Plan) for purposes of determining the Employer’s matching contribution (if any) for such Participant under the Savings and Retirement Plan.

2.24 “401(k) Contributions” means a Participant’s “elective contributions,” as defined in the Treasury Regulations under Section 401(k) of the Code, made to the Savings and Retirement Plan in which such Participant is a participant.

2.25 “401(k) Matchable Deferrals” means, with respect to a Participant, such Participant’s assumed 401(k) Contributions subject to the Employer’s matching contribution under the Savings and Retirement Plan, which shall equal:

- (a) the Matching Limit, multiplied by
- (b) such Participant’s 401(k) Compensation.

A Participant’s “401(k) Matchable Deferrals” for a Deferral Period shall be determined without regard to such Participant’s actual 401(k) Contributions for such Deferral Period.

2.26 “401(k) Matching Contributions” means, with respect to a Participant, the Employer’s matching contributions assumed to be made for such Participant under the Savings and Retirement Plan, determined under the Matching Formula, based on such Participant’s 401(k) Matchable Deferrals. A Participant’s “401(k) Matching Contributions” for a Deferral Period shall be determined without regard to the Employer’s actual matching contributions made for such Participant for such Deferral Period.

2.26A “Harrah’s ESSP” means the Harrah’s Entertainment, Inc. Executive Supplemental Savings Plan, as amended.

2.26B “Harrah’s ESSP Participant” means a “Participant” in the Harrah’s ESSP.

2.26C “Harrah’s ESSP First Transfer Date” means January 1, 2005.

2.26D “Harrah’s ESSP Second Transfer Date” means January 1, 2006.

2.27 “HRC” means the Human Resources Committee of the Board.

2.28 “Investment Fund” means the hypothetical investment fund or funds established by the EDCP Investment Committee pursuant to Section 6.4 (Investment Direction).

2.29 “Matching Contribution” means an Employer contribution calculated in accordance with Section 4.2 (Matching Contributions) of this Plan, which may, in the discretion of the Employer, be transferred to the Trust.

2.30 “Matching Contribution Account” means the Account maintained to record the Matching Contributions calculated in accordance with Section 4.2 (Matching Contributions) on behalf of a Participant, as adjusted to reflect the rate of return on the hypothetical Investment Funds selected by the Participant in accordance with Section 6.4 (Investment Direction) and other credits or charges in accordance with this Plan. A Participant’s Matching Contribution Account shall be divided into subaccounts as determined by the EDCP Committee.

2.31 “Matching Formula” means, with respect to a Participant, the formula under which matching contributions in the Savings and Retirement Plan under which such Participant is eligible to make contributions are determined for such Participant, determined without regard to any limitations on such matching contributions under Section 401(m) or 415 of the Code, or any limitation of compensation taken into account in determining such matching contributions under Section 401(a)(17) of the Code. The “Matching Formula” for a Participant for a Deferral Period shall be determined as of the first day of such Deferral Period (or, if such Participant first becomes eligible to participate in the Plan during such Deferral Period, the date as of which he or she first becomes eligible to participate).

2.32 “Matching Limit” means, with respect to a Participant, the maximum designated percentage of 401(k) Compensation of such Participant that, if contributed by such Participant to the Savings and Retirement Plan, is eligible for a matching contribution under the Matching Formula of the Savings and Retirement Plan under which such Participant is eligible to make contributions.

2.33 “Participant” means any Employee who has been selected for participation in the Plan. The term “Participant” also shall include former Participants whose benefits under the Plan have not been fully distributed pursuant to the provisions of the Plan. The term “Participant” shall also include: (a) with respect to Transferred Harrah’s ESSP Accounts, a Harrah’s ESSP Participant, (b) a Caesars Participant described in Section 2.5B(a), and (c) with respect to Transferred Caesars Accounts, a Caesars Participant described in Section 2.5B(b).

2.34 “Participation Agreement” means the agreement to defer Salary and/or Bonus submitted by a Participant to the EDCP Committee in accordance with Section 3.2 (Participation Agreement). The term “Participation Agreement” shall also include the agreement of a Caesars Participant in accordance with Section 3.2(b). Such agreement shall be in written or electronic form, as determined by the EDCP Committee.

2.35 “Plan” means this Harrah’s Entertainment, Inc. Executive Supplemental Savings Plan II, as it may be amended from time to time.

2.36 “Salary” means the annual base salary earned by the Participant from the Employer during the Deferral Period, before reduction for amounts deferred pursuant to this Plan, the Savings and Retirement Plan, any plan maintained under Section 125 of the Code or any other plan maintained by the Company or an Employer. Salary does not include expense reimbursements, salary continuation payments except as otherwise provided by an employment agreement or separation agreement, or any form of non-cash compensation and benefits.

2.37 “Savings and Retirement Plan” means the Harrah’s Entertainment, Inc. Savings and Retirement Plan, as it may be amended from time to time, the Horseshoe Gaming Holding Corp. 401(k) Plan, as it may be amended from time to time, and such other profit-sharing plans qualified under Sections 401(a) and 401(k) of the Code that are maintained by an Employer and designated from time to time by the EDCP Committee. For purposes of the Plan, with respect to any Participant, “Savings and Retirement Plan” shall mean, for the Deferral Period or any portion thereof, the plan to which such Participant is eligible to make elective deferral contributions during such Deferral Period or portion thereof; *provided, however*, for purposes of Sections 4.2(c)(1)(C) and 4.2(c)(2)(C), the “Savings and Retirement Plan” shall mean the Harrah’s Entertainment, Inc. Savings and Retirement Plan, as it may be amended from time to time (without regard to whether the Caesars Participant is eligible to make elective deferral contributions under the Harrah’s Entertainment, Inc. Savings and Retirement Plan).

2.38 “Separation from Service” of a Service Provider means his or her “separation from service,” as defined in Treasury Regulation Section 1.409A-1(h), with respect to the Service Recipient.

2.39 “Service Provider” means a Participant or any other “service provider”, as defined in Treasury Regulation Section 1.409A-1(f).

2.40 “Service Recipient”, with respect to any Service Provider, means the “service recipient,” as defined in Treasury Regulation Section 1.409A-1(g), as determined from time to time. As provided in Treasury Regulation Section 1.409A-1(g), the “service recipient” shall mean the person for whom the Service Provider’s services are performed and with respect to whom the legally binding right to compensation arises, and all persons with whom such person would be considered a single employer under Section 414(b) or 414(c) of the Code; *provided, however*, that, for purposes of Section 2.38, the “service recipient” shall be determined as provided in Treasury Regulation Section 1.409A-1(h)(3).

2.41 “Special Distribution Election Period” means the period designated by the EDCP Committee during which the elections under Sections 8.9 and 8.10 may be made. The “Special Distribution Election Period” shall commence not earlier than August 3, 2007 and end not later than October 15, 2007.

2.42 “Specified Employee” means a Service Provider who, as of the date of the Service Provider’s Separation from Service, is a “Key Employee” of the Service Recipient any stock of which is publicly traded on an established securities market or otherwise. For purposes of this definition, a Service Provider is a “Key Employee” if the Service Provider meets the requirements of Section 416(i)(1)(A)(i), (ii) or (iii) of the Code (applied in accordance with the Treasury Regulations thereunder and disregarding Section 416(i)(5) of the Code) at any time during the Testing Year. If a Service Provider is a “Key Employee” (as defined above) as of a Specified Employee Identification Date, the Service Provider shall be treated as “Key Employee” for the entire 12 month period beginning on the Specified Employee Effective Date. For purposes of this Section 2.42, a Service Provider’s compensation for a Testing Year shall mean such Service Provider’s compensation, as determined under Treasury Regulation Section 1.415(c)-2(d)(4), from the Service Recipient for such Testing Year. The “Specified Employees” shall be determined in accordance with Section 409A(a)(2)(B)(i) of the Code and Treasury Regulation Section 1.409A-1(i).

2.43 “Specified Employee Effective Date” means the first day of the fourth month following the Specified Employee Identification Date. The Specified Employee Effective Date may be changed by the HRC, in its discretion, in accordance with Treasury Regulation Section 1.409A-1(i)(4).

2.44 “Specified Employee Identification Date”, for purposes of Treasury Regulation Section 1.409A-1(i)(3), means December 31. The “Specified Employee Identification Date” shall apply to all “nonqualified deferred compensation plans” (as defined in Treasury Regulation Section 1.409A-1(a)) of the Service Recipient and all affected Service Providers. The “Specified Employee Identification Date” may be changed by the HRC, in its discretion, in accordance with Treasury Regulation Section 1.409A-1(i)(3).

2.45 “Testing Year” shall mean the 12 month period ending on the Specified Employee Identification Date, as determined from time to time.

2.46 “Transferred Caesars Accounts” means a Caesars Participant’s Transferred Caesars Company Contribution Account and Transferred Caesars Deferral Account.

2.47 “Transferred Caesars Company Contribution Account” means the Account maintained to record the amounts transferred from the Caesars Plan, which are described in Section 4.7(d) and (e), as adjusted to reflect the rate of return on the hypothetical Investment Funds selected by the Caesars Participant in accordance with Section 6.4 (Investment Direction) and other credits or charges in accordance with this Plan. A Caesars Participant’s Transferred Caesars Company Contribution Account shall be divided into subaccounts as determined by the EDCP Committee.

2.48 “Transferred Caesars Deferral Account” means the Account maintained to record the amounts transferred from the Caesars Plan, which are described in Section 4.7(b) and (c), as adjusted to reflect the rate of return on the hypothetical Investment Funds selected by the Caesars Participant in accordance with Section 6.4 (Investment Direction) and other credits or charges in accordance with this Plan. A Caesars Participant’s Transferred Caesars Deferral Account shall be divided into subaccounts as determined by the EDCP Committee.

2.49 “Transferred Harrah’s ESSP Accounts” means a Harrah’s ESSP Participant’s Transferred Harrah’s ESSP Deferral Contribution Account and Transferred Harrah’s ESSP Matching Contribution Account.

2.50 “Transferred Harrah’s ESSP Deferral Contribution Account” means the Account maintained to record the amounts credited pursuant to Section 4.6, and the amounts transferred from the Harrah’s ESSP, which are described in Section 4.8(b), as adjusted to reflect the rate of return on the hypothetical Investment Funds selected by the Harrah’s ESSP Participant in accordance with Section 6.4 (Investment Direction) and other credits or charges in accordance with this Plan. A Harrah’s ESSP Participant’s Transferred ESSP Deferral Contribution Account shall be divided into subaccounts as determined by the EDCP Committee.

2.51 “Transferred Harrah’s ESSP Matching Contribution Account” means the Account maintained to record the amounts transferred from the Harrah’s ESSP, which are described in Section 4.8(c), as adjusted to reflect the rate of return on the hypothetical Investment Funds selected by the Harrah’s ESSP Participant in accordance with Section 6.4 (Investment Direction) and other credits or charges in accordance with this Plan. A Harrah’s ESSP Participant’s Transferred Harrah’s ESSP Matching Contribution Account shall be divided into subaccounts as determined by the EDCP Committee.

2.52 “Trust” means the trust established under the Trust Agreement.

2.53 “Trust Agreement” means that certain trust agreement established pursuant to the Plan between the Company and the Trustee or any trust agreement hereafter established, the provisions of which are incorporated herein by reference.

2.54 “Trust Fund” means all assets of whatsoever kind or nature held from time to time by the Trustee pursuant to the Trust Agreement and forming a part of this Plan, without distinction as to income and principal and without regard to source, i.e., Employer or Participant contributions or earnings.

2.55 “Trustee” means the Trustee under the Trust Agreement.

2.56 “Valuation Date” means the date for valuing the hypothetical Investment Funds maintained under the Plan, which shall be each business day of the Deferral Period.

2.57 “Years of Vesting Service” means the years of service credited to an individual for vesting purposes under the Savings and Retirement Plan, determined in accordance with all applicable provisions of the Savings and Retirement Plan.

ARTICLE THREE
ELIGIBILITY

3.1 Selection of Participants.

(a) General. For purposes of Title I of ERISA, the Plan is intended to be an unfunded plan of deferred compensation covering a select group of management or highly compensated employees of an Employer, within the meaning of Sections 201(1), 301(a)(3) and 401(a)(1) of ERISA. As a result, participation in the Plan shall be limited to Employees employed in a position classified by the Company as a Director-level position or above, and any other Employees employed by an Employer who are selected for participation in the Plan by the EDCP Committee. To further ensure compliance with the ERISA participation requirements applicable to this Plan, the Company, in the exercise of its discretion, may exclude from participation in the Plan an individual who otherwise meets the requirements this Section 3.1(a) for any reason, or for no reason, as the Company deems to be appropriate.

(b) Eligibility Date. An Employee who, as of the Effective Date, is employed in a position classified by the Company as a Director-level position or above, or has been selected for participation in the Plan by the EDCP Committee, shall become eligible to participate in the Plan as of the Effective Date. Any other Employee shall become eligible to participate in the Plan as of the first day of the Deferral Period on or next following the date on which such Employee is employed in a position classified by the Company as a Director level position or above (or as of such earlier or later date as is designated by the EDCP Committee), or if such Employee is selected for participation in the Plan by the EDCP Committee, the date of participation designated by the EDCP Committee. The date as of which an Employee first becomes eligible to participate in the Plan shall be referred to as such Employee's "Eligibility Date."

(c) Entry into Plan.

(1) Entry on Effective Date. An Employee who is eligible to participate in the Plan as of the Effective Date shall enter the Plan as of the Effective Date. If such Participant's initial Participation Agreement is completed and delivered to the EDCP Committee prior to the Effective Date, the Participant's Deferral Contributions shall be determined with reference to Compensation earned on or after the Effective Date.

(2) Entry after Effective Date. Except as provided in paragraph (3), if a Participant becomes eligible to participate in the Plan after the Effective Date, such Participant may elect to begin Plan participation as of the first day of any subsequent Deferral Period. Such Participant shall complete and deliver his or her Participation Agreement in accordance with the rules and procedures adopted by the EDCP Committee for such purpose before the first day of such Deferral Period, and such Participant's Deferral Contributions shall be determined with reference to Compensation earned on or after the first day of such Deferral Period.

(3) Exception to Entry Requirement. If a Participant first becomes eligible to participate in the Plan after the Effective Date, such Participant may elect to begin Plan participation during a Deferral Period, if such Participant elects to begin Plan participation within thirty (30) days after his or her Eligibility Date in accordance with Treasury Regulation Section 1.409A-2(a)(7). Such Participant shall complete and deliver his or her Participation Agreement in accordance with the rules and procedures adopted by the EDCP Committee for such purpose within thirty (30) days after his or her Eligibility Date, and such Participation Agreement shall be effective as of such date following completion and delivery as is determined by the EDCP Committee. Such Participation Agreement shall apply only with respect to such Participant's Salary earned on or after the first day of the first full payroll period in the Deferral Period following the effective date of such Participation Agreement, and that portion of the Bonus earned during the portion of the Deferral Period commencing on the effective date of such Participation Agreement. For purposes of this paragraph (3), the portion of such Participant's Bonus earned during the portion of the Deferral Period commencing on the effective date of such Deferral Period shall equal the Bonus earned with respect to the Deferral Period, multiplied by a fraction, the numerator of which is the number of days remaining in the performance period with respect to such Bonus after the effective date of the Participation Agreement, and the denominator of which is the total number of days in the performance period with respect to such Bonus, as provided in Treasury Regulation Section 1.409A-2(a)(7)(i).

(4) Exception for Administrative Error.

(A) Notwithstanding Section 3.1(c)(1), in the event that an Employee who is eligible to participate in the Plan as of the Effective Date was not afforded an opportunity to submit a Participation Agreement prior to the Effective Date due to administrative or clerical error, such Employee may complete and deliver a Participation Agreement to the EDCP Committee on or before March 15, 2005, and such Employee shall enter the Plan as of the date of the delivery of such Participation Agreement to the EDCP Committee. The Participant's Deferral Contributions shall be determined with reference to Compensation earned on or after the Effective Date to the extent payable after the date of such Participant's entry into the Plan.

(B) Notwithstanding Section 3.1(c)(1), in the event that an Employee who is eligible to participate in the Plan as of the Effective Date failed to provide a confirmed electronic Participation Agreement prior to the Effective Date, such Employee may complete and deliver a Participation Agreement to the EDCP Committee, in written or electronic form, on or before March 15, 2005, and such Employee shall enter the Plan as of the date of the delivery of such Participation Agreement to the EDCP Committee. The Participant's Deferral Contributions shall be determined with reference to Compensation earned on or after the Effective Date to the extent payable after the date of such Participant's entry into the Plan.

(d) No Waiting Periods. A Participant need not complete any particular period of service in order to be eligible to make Deferral Contributions or to receive Discretionary Contributions. Except as otherwise provided in Section 4.2(c), in order to receive Matching Contributions for a Deferral Period, however, a Participant also must be eligible to receive matching contributions under the Savings and Retirement Plan for that Deferral Period, as determined in accordance with the provisions of the Savings and Retirement Plan.

(e) Participants in the Caesars Plan.

(1) Eligibility Date. An Employee who is a "Participant" in the Caesars Plan as of the first day of the first payroll period for such Employee beginning on or after July 1, 2005 shall become eligible to participate in the Plan as of the first day of such payroll period. Such an Employee shall be referred to as "Caesars Participant."

(2) 2005 Contributions for a Caesars Participant. As provided in Section 4.5, a Caesars Participant shall be eligible to participate in the Plan with respect to the 2005 Deferral Period solely for purposes of the crediting of:

(A) the "Base Compensation" (as defined in the Caesars Plan) deferred by such Caesars Participant under the Caesars Plan for any payroll period for such Participant commencing on or after July 1, 2005 and before January 1, 2006,

(B) the "Bonus Compensation" (as defined in the Caesars Plan) earned for services performed during 2005, and otherwise payable on or after July 1, 2005 and deferred by such Participant under the Caesars Plan,

(C) the "Base Compensation Company Contribution Amounts" (as defined in the Caesars Plan) with respect to any payroll period for such Caesars Participant commencing on or after July 1, 2005 and before January 1, 2006, and

(D) the "Bonus Compensation Company Contribution Amounts" (as defined in the Caesars Plan), with respect to such Caesars Participant's "Bonus Compensation" (as defined in the Caesars Plan) earned for services performed during 2005, and otherwise payable on or after July 1, 2005 and deferred by such Caesars Participant under the Caesars Plan.

(3) Other Deferrals and Matching Contributions Prohibited. A Caesars Participant shall not be eligible to make Deferral Contributions under Section 4.1 with respect to the 2005 Deferral Period, and shall not be eligible to receive Matching Contribution credits under Section 4.2 with respect to the 2005 Deferral Period. A Caesars Participant shall be eligible to receive Discretionary Contribution credits (if any) under Section 4.4 with respect to the 2005 Deferral Period, subject to such terms and conditions as are prescribed by the Employer.

(4) Eligibility for Subsequent Years. A Caesars Participant shall be eligible to make Deferral Contributions under Section 4.1, and shall be eligible for Matching Contribution credits and Discretionary Contribution credits under Sections 4.2 and 4.4, with respect to the 2006 Deferral Period and subsequent Deferral Periods, subject to the terms and conditions thereof, if such Caesars Participant satisfies the eligibility requirements of subsection (b).

3.2 Participation Agreement.

(a) Content of Participation Agreement.

(1) Authorization of Deferral Contributions. A Participant shall complete and deliver a Participation Agreement evidencing his or her election to participate in the Plan with respect to a Deferral Period, in the manner and at such time as the EDCP Committee shall require. Except as otherwise provided in Section 3.1(c)(3) (Selection of Participants – Entry into Plan – Exception to Entry Requirement), a Participant must complete and deliver his or her Participation Agreement with respect to the Deferral Period prior to such Deferral Period. In the Participation Agreement with respect to a Deferral Period, the Participant shall select the amount or rate of his or her Deferral Contributions and authorize the reduction of his or her Compensation in an amount equal to his or her Deferral Contributions. A Participant's Participation Agreement shall set forth such other information as the EDCP Committee shall require. Except as provided in Section 4.3(c)(2) (Change or Suspension of Contributions – Bonus Deferral Contribution), the Participant's selection of the amount or rate of his or her Deferral Contributions and authorization of the reduction of Compensation with respect to a Deferral Period shall become irrevocable as provided by the EDCP Committee (and in any event not later than the last day of the next preceding Deferral Period); *provided, however*, that, in the case of a Participant described in Section 3.1(c)(3), such Participant's selection of the amount or rate of his or her Deferral Contributions and authorization of the reductions of Compensation shall be irrevocable when made.

(2) Distribution Elections. A Participant shall make a Separation from Service Election, or a Distribution Year Election, in his or her Participation Agreement in accordance with Section 8.1 (Distribution Elections). Except as provided in Subsection 8.2 (Change of Distribution Year Election), the Participant's Separation from Service Election or Distribution Year Election, as applicable, with respect to a Deferral Period shall become irrevocable as provided by the EDCP Committee (and in any event not later than the last day of the next preceding Deferral Period); *provided, however*, that, in the case of a Participant described in Section 3.1(c)(3), such Participant's Separation from Service Election or Distribution Year Election, as applicable, shall be irrevocable when made.

(3) Subsequent Deferral Periods. The Participation Agreement made by the Participant for a Deferral Period shall apply to such Deferral Period, and shall apply to each subsequent Deferral Period, except to the extent such Participant completes and delivers a new Participation Agreement prior to the first day of such subsequent Deferral Period, as follows:

(A) such Participant's election to defer such Participant's Salary and Bonus under Sections 4.1 (Participant Contributions) shall be effective for such subsequent Deferral Period,

(B) in the event such Participant made a Separation from Service Election, such Participant's Separation from Service Election (including the form of distribution thereunder) shall be effective for such subsequent Deferral Period, and

(C) in the event such Participant made a Distribution Year Election, such Distribution Year Election shall not be effective for such subsequent Deferral Period, and such Participant shall be deemed to have made a Separation from Service Election (and elected distribution in the form of a lump sum payment) for such subsequent Deferral Period.

A Participant may, but shall not be required to, complete and deliver a new Participation Agreement for each subsequent Deferral Period. Except as provided in Section 4.3(c)(2) (Change or Suspension of Contributions – Bonus Deferral Contributions), the Participant's new Participation Agreement with respect to a Deferral Period, including the Participant's selection of the amount or rate of his or her Deferral Contributions and authorization of the reduction of Compensation with respect to such Deferral Period, and the Participant's Separation from Service Election or Distribution Year Election, as applicable, shall become irrevocable as provided by the EDCP Committee (and in any event not later than the last day of the next preceding Deferral Period).

(b) Initial Participant Agreement for Caesars Participants.

(1) Distribution Elections. A Caesars Participant shall complete and deliver a Participation Agreement evidencing his or her distribution election with respect to the amounts credited to his or her Accounts under Section 4.5. A Caesars Participant must complete and deliver his or her Participation Agreement with respect to the 2005 Deferral Period not later than June 30, 2005. A Caesars Participant shall make a Separation from Service Election, or a Distribution Year Election, in his or her Participation Agreement in accordance with Section 8.1 (Distribution Elections). A Caesars Participant's Participation Agreement shall set forth such other information as the EDCP Committee shall require.

(2) Other Deferrals and Matching Contributions Prohibited. Notwithstanding Sections 4.1 and 4.2, a Caesars Participant shall not be eligible to elect to defer such Participant's Salary or Bonus earned during the 2005 Deferral Period, and the Employer shall not make Matching Contributions on behalf of a Caesars Participant with respect to the 2005 Deferral Period.

3.3 Discontinuance of Participation. Once an Employee is designated as a Participant, he or she shall continue as such for all future Deferral Periods unless and until: (a) the Participant has a Separation from Service and receives a full distribution of his Accounts, or (b) is no longer categorized as an individual entitled to participate in the Plan pursuant to Section 3.1 (Selection of Participants) above. If a Participant's participation is discontinued, the Participant shall no longer be eligible to make Deferral Contributions and shall no longer be eligible for Matching Contributions or Discretionary Contributions. The Participant shall not be entitled to receive a distribution, however, until the occurrence of one of the events listed in Article Five (Withdrawals upon Unforeseeable Emergency) or Article Eight (Distribution Elections; Payment of Benefits).

3.4 Reemployment. If a former Employee is rehired by an Employer and is eligible to participate in the Plan, he or she shall reenter the Plan on the first day of any Deferral Period commencing after the date he or she is rehired in accordance with the provisions of Section 3.1

(Selection of Participants). Such Employee's reentry into the Plan shall have no impact on any distributions that have been made or are being made in accordance with Article Eight (Distribution Elections; Payment of Benefits). Any amounts previously forfeited from the Participant's Accounts pursuant to Section 7.1 (Vesting of Benefits) shall not be restored or reinstated upon the Participant's subsequent reentry into the Plan.

3.5 Adoption by Affiliates. Any Affiliate of the Company may adopt this Plan with the approval of the EDCP Committee. Any Affiliate that permits an individual to make Deferral Contributions pursuant to Section 4.1 (Participant Contributions) shall be deemed to have adopted the Plan without any further action. The EDCP Committee's acceptance of such Deferral Contributions shall evidence the consent of the EDCP Committee to the adoption of the Plan by the Affiliate. Notwithstanding the foregoing, at the request of the EDCP Committee, the Affiliate shall evidence its adoption of the Plan by an appropriate resolution of its Board of Directors or in such other manner as may be authorized by the EDCP Committee. By adopting this Plan, the Affiliate shall be deemed to have agreed to make the contributions called for by Article Four (Contributions), agreed to comply with all of the other terms and provisions of this Plan, delegated to the EDCP Committee the power and responsibility to administer this Plan with respect to the Affiliate's employees, and delegated to the Company the full power to amend or terminate this Plan with respect to the Affiliate's Employees.

ARTICLE FOUR **CONTRIBUTIONS**

4.1 Participant Contributions.

(a) Salary Deferral Contributions. Subject to subsection (d), a Participant may elect to defer any whole percentage of such Participant's Salary earned by him or her during the Deferral Period up to a maximum of seventy-five percent (75%), or such other maximum amount as may be prescribed by the EDCP Committee as the Salary Deferral Contribution limit for all Participants or pursuant to subsection (c).

(b) Bonus Deferral Contributions. A Participant may elect to defer any whole percentage of any Bonus earned by him or her during the Deferral Period (which may be paid during the applicable Deferral Period or after the close of the applicable Deferral Period), up to a maximum of ninety percent (90%), or such other maximum amount as may be prescribed by the EDCP Committee as the Bonus Deferral Contribution limit for all Participants or pursuant to subsection (c).

(c) Excess Deferral Contributions. The EDCP Committee may, in its discretion, permit an individual Participant to make Deferral Contributions in excess of the limitations set forth in or established in accordance with this Section 4.1, or place additional restrictions on an individual Participant's Deferral Contributions, prior to the first day of the Deferral Period for which such permission or additional restriction is to be effective. All Deferral Contributions under this Plan shall be made in accordance with such rules and procedures regarding Participant deferrals as may be promulgated by the EDCP Committee from time to time. All Participant elections are subject to the timing requirements set forth in Section 3.2 (Participation Agreement).

(d) Mandatory Salary Deferral Contributions. If, with respect to a Deferral Period, a Participant is required under the terms of such Participant's employment agreement with the Employer, as in effect as the last day of the next preceding Deferral Period, to defer that portion of such Participant's Salary in excess of one million dollars (\$1,000,000) (or such other amount as specified in such agreement), the portion of such Participant's Salary earned during such Deferral Period in excess of such amount shall be deferred pursuant to this subsection (d). The deferral of such Participant's Salary with respect to such Deferral Period pursuant to the terms of such employment agreement shall become irrevocable as of the last day of the next preceding Deferral Period. The EDCP Committee shall determine the amount required to be deferred from such Participant's Salary for each pay period during the Deferral Period. Such Participant may elect to defer the remainder of his or her Salary in accordance with subsection (a).

4.2 Matching Contributions.

(a) Eligible Participants. Subject to subsection (c), each Employer shall make a Matching Contribution on behalf of each of its Participants who has elected to make Salary Deferral Contributions during the Deferral Period under Section 4.1 (Participant Contributions), and is eligible to receive a matching contribution under the Savings and Retirement Plan, in accordance with subsection (b). No Matching Contributions shall be made with respect to Bonus Deferral Contributions. The Matching Contribution shall be credited to each eligible Participant's Matching Contribution Account as of the year-end Valuation Date or date of termination.

(b) Matching Contribution Formula. The Matching Contribution for each eligible Participant shall equal the excess (if any) of:

(1) the matching contributions that would have been made for such Participant under the Savings and Retirement Plan, determined under the Matching Formula, based on the sum of

(A) the Participant's 401(k) Matchable Deferrals for the plan year of the Savings and Retirement Plan coinciding with the Deferral Period, plus

(B) the Participant's Salary Deferral Contributions in the Deferral Period,

up to the Matching Limit as applied to the Participant's Salary, less

(2) the Participant's 401(k) Matching Contributions for the plan year of the Savings and Retirement Plan coinciding with such Deferral Period.

(c) Special Matching Contributions for Caesars Participants.

(1) Caesars Participants Eligible for Matching Contributions under the Caesars Plan. If a Caesars Participant was eligible to receive "Base Compensation Company Contribution Amounts" (as defined in the Caesars Plan) and "Bonus Compensation Company Contribution Amounts" (as defined in the Caesars Plan) under the Caesars Plan

effective as of June 13, 2005, an Employer shall make special Matching Contributions on behalf of each such Caesars Participant who has elected to make Deferral Contributions during the 2006 Deferral Period under Section 4.1 (Participant Contributions), in accordance with this paragraph (1). Such special Matching Contributions shall be in lieu of the Matching Contributions that otherwise would have been made by the Employer for such Caesars Participant under subsections (a) and (b) for the 2006 Deferral Period. The special Matching Contributions under subparagraph (A) shall be credited to an eligible Caesars Participant's Caesars Company Contribution Account as soon as practicable after the last day of each payroll period for such Salary, the special Matching Contribution under subparagraph (B) shall be credited to an eligible Caesars Participant's Caesars Company Contribution Account as soon as practicable after the day the Bonus otherwise would be payable, and the special Matching Contribution under subparagraph (C) shall be credited to an eligible Caesars Participant's Matching Contribution Account as of the year-end Valuation Date or date of termination. The special Matching Contributions with respect to a Caesars Participant for the 2006 Deferral Period shall be determined as follows:

(A) with respect to each payroll period for such Caesars Participant commencing on or after January 1, 2006 and before June 13, 2006, such Employer shall make a special Matching Contribution on behalf of such Caesars Participant in an amount equal to 50% of the Caesars Participant's Salary Deferral Contributions for such payroll period, disregarding any such Salary Deferral Contributions in excess of 10% of such Caesars Participant's Salary for such payroll period,

(B) with respect to each Bonus of such Caesars Participant earned for services performed in 2006, and payable on or after January 1, 2006 and before June 13, 2006, such Employer shall make a special Matching Contribution on behalf of such Caesars Participant in an amount equal to 50% of the Caesars Participant's Bonus Deferral Contributions, disregarding any such Bonus Deferral Contributions in excess of 10% of such Caesars Participant's Bonus, and

(C) with respect to the payroll periods for such Caesars Participant commencing on or after June 13, 2006 and before January 1, 2007, such Employer shall make a special Matching Contribution on behalf of such Caesars Participant equal to the excess (if any) of:

(I) the matching contributions that would have been made for such Caesars Participant under the Savings and Retirement Plan (assuming such Caesars Participant had been a participant therein), determined under the Matching Formula, based on the sum of

(i) the Caesars Participant's 401(k) Matchable Deferrals for the plan year of the Savings and Retirement Plan coinciding with the 2006 Deferral Period, multiplied by the Caesars Fraction (as defined in paragraph (3)), plus

(ii) the total of the Caesars Participant's Salary Deferral Contributions that are deferred for the payroll periods of the Caesars Participant commencing on or after June 13, 2006 and before January 1, 2007, up to the Matching Limit as applied to the Caesars Participant's total Salary for the payroll periods commencing on or after June 13, 2006 and before January 1, 2007, less

(II) the Caesars Participant's 401(k) Matching Contributions for the plan year of the Savings and Retirement Plan coinciding with the 2006 Deferral Period, multiplied by the Caesars Fraction.

(2) Caesars Participants Not Eligible for Matching Contributions under the Caesars Plan. If a Caesars Participant was not eligible to receive "Base Compensation Company Contribution Amounts" (as defined in the Caesars Plan) and "Bonus Compensation Company Contribution Amounts" (as defined in the Caesars Plan) effective as of June 13, 2005, an Employer shall make special Matching Contributions on behalf of each such Caesars Participant who has elected to make Deferral Contributions during the 2006 Deferral Period under Section 4.1 (Participant Contributions), in accordance with this paragraph (2). Such special Matching Contributions shall be in lieu of the Matching Contributions that otherwise would have been made by the Employer for such Caesars Participant under subsections (a) and (b) for the 2006 Deferral Period. The special Matching Contribution under subparagraph (C) shall be credited to an eligible Caesars Participant's Matching Contribution Account as of the year-end Valuation Date or date of termination. The special Matching Contributions with respect to a Caesars Participant for the 2006 Deferral Period shall be determined as follows:

(A) No special Matching Contributions shall be made for such Caesars Participant's Salary Deferral Contributions with respect to each payroll period for such Caesars Participant commencing on or after January 1, 2006 and before June 13, 2006,

(B) No special Matching Contributions shall be made for such Caesars Participant's Bonus earned for services performed in 2006, and

(C) with respect to the payroll periods for such Caesars Participant commencing on or after June 13, 2006 and before January 1, 2007, such Employer shall make a special Matching Contribution on behalf of such Caesars Participant equal to the excess (if any) of:

(I) the matching contributions that would have been made for such Caesars Participant under the Savings and Retirement Plan (assuming such Caesars Participant had been a participant therein), determined under the Matching Formula, based on the sum of

(i) the Caesars Participant's 401(k) Matchable Deferrals for the plan year of the Savings and Retirement Plan coinciding with the 2006 Deferral Period, multiplied by the Caesars Fraction (as defined in paragraph (3)), plus

(ii) the total of the Caesars Participant's Salary Deferral Contributions that are deferred for the payroll periods of the Caesars Participant commencing on or after June 13, 2006 and before January 1, 2007,

up to the Matching Limit as applied to the Caesars Participant's total Salary for the payroll periods commencing on or after June 13, 2006 and before January 1, 2007, less

(II) the Caesars Participant's 401(k) Matching Contributions for the plan year of the Savings and Retirement Plan coinciding with the 2006 Deferral Period, multiplied by the Caesars Fraction.

(3) **Caesars Fraction.** For purposes of subparagraph (1)(C) or (2)(C), as applicable, the "Caesars Fraction" of a Caesars Participant shall mean the fraction, (A) the numerator of which is the number of days during the period commencing June 13, 2006 and ending on December 31, 2006 (or, if earlier, the date of the termination of such Caesars Participant's employment with the Employers and all Affiliates), and (B) the denominator is 365 days.

(4) **Caesars Participants Eligible for Special Matching Contributions.** The EDCP Committee shall maintain a list of each Caesars Participant who is eligible for the special Matching Contributions under paragraph (1) or (2).

4.3 Change or Suspension of Contributions.

(a) **Rules.** Any and all changes or suspensions of Deferral Contributions made pursuant to this Section 4.3 shall be made in accordance with rules promulgated by the EDCP Committee.

(b) Salary Deferral Contributions.

(1) A Participant may change the amount or percentage of his or her Salary Deferral Contributions under Section 4.1(a) (Participant Contributions – Salary Deferral Contributions), or suspend his or her Salary Deferral Contributions under Section 4.1(a), prior to the beginning of any Deferral Period. Any change in the amount or percentage of the Salary Deferral Contributions to be made from any Salary, or suspension of Salary Deferral Contributions, shall be effective with respect to Salary earned on or after the first day of the first full pay period of the next following Deferral Period. The Participant's change in the amount or percentage of his or her Salary Deferral Contributions, or suspension of his or her Salary Deferral Contributions, with respect to a Deferral Period shall become irrevocable as provided by the EDCP Committee (and in any event not later than the last day of the next preceding Deferral Period).

(2) A Participant may not change or suspend the amount of his or her Salary Deferral Contributions for a Deferral Period under Section 4.1(d) (Participant Contributions – Mandatory Salary Deferral Contributions).

(c) Bonus Deferral Contributions.

(1) A Participant may change the amount or percentage of his or her Bonus Deferral Contributions under Section 4.1(b) (Participant Contributions – Bonus Deferral Contributions), or suspend his or her Bonus Deferral Contributions under Section 4.1(b), prior to the beginning of any Deferral Period. Any change in the amount or percentage of the Bonus Deferral Contributions to be made from any Bonus shall be effective with respect to Bonus earned on or after the first day of the next following Deferral Period. The Participant's change in the amount or percentage of his or her Bonus Deferral Contributions, or suspension of his or her Bonus Deferral Contributions, with respect to such Deferral Period shall become irrevocable as provided by the EDCP Committee (and in any event not later than the last day of the next preceding Deferral Period).

(2) Notwithstanding paragraph (1), the EDCP Committee, in its discretion, may permit a Participant to change the amount or percentage of his or her Bonus Deferral Contributions under Section 4.1(b), or suspend his or her Bonus Deferral Contributions under Section 4.1(b), to the extent such Participant's Bonus constitutes performance-based compensation based on services performed over a period of at least twelve (12) consecutive months (within the meaning of Section 409A(a)(4)(B)(iii) of the Code and Treasury Regulation Section 1.409A-1(e)), not later than six months before the end of the performance period with respect to such Bonus, in accordance with Section 409A(a)(4)(B)(iii) of the Code and Treasury Regulation Section 1.409A-2(a)(8); *provided*, that the Participant performs services continuously from the later of the beginning of the performance period with respect to such Bonus or the date the performance criteria are established through the change or suspension of Bonus Deferral Contributions is made, and *provided, further*, that in no event may the change or suspension be made after such Bonus (or any portion thereof) is readily ascertainable. The Participant's change in the amount or percentage of his or her Bonus Deferral Contributions, or suspension of his or her Bonus Deferral Contributions, with respect to a Deferral Period under this paragraph (2) shall become irrevocable as provided by the EDCP Committee (and in any event not later than six months before the end of the performance period of such Bonus).

(d) Future Participation. A Participant's election to make no Deferral Contributions to the Plan during one or more Deferral Periods, or to suspend his or her Deferral Contributions, shall not affect his or her continued participation in the Plan or his or her ability to resume his Deferral Contributions to the Plan in a future Deferral Period.

4.4 Discretionary Contributions. With the approval of the EDCP Committee, each Employer, in its sole discretion, may make a Discretionary Contribution on behalf of such Participants as it designates. The amount of the Discretionary Contribution shall be determined by the Employer in its sole discretion, and approved by the EDCP Committee. All Discretionary Contributions shall be credited to the Participant's Discretionary Contribution Account as of the time designated by the Employer or the EDCP Committee. Discretionary Contributions may be subject to additional requirements, including vesting and withdrawal limitations (which shall be in addition to the withdrawal and distribution limitations of Articles Five (Withdrawals upon Unforeseeable Emergency) and Eight (Distribution Elections; Payment of Benefits), as established by the Company or the EDCP Committee. Any Discretionary Contributions made under this Section 4.4 shall be made in accordance with the requirements of Sections 409A(a)(2), (3) and (4) of the Code and the Treasury Regulations thereunder.

4.5 2005 Contributions under the Caesars Plan.

(a) Caesars Base Compensation Deferral Contributions. A Caesars Participant's "Base Compensation" (as defined in the Caesars Plan) deferred by such Caesars Participant for any payroll period of such Caesars Participant commencing on or after July 1, 2005 and before January 1, 2006 in accordance with Section 3.1(a) of the Caesars Plan shall be credited to such Caesars Participant's Deferral Contribution Account (and shall not be credited to such Caesars Participant's "Deferral Account" (as defined in the Caesars Plan) or the subaccounts thereunder).

(b) Caesars Bonus Deferral Contributions. A Caesars Participant's "Bonus Compensation" (as defined in the Caesars Plan) earned for services performed during 2005, and otherwise payable on or after July 1, 2005, and deferred in accordance with Section 3.2 of the Caesars Plan shall be credited to such Caesars Participant's Deferral Contribution Account (and shall not be credited to such Caesars Participant's "Deferral Account" (as defined in the Caesars Plan) or the subaccounts thereunder).

(c) Caesars Matching Contributions.

(1) Base Compensation Company Contribution Amount. A Caesars Participant's "Base Compensation Company Contribution Amount" (as defined in the Caesars Plan), if any, for any payroll period for such Caesars Participant commencing on or after July 1, 2005 and before January 1, 2006, determined in accordance with Section 4.2 of the Caesars Plan, shall be credited to such Caesars Participant's Caesars Company Contribution Account (and shall not be credited to such Caesars Participant's "Company Contribution Account" (as defined in the Caesars Plan) or the subaccounts thereunder).

(2) Bonus Compensation Company Contribution Amount. A Caesars Participant's "Bonus Compensation Company Contribution Amount" (as defined in the Caesars Plan), if any, with respect to such Caesars Participant's "Bonus Compensation" (as defined in the Caesars Plan) earned for services performed during 2005, and otherwise payable after July 1, 2005, and deferred under the Caesars Plan, determined in accordance with Section 4.2 of the Caesars Plan, shall be credited to such

Caesars Participant's Caesars Company Contribution Account (and shall not be credited to such Caesars Participant's "Company Contribution Account" (as defined in the Caesars Plan) or the subaccounts thereunder).

4.6 Second Enhancement Contributions. If a Harrah's ESSP Participant becomes entitled to an "Enhancement Contribution" (as defined in the Harrah's ESSP) under Section 4.7(b) of the Harrah's ESSP on or after the Harrah's ESSP Second Transfer Date, such "Enhancement Contribution" shall be credited to such Harrah's ESSP Participant's Transferred Harrah's ESSP Deferral Contribution Account under this Plan (and shall not be credited to such Harrah's ESSP Participant's "Deferral Contribution Account" (as defined in the Harrah's ESSP) under the Harrah's ESSP or the subaccounts thereunder).

4.7 Transfers from Caesars Plan.

(a) (1) Amounts to be Transferred. Effective as of the Caesars Plan Transfer Date, in the case of a Caesars Participant, the amounts credited to such Caesars Participant's "Accounts" (as defined in the Caesars Plan) that are described in this Section 4.7 shall be transferred from such "Accounts" to such Caesars Participant's Transferred Caesars Deferral Account and Transferred Caesars Company Contribution Account, as provided in subsections (b), (c), (d) and (e). The amounts described in this Section 4.7 include compensation deferred by such Caesars Participant under the Caesars Plan during 2005, and matching contribution credits under the Caesars Plan related thereto, and amounts credited to such Caesars Participant's "Accounts" under the Caesars Plan as of December 31, 2004 that were not earned and vested as of December 31, 2004, in each case as adjusted for any earnings credited thereto or any losses debited therefrom under the Caesars Plan. The amounts transferred pursuant to Section 4.7 shall be debited from such Caesars Participant's "Accounts" under the Caesars Plan, and shall be credited to such Caesars Participant's Transferred Caesars Deferral Account and Transferred Caesars Company Contribution Account, as applicable, effective as of the Caesars Plan Transfer Date.

(2) [Reserved].

(b) Caesars Base Compensation Deferral Contributions. The Caesars Participant's "Base Compensation" (as defined in the Caesars Plan) deferred by such Caesars Participant for any payroll period of such Caesars Participant commencing on or after January 1, 2005 and commencing before July 1, 2005 in accordance with Section 3.1(a) of the Caesars Plan, as adjusted for any earnings credited thereto and any losses debited therefrom under the Caesars Plan, shall be transferred from such Caesars Participant's "Deferral Account" (as defined in the Caesars Plan) to such Caesars Participant's Transferred Caesars Deferral Account, effective as of the Caesars Plan Transfer Date.

(c) Caesars Bonus Deferral Contributions. The Caesars Participant's "Bonus Compensation" (as defined in the Caesars Plan) otherwise payable on or after January 1, 2005 and payable before July 1, 2005 and deferred by such Caesars Participant in accordance with Section 3.2(a) of the Caesars Plan, as adjusted for any

earnings credited thereto and any losses debited therefrom under the Caesars Plan, shall be transferred from such Caesars Participant's "Deferral Account" (as defined in the Caesars Plan) to such Caesars Participant's Transferred Caesars Deferral Account, effective as of the Caesars Plan Transfer Date.

(d) Caesars Matching Contributions. The Caesars Participant's "Base Compensation Company Contribution Amount" (as defined in the Caesars Plan) for any payroll period for such Caesars Participant commencing on or after January 1, 2005 and commencing before July 1, 2005, determined in accordance with Section 4.2(b) of the Caesars Plan, as adjusted for any earnings credited thereto and any losses debited therefrom under the Caesars Plan, and a Caesars Participant's "Bonus Compensation Company Contribution Amount" (as defined in the Caesars Plan) with respect to such Caesars Participant's "Bonus Compensation" (as defined in the Caesars Plan) otherwise payable after January 1, 2005 and deferred under the Caesars Plan, determined in accordance with Section 4.2(c) of the Caesars Plan, as adjusted for any earnings credited thereto and any losses debited therefrom under the Caesars Plan, shall be transferred from such Caesars Participant's "Company Contribution Account" (as defined in the Caesars Plan) to such Caesars Participant's Transferred Caesars Company Contribution Account, effective as of the Caesars Plan Transfer Date.

(e) Non-Grandfathered Company Contribution Account Balances. The portion of the amount credited to the Caesars Participant's "Company Contribution Account" (as defined in the Caesars Plan), determined as of December 31, 2004, that was not earned and vested for purposes of Section 409A of the Code, as of December 31, 2004, adjusted for any earnings credited thereto and losses debited therefrom under the Caesars Plan, shall be transferred from such Caesars Participant's "Company Contribution Account" (as defined in the Caesars Plan) to such Caesars Participant's Transferred Caesars Company Contribution Account, effective as of the Caesars Plan Transfer Date.

4.8 Transfers from Harrah's ESSP.

(a) (1) First Amounts to be Transferred. Effective as of the Harrah's ESSP First Transfer Date, in the case of a Harrah's ESSP Participant, the amount credited to such Harrah's ESSP Participant's "Matching Contribution Account" (as defined in the Harrah's ESSP) that is described in subsection (b) shall be transferred from such "Matching Contribution Account" to such Harrah's ESSP Participant's Transferred Harrah's ESSP Matching Account, as provided in subsection (b).

(2) Second Amounts to be Transferred. Effective as of the Harrah's ESSP Second Transfer Date, in the case of a Harrah's ESSP Participant, the amount credited to such Harrah's ESSP Participant's "Deferral Contribution Account" (as defined in the Harrah's ESSP) that is described in subsection (c) shall be transferred from such "Deferral Contribution Account" to such Harrah's ESSP Participant's Transferred Harrah's ESSP Deferral Contribution Account, as provided in subsection (c).

(3) Transferred Amounts. The amounts described in this Section 4.8 include amounts credited to such Harrah's ESSP Participant's "Accounts" under the Harrah's ESSP as of December 31, 2004 that were not earned and vested as of December 31, 2004, as adjusted for any earnings credited thereto or any losses debited therefrom under the Harrah's ESSP, and amounts credited under the Harrah's ESSP after December 31, 2004, as adjusted for any earnings credited thereto or any losses debited therefrom under the Harrah's ESSP. The amounts transferred pursuant to this Section 4.8 shall be debited from such Harrah's ESSP Participant's "Accounts" under the Harrah's ESSP, and shall be credited to such Harrah's ESSP Participant's Transferred Harrah's ESSP Accounts, effective as of Harrah's ESSP First Transfer Date, or the Harrah's ESSP Second Transfer Date, as applicable.

(4) [Reserved].

(b) Harrah's ESSP Matching Contributions. In the event that all or any portion of a Harrah's ESSP Participant's "Matching Contribution Account" (as defined in the Harrah's ESSP) was not fully vested as of December 31, 2004 under the Harrah's ESSP, the portion of the total balance in such Harrah's ESSP Participant's "Matching Contribution Account" (as defined in the Harrah's ESSP) that was not vested as of December 31, 2004 under the Harrah's ESSP, as adjusted for any earnings credited thereto or any losses debited therefrom under the Harrah's ESSP, shall be transferred from such Harrah's ESSP Participant's "Matching Contribution Account" (as defined in the Harrah's ESSP) to such Harrah's ESSP Participant's Transferred Harrah's ESSP Matching Contribution Account, effective as of the Harrah's ESSP First Transfer Date. The portion of the balance in such Harrah's ESSP Participant's "Matching Contribution Account" that was vested as of December 31, 2004, as adjusted for any earnings credited thereto or any losses debited therefrom under the Harrah's ESSP, shall not be transferred and shall remain credited to such Harrah's ESSP Participant's "Matching Contribution Account."

(c) Harrah's ESSP Bonus Deferral Contributions. The Harrah's ESSP Participant's "Bonus" (as defined in the Harrah's ESSP) earned by such Harrah's ESSP Participant during the 2004 "Deferral Period" (as defined in the Harrah's ESSP), and otherwise payable after December 31, 2004, and deferred by such Harrah's ESSP Participant in accordance with Section 4.1(b) of the Harrah's ESSP, as adjusted for any earnings credited thereto or any losses debited therefrom under the Harrah's ESSP, shall be transferred from such Harrah's ESSP Participant's "Deferral Contribution Account" (as defined in the Harrah's ESSP) to such Harrah's ESSP Participant's Transferred Harrah's ESSP Deferral Contribution Account, effective as of the Harrah's ESSP Second Transfer Date.

ARTICLE FIVE
WITHDRAWALS UPON UNFORESEEABLE EMERGENCY

5.1 Unforeseeable Emergency Withdrawals.

(a) General.

(1) A Participant may elect to receive a withdrawal from his or her Accounts upon the occurrence of an Unforeseeable Emergency. Such Participant may elect to receive a withdrawal by completing and delivering an election with the EDCP Committee in accordance with the uniform procedures promulgated by the EDCP Committee.

(2) The election to receive a withdrawal upon the occurrence of an Unforeseeable Emergency by a Participant who is entitled to a distribution under Article Eight (Distribution Elections; Payment of Benefits) shall override the distribution election in effect for such Participant under Article Eight with respect to the amount to be withdrawn, both as to form of payment and timing of payment. If installment payments to such Participant have begun at the time an election for a withdrawal upon the occurrence of an Unforeseeable Emergency is made, the election shall apply only with respect to the unpaid balance of such Participant's Accounts.

(3) The amount to be distributed to a Participant who elects a withdrawal upon the occurrence of an Unforeseeable Emergency shall not exceed the amounts reasonably necessary to satisfy such Unforeseeable Emergency (and shall include amounts necessary to pay federal, state, local or foreign taxes and penalties reasonably anticipated as a result of the withdrawal), after taking into account the extent to which such Unforeseeable Emergency is or may be relieved through reimbursement or compensation through insurance or otherwise, by liquidation of the Participant's assets (to the extent the liquidation of such assets would not itself cause severe financial hardship), or by cessation of Deferral Contributions, as determined by the EDCP Committee in accordance with Section 409A(a)(2)(B)(ii)(II) of the Code and the Treasury Regulation Section 1.409A-3(i)(3)(ii).

(4) For purposes of this Section 5.1, "Unforeseeable Emergency" with respect to a Participant shall mean a severe financial hardship to the Participant resulting from an illness or accident of the Participant, or the Participant's spouse, Beneficiary or dependent (as defined in Section 152 of the Code, without regard to Sections 152(b)(1), (b)(2) and (d)(1)(B) of the Code) of the Participant, loss of the Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant, as determined by the EDCP Committee in accordance with Section 409A(a)(2)(B)(ii)(I) of the Code and the Treasury Regulation Section 1.409A-3(i)(3)(i).

(5) For purposes of determining the amount to be distributed to such Participant, the Participant's Accounts shall be valued as of the Valuation Date immediately preceding the date the withdrawal election is approved by the EDCP Committee. The amount to be distributed to a Participant who elects a withdrawal upon the occurrence of an Unforeseeable Emergency shall not exceed such Participant's vested interest in his or her Accounts. The Participant's vested interest in his or her Matching Contribution Account and Discretionary Contribution Account shall be determined as of the Valuation Date immediately preceding the date the withdrawal election is approved by the EDCP Committee.

(6) The amount to be distributed to the Participant pursuant to such Participant's election to receive a withdrawal upon the occurrence of Unforeseeable Emergency shall be paid in a lump sum payment within sixty (60) days following the approval of the Participant's withdrawal election by the EDCP Committee.

(b) Cancellation of Deferral Contributions. If a Participant receives a withdrawal upon the occurrence of Unforeseeable Emergency, the Participant's Deferral Contributions to the Plan shall be cancelled for the remainder of the Deferral Period during which the withdrawal is distributed to the Participant, to the extent required under Section 409A(a)(2)(B)(ii) of the Code and the Treasury Regulation Section 1.409A-3(i)(3)(ii), in accordance with Treasury Regulation Section 1.409A-3(j)(4)(viii). Upon expiration of the cancellation period described in the preceding sentence, the Participant shall be permitted to submit a new Participation Agreement in accordance with Section 3.2 (Participation Agreement) and to begin making Deferral Contributions with respect to Compensation earned on or after the first day of the first payroll period of the next following Deferral Period.

5.2 Account Adjustments. A Participant's withdrawal upon the occurrence of Unforeseeable Emergency shall be charged on a pro rata basis to the Participant's vested interests in the subaccounts in such Participant's Accounts.

5.3 Cancellation of Participation in the Event of Hardship Withdrawal. If a Participant receives a hardship distribution pursuant to Treasury Regulation Section 1.401(k)-1(d)(3) under the Savings and Retirement Plan, if required under the terms of the Savings and Retirement Plan, the Participant's Deferral Contributions to the Plan shall be cancelled for the remainder of the Deferral Period during which the hardship distribution is distributed to the Participant, to the extent permitted under Section 409A of the Code and the Treasury Regulation Section 1.409A-3(j)(4)(viii). Upon expiration of the cancellation period described in the preceding sentence, the Participant shall be permitted to submit a new Participation Agreement in accordance with Section 3.2 (Participation Agreement) and to begin making Deferral Contributions with respect to Compensation earned on or after the first day of the first payroll period of the next following Deferral Period.

ARTICLE SIX **CREDITING OF CONTRIBUTIONS AND INCOME**

6.1 Account Allocations. All Deferral Contributions shall be credited to the Participant's Deferral Contribution Account. All Matching Contributions shall be credited to the Participant's Matching Contribution Account, and all Discretionary Contributions shall be credited to the Participant's Discretionary Contribution Account. With respect to a Caesars Participant, all deferral contributions under Sections 4.5(a) and (b) shall be credited to the Caesars Participant's Deferral Contribution Account, and all matching contributions under Section 4.5(c) shall be credited to such Caesars Participant's Caesars Company Contribution Account, and all special Matching Contributions under Section 4.2(c) shall be credited to such Caesars Participant's Caesars Company Contribution Account or Matching Contribution

Account, as provided therein. All credits and charges to all Participants' Accounts shall be done in accordance with the policies and procedures of the EDCP Committee. All transfers to payments from and charges against an Account shall be charged against the Account as of the Valuation Date on which the transaction occurs. The Accounts are bookkeeping accounts only, and the EDCP Committee is not in any way obligated to segregate assets for the benefit of any Participant.

6.2 Subaccounts. The EDCP Committee may divide any Account into such subaccounts as it deems necessary and desirable.

6.3 Hypothetical Investment Funds. The EDCP Investment Committee shall establish a series of hypothetical Investment Funds for use pursuant to this Article Six.

6.4 Investment Direction. A Participant shall direct the hypothetical investment of his Deferral Contribution Account, Matching Contribution Account, and Discretionary Contribution Account (and, in the case of a Harrah's ESSP Participant, his or her Transferred Harrah's ESSP Accounts (if any), and, in the case of a Caesars Participant, his or her Caesars Company Contribution Account and Transferred Caesars Accounts (if any)) among the Investment Funds in the manner (including, but not limited to, writing, electronic, internet, intranet, voice response or telephonic) established by the EDCP Committee. The Participant's Deferral Contribution Account, Matching Contribution Account, and Discretionary Contribution Account (and Transferred Harrah's ESSP Accounts (if any), and Caesars Company Contribution Account and Transferred Caesars Accounts (if any)) shall not be invested in the Investment Funds, but the value of the Participant's Accounts shall be measured by the performance of the Investment Funds selected. Any and all changes to a Participant's Investment Fund allocation shall be made in accordance with the uniform procedures of the EDCP Committee, which shall permit changes in Investment Fund allocations on a quarterly or more frequent basis. Notwithstanding the foregoing provisions of this Section 6.4, the EDCP Investment Committee may retain the overriding discretion regarding the Participant's selection of Investment Funds under this Section 6.4. If a Participant fails to direct the hypothetical investment of his or her Accounts in the manner established by the EDCP Committee, the Participant shall be deemed to have selected the default hypothetical Investment Fund(s) selected by the EDCP Investment Committee for such purpose, in the discretion of the EDCP Committee and in accordance with its uniform policies and procedures.

6.5 Rate of Return. A Participant's Accounts shall be adjusted on each Valuation Date to reflect investment gains and losses as if the Accounts were invested in the hypothetical Investment Funds selected by the Participant in accordance with Section 6.4 (Investment Direction) and charged with any and all reasonable expenses related to the administration of the Plan including, but not limited to, the reasonable expenses of carrying out the hypothetical investment directions related to each Account. The earnings and losses allocated to any Account shall be allocated among the subaccounts of that Account in the same manner. The earnings and losses determined by the EDCP Investment Committee in good faith and in its discretion pursuant to this Article Six shall be binding and conclusive on the Participant, the Participant's Beneficiary and all parties claiming through them.

6.6 Application to Beneficiaries. The provisions of this Article Six shall also apply to the Beneficiaries of a deceased Participant.

6.7 EDCP Investment Committee.

(a) **Membership.** The EDCP Investment Committee shall be appointed by action of the HRC. The EDCP Investment Committee members shall serve without compensation but shall be reimbursed for all expenses by the Company. The EDCP Investment Committee shall conduct itself in accordance with the provisions of this Section. The members of the EDCP Investment Committee may resign with thirty (30) days notice in writing to the Company and may be removed immediately at any time by written notice from the HRC. The EDCP Investment Committee may have duties with respect to other plans of the Company that are similar or identical to its duties under the Plan.

(b) **Appointment of Agents.** The EDCP Investment Committee may appoint such other agents, who need not be members of the EDCP Investment Committee, as it may deem necessary for the effective performance of its duties, whether ministerial or discretionary, as the EDCP Investment Committee may deem expedient or appropriate. The compensation of any agents who are not employees of the Company shall be fixed by the committee within any limitations set by the HRC.

(c) **Majority Vote.** On all matters, questions and decisions, the action of the EDCP Investment Committee shall be determined by a majority vote of its members. They may meet informally or take any ordinary action without the necessity of meeting as a group. All instruments executed by the EDCP Investment Committee shall be executed by a majority of its members or by any member of the EDCP Investment Committee designated to act on its behalf.

(d) **Allocation of Responsibilities.** The EDCP Investment Committee may allocate responsibilities among its members or designate other persons to act on its behalf. Any allocation or designation, however, must be set forth in writing and must be retained in the permanent records of the EDCP Investment Committee.

(e) **Indemnification.** The Company shall indemnify and hold harmless the members of the EDCP Investment Committee against any and all claims, loss, damage, expense or liability arising from any action or failure to act with respect to this Plan on account of such member's service on the EDCP Investment Committee, except in the case of gross negligence or willful misconduct.

ARTICLE SEVEN
VESTING

7.1 Vesting of Accounts.

(a) **Deferral Contributions.** Each Participant shall at all times have a fully vested interest in his or her Deferral Contribution Account, his or her Transferred Caesars Deferral Account (if any), and his or her Transferred Harrah's ESSP Deferral Contribution Account (if any), and a Participant's rights and interests therein shall not be forfeitable for any reason.

(b) Matching Contributions.

(1) Full Vesting. Each Participant shall have a fully vested interest in his or her Matching Contribution Account on and after the first to occur of the following events:

- (A) the Participant's attainment of age 60;
- (B) the Participant's date of death;
- (C) the Participant's Disability;
- (D) a Change of Control;
- (E) termination of the Plan; or
- (F) the completion of five Years of Vesting Service.

(2) Vesting Schedule. If a Participant terminates employment with an Employer at a time when the Participant does not have a fully vested interest in his or her Matching Contribution Account, the Participant's vested interest shall be determined in accordance with the applicable vesting schedule for matching contributions in effect under the Savings and Retirement Plan in which such Participant was last eligible to make 401(k) Contributions.

(3) Forfeiture. A Participant's vested interest in his or her Matching Contribution Account shall be determined as of the Valuation Date immediately preceding his or her termination of employment with the Company and all Affiliates. Any portion of a Participant's Matching Contribution Account which is not vested shall be forfeited in the first Deferral Period in which his or her termination of employment with the Company and all Affiliates occurs.

(c) Discretionary Contributions. Except as provided by the Employer or EDCP Committee at the time a Discretionary Contribution is made, each Participant shall vest in his or her Discretionary Contribution Account in the same manner he or she vests in his or her Matching Contribution Account. A Participant's vested interest in his or her Discretionary Contribution Account shall be determined as of the Valuation Date immediately preceding his or her termination of employment with the Company and all Affiliates. Any portion of a Participant's Discretionary Contribution Account which is not vested shall be forfeited in the first Deferral Period in which his or her termination of employment with the Company and all Affiliates occurs.

(d) Caesars Company Contribution Accounts and Transferred Caesars Company Contribution Accounts. Each Caesars Participant shall have a vested interest in his or her Caesars Company Contribution Account and Transferred Caesars Company Contribution Account, which is determined as follows:

(1) Vesting of Caesars Company Contribution Accounts.

(A) Vesting Schedule. A Caesars Participant shall vest in the “Base Compensation Company Contribution Amount” under Section 4.5(c)(1), the “Bonus Compensation Company Contribution Amount” under Section 4.5(c)(2) and the special Matching Contributions under Sections 4.2(c)(1)(A) and (B) (if any) (collectively, the “Caesars Company Contribution Amount”) that are credited to the Caesars Participant’s Caesars Company Contribution Account in a Plan Year (plus investment gains and losses thereon under Article Six), upon completion of the applicable vesting period for such portion of the Caesars Company Contribution Account. The vesting period for the Caesars Participant’s Caesars Company Contribution Account shall commence with the Plan Year in which the Caesars Company Contribution Amount is credited under Section 4.5(c) or Sections 4.2(c)(1)(A) and (B), as applicable, with the Caesars Participant vesting in: (I) 33 1/3% of the Caesars Company Contribution Amount upon being credited with a “Year of Vesting Service” (as defined in the Caesars Plan) for the Plan Year for which such Caesars Company Contribution Amount is credited, (II) 33 1/3% of the Caesars Company Contribution Amount upon being credited with a “Year of Vesting Service” for the immediately following Plan Year, and (III) 33 1/3% of the Caesars Company Contribution Amount upon being credited with a “Year of Vesting Service” for the next following Plan Year.

(B) Accelerated Vesting. Notwithstanding paragraph (1), a Caesars Participant’s Caesars Company Contribution Account shall become fully vested should: (I) the Caesars Participant die while employed by the Company or an Affiliate, (II) the Caesars Participant become “Disabled” (as defined in the Caesars Plan) while employed by the Company or an Affiliate, or (III) there occur a “Change of Control.”

(C) Forfeiture.

(I) If a Caesars Participant who is not fully vested in his or her Caesars Company Contribution Account retires on or after attaining age 55 and becomes employed by a “Competitor” during the Six Month Period, the portion of such Caesars Participant’s Caesars Company Contribution Account which is not vested shall immediately be forever forfeited and the Company and the Affiliates shall have no obligation to the Caesars Participant (or his or her Beneficiary) with respect to such forfeited amount.

(II) Subject to subparagraph (B) and clause (I) of this subparagraph, if a Caesars Participant who is not fully vested in his or her Caesars Company Contribution Account receives or commences to receive the distribution of the amount credited to his or her Caesars Company

Contribution Account, the portion of such Caesars Participant's Caesars Company Contribution Account which is not vested shall immediately be forever forfeited and the Company and the Affiliates shall have no obligation to the Caesars Participant (or his or her Beneficiary) with respect to such forfeited amount.

(D) [Reserved]

(2) **Vesting of Transferred Caesars Company Contribution Account.** Each Caesars Participant shall at all times have a full vested interest in his or her Transferred Caesars Company Contribution Account, and a Caesars Participant's rights and interests therein shall not be forfeitable for any reason.

(e) **Transferred Harrah's ESSP Matching Contribution Account.** Each Harrah's ESSP Participant shall have a vested interest in his or her Transferred Harrah's ESSP Matching Contribution Account, which is determined as follows:

(1) **Full Vesting.** Each Participant shall have a fully vested interest in his Transferred Harrah's ESSP Matching Contribution Account on and after the first to occur of the following events:

- (A) the Participant's attainment of age 60;
- (B) the Participant's date of death;
- (C) the Participant's Disability;
- (D) a Change of Control;
- (E) termination of the Plan; or
- (F) the completion of five Years of Vesting Service.

(2) **Vesting Schedule.** If a Harrah's ESSP Participant terminates service with an Employer at a time when the Harrah's ESSP Participant does not have a fully vested interest in his Transferred Harrah's ESSP Matching Contribution Account, the Harrah's ESSP Participant's vested interest shall be determined as follows: (A) the excess, if any, of (I) the percentage determined in accordance with the applicable vesting schedule for matching contributions in effect under the Savings and Retirement Plan, over (II) the Transfer Vested Percentage, divided by (B) the Transfer Unvested Percentage. As of the Harrah's ESSP First Transfer Date, the vesting schedule under the Savings and Retirement Plan is as follows:

<u>Completed Years of Vesting Service</u>	<u>Percentage Vested</u>
Less than 1	0%
1 but less than 2	20%
2 but less than 3	40%
3 but less than 4	60%
4 but less than 5	80%
5 or more	100%

For purposes of this paragraph (2), a Harrah's ESSP Participant's "Transfer Vested Percentage" shall mean his or her vested interest percentage in his or her "Matching Contribution Account" (as defined in the Harrah's ESSP), determined as of December 31, 2004, and a Harrah's ESSP Participant's "Transfer Unvested Percentage" shall mean 100%, less his or her "Transfer Vested Percentage".

(3) A Harrah's ESSP Participant's vested interest in his Transferred Harrah's ESSP Matching Contribution Account shall be determined as of the Valuation Date immediately preceding the first distribution to the Harrah's ESSP Participant from his Transferred Harrah's ESSP Matching Contribution Account following his Separation from Service. Any portion of a Harrah's ESSP Participant's Transferred Harrah's ESSP Matching Contribution Account which is not vested shall be forfeited in the first Deferral Period in which the Harrah's ESSP Participant or his Beneficiary receives a distribution from this Plan under Article Eight.

7.2 Changes in Vesting Schedule. In the event that an amendment to this Plan or the Savings and Retirement Plan directly or indirectly changes the vesting provisions of Section 7.1 (Vesting of Benefits), the vested percentage for each Participant in his or her benefit accumulated to the date when the amendment is adopted shall not be reduced as a result of the amendment.

ARTICLE EIGHT
DISTRIBUTION ELECTIONS; PAYMENT OF BENEFITS

8.1 Distribution Elections. A Participant shall make, in his or her Participation Agreement with respect to a Deferral Period, either: a Separation from Service Election under subsection (b), or a Distribution Year Election under subsection (c). Such Separation from Service Election or Distribution Year Election shall apply to the distribution of the subaccounts of such Participant's Account to which his or her Deferral Contributions, Matching Contributions and Discretionary Contributions for such Deferral Period are credited. In the case of a Caesars Participant, a special Separation from Service Election shall apply with respect to the distribution of such Caesars Participant's Transferred Caesars Accounts, as provided in subsection (e). In the case of a Harrah's ESSP Participant, a special Separation from Service Election shall apply with respect to the distribution of such Harrah's ESSP Participant's Transferred Harrah's ESSP Accounts, as provided in subsection (f).

(a) Subaccounts. A Participant's Deferral Contributions for a Deferral Period (and, in the case of a Caesars Participant, such Caesars Participant's deferral contributions

under Sections 4.5(a) and (b) for the Deferral Period) shall be credited to the subaccount for such Deferral Period under such Participant's Deferral Contribution Account. Such Participant's Matching Contributions for a Deferral Period (if any) shall be credited to the subaccount for such Deferral Period under such Participant's Matching Contribution Account. Such Participant's Discretionary Contributions for a Deferral Period (if any) shall be credited to the subaccount for such Deferral Period under such Participant's Discretionary Contribution Account. Such Participant's Separation from Service Election or Distribution Year Election for such Deferral Period shall apply to distributions from the subaccounts of such Participant's Accounts for such Deferral Period.

(b) Separation from Service Election. Subject to Section 8.3 (Time of Payment), a Participant's Separation from Service Election with respect to a Deferral Period shall provide for the distribution of the subaccounts of such Participant's Accounts for such Deferral Period upon such Participant's Separation from Service.

(1) Form of Distribution. Such Participant may select the form of distribution for purposes of distributions from the subaccounts of such Participant's Accounts for such Deferral Period. Such Participant may select distribution in the form of a lump sum payment, or monthly installment payments over a period of years. If such Participant selects distribution in the form of monthly installment payments, such Participant shall designate the period of years (which shall be not less than one and not more than fifteen (15)) over which such monthly installment payments shall be made. If such Participant fails to select a form of distribution for purposes of distributions from the subaccounts of such Participant's Accounts for a Deferral Period, such distributions shall be made in a lump sum payment.

(2) Prohibition on Change of Separation from Service Election. Such Participant may not change his or her Separation from Service Election with respect to a Deferral Period, or the form of distribution of the subaccounts of such Participant's Accounts for such Deferral Period. As provided in Section 3.2 and subsection (d), such Participant may elect a new Separation from Service Election with respect to a future Deferral Period in accordance with this Section 8.1.

(c) Distribution Year Election. Subject to Section 8.2 (Changes of Distribution Year Election) and Section 8.3 (Time of Payment), a Participant's Distribution Year Election with respect to a Deferral Period shall provide for the distribution of the subaccounts of such Participant's Accounts for such Deferral Period upon the earlier of: the first day of the Distribution Year (as selected by the Participant), or the Participant's Separation from Service.

(1) Distribution Year. Such Participant shall select the Distribution Year for purposes of distributions from the subaccounts of such Participant's Accounts for a Deferral Period. The Distribution Year shall be not earlier than the second calendar year following the Deferral Period, and shall be not later than the twentieth calendar year following the Deferral Period.

(2) Form of Distribution. The distribution of the subaccounts of such Participant's Accounts for such Deferral Period shall be made in a lump sum payment.

(3) Change to Distribution Year Election. A Participant may change such Participant's Distribution Year Election with respect to a Deferral Period in accordance with Section 8.2.

(d) Separate Elections. A Participant may make a separate Separation of Service Election or Distribution Year Election with respect to each Deferral Period.

(e) Distribution of Transferred Caesars Accounts. A Caesars Participant's Transferred Caesars Accounts shall be distributed upon such Participant's Separation from Service in accordance with this subsection (e), and shall not be distributed in accordance with such Caesars Participant's Separation from Service Election with respect to any Deferral Period. Such distribution shall be made commencing upon such Caesars Participant's Separation from Service, except as otherwise provided under Section 8.3(b). Such Caesars Participant may not make a Distribution Year Election with respect to his or her Transferred Caesars Accounts.

(1) Form of Distribution. Such Caesars Participant's Transferred Caesars Accounts shall be distributed in the form of distribution elected by such Caesars Participant for the distribution of his or her "Accounts" (as defined in the Caesars Plan), in accordance with the Caesars Plan, as in effect as of the Caesars Plan Transfer Date. Such distribution form shall be a lump sum payment, or installment payments over a period of five, ten or fifteen years. If such Caesars Participant's Transferred Caesars Accounts are to be distributed in the form of installment payments, such distribution shall be made in the form of monthly installment payments; provided, however, that, if such Caesars Participant's Transferred Caesars Accounts are to be distributed commencing in 2006, the first installment payment shall be determined on the basis of annual installment payments, as provided in accordance with the Caesars Plan (and in accordance with the transition relief under Q/A 19(c) of Internal Revenue Service Notice 2005-1), and monthly installment payments from such Caesars Participant's Transferred Caesars Accounts shall commence on January 1, 2007. If such Caesars Participant has failed to select a form of distribution for purposes of the distribution of his or her "Accounts" (as defined in the Caesars Plan), in accordance with the Caesars Plan, as of the Caesars Plan Transfer Date, such Caesars Participant's Transferred Caesars Accounts shall be distributed in the form of a lump sum payment. The distribution of such Caesars Participant's Transferred Caesars Accounts shall be made in accordance with Sections 8.3 and 8.4.

(2) Prohibition on Change of Separation from Service Election. Such Caesars Participant may not change his or her special Separation from Service Election applicable to the distribution of his or her Transferred Caesars Accounts, or the form of distribution of such Transferred Caesars Accounts.

(f) Distribution of Transferred Harrah's ESSP Accounts. A Harrah's ESSP Participant's Transferred Harrah's ESSP Accounts shall be distributed upon such Participant's Separation from Service in accordance with this subsection (f), and shall not be distributed in accordance with such Harrah's ESSP Participant's Separation from Service Election with respect to any Deferral Period. Such distribution shall be made commencing upon such Harrah's ESSP Participant's Separation from Service, except as otherwise provided under Section 8.3(b). Such Harrah's ESSP Participant may not make a Distribution Year Election with respect to his or her Transferred Harrah's ESSP Accounts.

(1) Form of Distribution. Such Harrah's ESSP Participant's Transferred Harrah's ESSP Matching Contribution Account shall be distributed in the form of distribution elected by such Harrah's ESSP Participant for the distribution of his or her "Accounts" (as defined in the Harrah's ESSP), in accordance with the Harrah's ESSP, as in effect as of the Harrah's ESSP First Transfer Date. The distribution of such Harrah's ESSP Participant's Transferred Harrah's ESSP Deferral Contribution Account shall be made in accordance with Sections 8.3 and 8.4.

(2) Form of Distribution. Such Harrah's ESSP Participant's Transferred Harrah's ESSP Deferral Contribution Account shall be distributed in the form of distribution elected by such Harrah's ESSP Participant for the distribution of his or her "Accounts" (as defined in the Harrah's ESSP), in accordance with the Harrah's ESSP, as in effect as of the Harrah's ESSP Second Transfer Date. The distribution of such Harrah's ESSP Participant's Transferred Harrah's ESSP Deferral Contribution Account shall be made in accordance with Sections 8.3 and 8.4.

(3) Prohibition on Change of Separation from Service Election. Such Harrah's ESSP Participant may not change his or her special Separation from Service Election applicable to the distribution of his or her Transferred Harrah's ESSP Accounts, or the form of distribution of such Transferred Harrah's ESSP Accounts.

8.2 Changes of Distribution Year Election.

(a) Election to Change Distribution Selections. A Participant may change a Distribution Year Election with respect to a Deferral Period (as set forth in such Participant's Participation Agreement in effect for such Deferral Period), following the commencement of such Deferral Period, in accordance with this Section 8.2. Such Participant shall complete and deliver an election to change his or her Distribution Year Election with respect to a Deferral Period in accordance with the rules and procedures adopted by the EDCP Committee for such purpose. The Participant's election to change a Distribution Year Election with respect to a Deferral Period under this subsection (a) shall be irrevocable when made.

(b) Change of Distribution Year.

(1) Such Participant may make a new Distribution Year Election with respect to a Deferral Period, subject to the requirements of subsection (d), for purposes of such distributions of the subaccounts of such Participant's Accounts for such Deferral Period by electing a new Distribution Year that is not less than five years later than the Distribution Year previously selected by such Participant under the prior Distribution Year Election with respect to such Deferral Period; *provided, however*, that the new Distribution Year shall not be later than the twentieth calendar year following such Deferral Period.

(2) In the event a Participant makes a new Distribution Year Election with respect to a Deferral Period, and such new Distribution Year Election becomes effective, the distribution of the subaccounts of Participant's Accounts for such Deferral Period shall be made upon the earlier of: (A) the first day of the new Distribution Year, or (B) such Participant's Separation from Service.

(c) Additional Changes. A Participant may make subsequent new Distribution Year Elections with respect to a Deferral Period, subject to the requirements of paragraph (b)(1) and subsection (d), and the distribution of the subaccounts of such Participant's Accounts for such Deferral Period shall be made upon the earlier of: (A) the first day of the new Distribution Year (selected by the Participant), or (B) such Participant's Separation from Service. The Participant's election to change a Distribution Year Election with respect to a Deferral Period under this subsection (c) shall be irrevocable when made.

(d) Limitations on Distribution Changes. A Participant may not change his or her Separation from Service Election with respect to a Deferral Period. A Participant may change his or her Distribution Year Election applicable to the subaccounts of such Participant's Accounts for a Deferral Period in accordance with subsection (b) or (c), subject to this subsection (d). A Participant's new Distribution Year Election shall be subject to the following limitations:

(1) The Participant's election of a new Distribution Year Election applicable to the subaccounts of such Participant's Accounts for a Deferral Period shall not take effect until at least twelve (12) months after the new Distribution Year Election is made in accordance with Section 409A(a)(4)(C)(i) of the Code and the Treasury Regulation Section 1.409A-2(b)(1)(i). If the distribution from the subaccounts of such Participant's Accounts for such Deferral Period is made before the new Distribution Year Election becomes effective, the new Distribution Year Election shall not thereafter become effective, and the distribution from the subaccounts of such Participant's Accounts for such Deferral Period shall be made in accordance with the Distribution Year Election, as in effect prior to the new Distribution Year Election.

(2) The Participant's election of a new Distribution Year, in accordance with subsection (b) or (c) for the subaccounts of such Participant's Accounts for a Deferral Period shall provide that each payment with respect to which such new Distribution Year Election is made be deferred for a period of not less than five years from the date such payment would otherwise have been made, as determined in accordance with Section 409A(a)(4)(C)(ii) of the Code and the Treasury Regulation Section 1.409A-2(b)(1)(ii).

(3) The Participant's election of a new Distribution Year Election in accordance with subsection (b) or (c) for the subaccounts of such Participant's Accounts for a Deferral Period shall not be made less than twelve (12) months prior to the date of the first scheduled distribution payment under the Distribution Year Election in effect for the subaccounts of such Participant's Accounts for such Deferral Period in accordance with Section 409A(a)(4)(C)(iii) of the Code and the Treasury Regulation Section 1.409A-2(b)(1)(iii).

(e) Compliance with Section 409A of the Code. Any change to a Participant's Distribution Year Election shall be made in accordance with Section 409A(a)(4)(C) of the Code and the Treasury Regulation Section 1.409A-2(b).

8.3 Time of Payment.

(a) A Participant's Accounts shall be distributed in accordance with the Separation from Service Election or Distribution Year Election for the subaccounts of such Participant's Accounts for each Deferral Period; *provided, however*; that, in the case of a Caesars Participant, such Caesars Participant's Transferred Caesars Accounts shall be distributed in accordance with the special Separation from Service Election, as provided under Section 8.1(e); and, *provided, further*; that in the case of a Harrah's ESSP Participant, such Harrah's ESSP Participant's Transferred Harrah's ESSP Accounts shall be distributed in accordance with the special Separation from Service Election, as provided under Section 8.1(f).

(b) The distributions from the subaccounts of a Participant's Accounts for a Deferral Period shall be made or commence upon the earliest of:

- (1) the first day of the Distribution Year (if any) selected by such Participant (in the case of subaccounts subject to such Participant's Distribution Year Election), or
- (2) the Participant's Separation from Service; or
- (3) the Participant's death;

provided, however, that, in the case of a Participant who is a Specified Employee as of the date of such Participant's Separation from Service, the distributions of the subaccounts of such Participant's Accounts for such Deferral Period upon such Participant's Separation from Service shall be made or commence on the date which is six months after the date of such Participant's Separation from Service (or, if earlier, the date of such Participant's death) in accordance with Section 409A(a)(2)(B)(i) of the Code and the Treasury Regulation Section 1.409A-3(i)(2).

(c) Subject to subsection (d), if the subaccounts of a Participant's Accounts for any Deferral Period are to be distributed in the form of monthly installment payments, and such Participant is a Specified Employee as of the date of such Participant's Separation from Service, the monthly installment payments that otherwise would be made to such Participant prior to the date which is six months after the date of such Participant's Separation from Service (or, if earlier, the date of such Participant's death) shall be accumulated in the subaccounts of such Participant's Accounts for such Deferral Period and paid commencing on such date in accordance with Section 409A(a)(2)(B)(i) of the Code and Treasury Regulation Section 1.409A-3(i)(2), as adjusted to reflect the rate of return on the hypothetical Investment Funds selected by the Participant in accordance with Section 6.4. The subaccounts of such Participant's Accounts for such Deferral Period shall be distributed in installment payments, commencing on the date which is six months after the date of such Participant's Separation from Service (or, if earlier, the date of such Participant's death), over the installment payment period designated under the Separation from Service Election for the subaccounts of such Participant's Accounts for the Deferral Period.

(d) In the case of a Participant who was a Specified Employee as of the date of such Participant's Separation from Service, and whose monthly installment payments commenced during 2005 in accordance with Section 8.3 of the Plan, monthly installment

payments shall be paid during 2005 in accordance with the transitional relief under Internal Revenue Service Notice 2005 Q/A 20, and such monthly installments shall be suspended effective as of January 1, 2006 and until the date which is six months after the date of such Participant's Separation from Service in accordance with Section 409A(a)(2)(B)(i) of the Code and the Treasury Regulations thereunder and recommenced after the date which was six months after the date of such Participant's Separation from Service (or, if earlier, the date of such Participant's death). Any monthly installment payments subject to such suspension shall be accumulated and paid after such date in accordance with Section 409A(a)(2)(B)(i) of the Code and the Treasury Regulations thereunder, as adjusted to reflect the rate of return on the hypothetical Investment Funds selected by the Participant in accordance with Section 6.4. The subaccounts of such Participant's Accounts for such Deferral Period shall be distributed in installment payments, commencing after the date which is six months after the date of such Participant's Separation from Service (or, if earlier, the date of such Participant's death), over the installment payment period designated under the Separation from Service Election for the subaccounts of such Participant's Accounts for the Deferral Period.

8.4 Form of Payments.

(a) Separation from Service Election Payments. In the event a Participant made a Separation from Service Election with respect to a Deferral Period, the distribution from the subaccounts in such Participant's Accounts for such Deferral Period shall be made in a lump sum payment, or in monthly installment payments, in accordance with Section 8.1 (Distribution Elections); *provided, however*, that, in the case of a Caesars Participant, such Caesars Participant's Transferred Caesars Accounts shall be distributed in accordance with the special Separation from Service Election, as provided under Section 8.1(e); and, *provided, further*, that in the case of a Harrah's ESSP Participant, such Harrah's ESSP Participant's Transferred Harrah's ESSP Accounts shall be distributed in accordance with the special Separation from Service Election, as provided under Section 8.1(f).

(b) Distribution Year Election Payment. In the event a Participant made a Distribution Year Election with respect to a Deferral Period, the distribution from the subaccounts in such Participant's Accounts for such Deferral Period shall be made to such Participant in a lump sum payment. Such lump sum payment shall be made not later than sixty (60) days after the date determined under Section 8.3(b).

(c) Payments upon Death.

(1) In the event of a Participant's death prior to such Participant's Separation from Service, the distributions from the subaccounts of such Participant's Accounts for all Deferral Periods shall be made to his or her Beneficiary in a lump sum payment. Such lump sum payment shall be made not later than ninety (90) days after the date determined under Section 8.3(b).

(2) In the event of a Participant's death after his or her Separation from Service, the distributions from the subaccounts of such Participant's Accounts shall be made or continue to be made to his or her Beneficiary in accordance with the Participant's

Separation from Service Election or Distribution Year Election in accordance with Sections 8.1 and 8.2, and distribution payments shall be made to the Beneficiary in the same form as such distribution payments would have been made to such Participant.

(d) Installment Payments.

(1) In the event a Participant makes a Separation from Service Election, and elects distribution in the form of installment payments, the amount of each monthly installment in any calendar year for the distribution of the subaccounts in a Participant's Accounts for a Deferral Period shall be calculated as follows. The amount of the monthly installment shall be determined before the first installment is paid and on each January 1st in all subsequent calendar years; *provided, however*, that in the case of installment payments that are suspended under Section 8.3(d), the amount of the monthly installment shall be determined on the date as of which the installment payments recommence under Section 8.3(d). The amount of each monthly installment for such calendar year shall be determined by dividing: (A) the number of remaining monthly installments into (B) the Participant's vested balance in the subaccounts in the Participant's Accounts for such Deferral Period, determined as of the last Valuation Date of the prior month. A Participant's last installment payment shall be adjusted as needed to reflect investment gains or losses. If the total of the vested balance in the Participant's Accounts (and the vested balances in the Participant's accounts in all other agreements, methods, programs or other arrangements with respect to which deferrals of compensation are treated as having been deferred under a single nonqualified deferred compensation plan under Treasury Regulation Section 1.409A-1(c)(2)), determined as of any date that is on or after January 1, 2008 and on or after monthly installment payments commence, is not greater than the applicable dollar amount under Section 402(g)(1)(B) of the Code, such vested balance in the Participant's Accounts (and the vested balances in such other agreements, methods, programs and arrangements) shall be paid to the Participant in a lump sum payment not later than sixty (60) days after such date in accordance with Treasury Regulation Section 1.409A-3(j)(4)(v).

(2) If installment payments are made, the provisions of Sections 6.3, 6.4 and 6.5 shall continue to apply to the unpaid interest in the relevant subaccounts.

(3) In the event that a Caesars Participant's special Separation from Service Election, determined under Section 8.1(e), provides for the distribution of such Caesars Participant's Transferred Caesars Accounts in the form of installment payments, the amount of each monthly installment payment for any calendar year for the distribution of such Caesars Participant's Transferred Caesars Accounts shall be calculated by applying paragraph (1) separately with respect to such Caesars Participant's Transferred Caesars Accounts.

8.5 Beneficiary Designations.

(a) **General.** In the event of the death of the Participant, the Participant's vested interest in his or her Accounts shall be paid to the Participant's Beneficiary as described in Section 8.4(c). Each Participant shall have the right to designate, in the manner specified by the EDCP Committee, a Beneficiary or Beneficiaries to receive his benefits hereunder in the event of the Participant's death.

(b) Spousal Consent Requirements. If the Participant is married at the time the Beneficiary designation is filed, the Participant must designate his spouse as the Beneficiary of at least 50% of the Participant's Accounts or provide the spouse's consent to the designation of a Beneficiary other than the spouse. If a Participant marries or divorces after a Beneficiary designation is filed, the designation will no longer be effective.

(c) Revised Designations. Subject to the spousal consent requirements noted above, each Participant may change his Beneficiary designation from time to time in the manner described above. Upon receipt of such designation by the EDCP Committee, such designation or change of designation shall become effective as of the date of the notice, whether or not the Participant is living at the time the notice is received. There shall be no liability on the part of the Employer, the EDCP Committee or the Trustee with respect to any payment authorized by the EDCP Committee in accordance with the most recent Beneficiary designation of the Participant in the possession of the EDCP Committee before the EDCP Committee receives a more recent Beneficiary designation.

(d) Deemed Beneficiary Designations. If no designated Beneficiary is living when benefits become payable, or if there is no designated Beneficiary, the Beneficiary shall be the Participant's spouse. If there is no living spouse, the Beneficiary shall be the Participant's estate. If the designated Beneficiary dies after the payment of benefits begin, then the Beneficiary for the remainder of the benefits payable shall be the estate of the Beneficiary.

8.6 Prohibition on Acceleration of Distributions. The time or schedule of payment of any withdrawal or distribution under the Plan shall not be subject to acceleration, except as provided under Treasury Regulations promulgated in accordance with Section 409A(a)(3) of the Code, or as provided in Sections 8.9 and 8.10 in accordance with the transitional relief under Internal Revenue Service Notice 2005-1 Q/A-19(c), the Proposed Regulations under Section 409A of the Code and Internal Revenue Service Notice 2006-79.

8.7 Withholding and Payroll Taxes. The Employer shall withhold from Plan payment any taxes required to be withheld from such payments under federal, state or local law. Any withholding of taxes or other amounts required by federal, state or local law with respect to amounts credited to a Participant's Accounts including, without limitation to, tax due under the Federal Insurance Contributions Act, shall be withheld, to the maximum extent possible, from the portion of the Participant's Salary or Bonus that is not contributed to this Plan (or, in the case of a Caesars Participant, from the portion of the Caesars Participant's "Base Compensation" and "Bonus Compensation" (each, as defined in the Caesars Plan) that is not contributed to this Plan). Any withholding amount that cannot be withheld in accordance with the preceding sentence shall be withheld from the Participant's Deferral Contributions (or, in the case of a Caesars Participant, from the Caesars Participant's deferral contributions under Sections 4.5(a) and (b)).

8.8 [Reserved]

8.9 Special Lump Sum Distribution.

(a) Subject to Section 8.11, a Participant, or a Beneficiary of a deceased Participant, may elect to receive a special lump sum distribution from such Participant's or Beneficiary's Accounts on June 1, 2008 (or within thirty (30) days thereafter) in accordance with this Section 8.9. A Participant's or Beneficiary's special lump sum distribution shall be made only from the Accounts in which such Participant or Beneficiary has a fully vested interest, determined as of the last day of the Special Distribution Election Period. The special lump sum distribution shall be in the amount equal to the Participant's or Beneficiary's designated percentage of the Participant's or Beneficiary's interest in such Accounts, and such designated percentage of the Account shall be credited to a special subaccount of such Account. Such special lump sum distribution shall be made proportionately from such Participant's or Beneficiary's Accounts (and the subaccounts thereunder) and shall apply only to amounts that would not otherwise be payable before January 1, 2008.

(b) A Participant, or a Beneficiary of a deceased Participant, shall elect to receive a special lump sum distribution under subsection (a) by completing and delivering a Special Lump Sum Distribution Agreement in accordance with the rules and procedures adopted by the EDCP Committee for such purpose. Such Participant or Beneficiary shall designate the whole percentage (up to a maximum of 100%) of such Participant's or Beneficiary's interest in his or her Accounts to be distributed in such special lump sum distribution. Such Participant or Beneficiary must complete and deliver such Special Lump Sum Distribution Agreement not later than the last day of the Special Distribution Election Period, and such Participant's or Beneficiary's Special Lump Sum Distribution Agreement shall become irrevocable as of the last day of the Special Distribution Election Period. Such special Separation from Service Election, or special Distribution Year Election, shall supersede such Participant's prior distribution election with respect to the portion of such Participant's Accounts subject to such special Separation from Service Election or special Distribution Year Election, except as provided in Section 8.11.

(c) Special distribution elections under this Section 8.9 shall be subject to such administrative rules, procedures and restrictions as are prescribed by the EDCP Committee in its discretion. No election may be made under this Section 8.9 after the last day of the Special Distribution Election Period.

8.10 Special Distribution Elections.

(a) Subject to Section 8.11, a Participant may elect in accordance with this Section 8.10 to make a special Separation from Service Election, or a special Distribution Year Election, with respect to any Deferral Period ending on or before December 31, 2007. Such special Separation from Service Election or special Distribution Year Election shall apply to the portion of the Participant's Accounts attributable to compensation amounts deferred during such Deferral Period.

(1) **Special Separation from Service Elections.** A special Separation from Service Election under this Section 8.10 with respect to a Deferral Period shall provide for the distribution of the subaccounts of such Participant's Accounts for such Deferral Period upon

such Participant's Separation from Service and shall be in a form of distribution permitted under Section 8.1(b) and selected by the Participant in such Participant's Special Distribution Election Agreement; provided, however, that such installment period shall not extend beyond fifteen (15) years following such Participant's Separation from Service. If such Participant makes a special Separation from Service Election under this Section 8.10 and fails to select a form of distribution for purposes of distributions from the subaccounts of such Participant's Accounts for a Deferral Period, such distributions shall be made in a lump sum payment. A Participant may not change his or her special Separation from Service Election under this Section 8.10 with respect to a Deferral Period, or the form of distribution of the subaccounts of such Participant's Accounts for such Deferral Period.

(2) Special Distribution Year Elections. A special Distribution Year Election under this Section 8.10 with respect to a Deferral Period shall provide for the distribution of the subaccounts of such Participant's Accounts for such Deferral Period upon the earlier of the first day of the Distribution Year (as selected by the Participant), or the Participant's Separation from Service. Such Participant shall select the Distribution Year for purposes of distributions from the subaccounts of such Participant's Accounts for such Deferral Period. The Distribution Year shall be not earlier than the 2009 calendar year, and shall not be later than the 2027 calendar year. The distribution of the subaccounts of such Participant's Accounts for such Deferral Period shall be made in a lump sum payment. A Participant may change such Participant's special Distribution Year Election with respect to a Deferral Period in accordance with Section 8.2.

(b) If a Participant elects to make a special Separation from Service Election, or a special Distribution Year Election, with respect to a Deferral Period under this Section 8.10, such special Separation from Service Election or special Distribution Year Election shall apply to the subaccounts of such Participant's Accounts (including, without limitation, such Participant's Transferred Caesars Accounts and Transferred Harrah's ESSP Accounts, if any) for such Deferral Period and shall apply only to amounts that would not otherwise be payable before January 1, 2008 or payable in accordance with a special lump sum distribution election under Section 8.9.

(c) A Participant shall make a special Separation from Service Election, or a special Distribution Year Election, with respect to a Deferral Period under subsection (a) by completing and delivering a Special Distribution Election Agreement in accordance with rules and procedures adopted by the EDCP Committee for such purpose. Such Participant must complete and deliver such Special Distribution Election Agreement not later than the last day of the Special Distribution Election Period, and such Participant's Special Distribution Election Agreement shall become irrevocable as of the last day of the Special Distribution Election Period. Such special Separation from Service Election, or Distribution Year Election, shall supersede such Participant's prior Separation from Service Election, or Distribution Year Election with respect to the portion of such Participant's Accounts subject to such special Separation from Service Election or special Distribution Year Election, except as provided under Section 8.11.

(d) Special Separation from Service Elections and special Distribution Year Elections under this Section 8.10 shall be subject to such administrative rules, procedures and restrictions as are prescribed by the EDCP Committee in its discretion. No election may be made under this Section 8.10 after the last day of the Special Distribution Election Period.

8.11 Compliance with Section 409A of the Code.

(a) The Plan shall be interpreted, construed and administered in a manner that satisfies the requirements of Sections 409A(a)(2), (3) and (4) of the Code and the Treasury Regulations thereunder (subject to the transitional relief under Internal Revenue Service Notice 2005-1, the Proposed Regulations under Section 409A of the Code and other applicable authority issued by the Internal Revenue Service).

(b) As provided in Internal Revenue Notice 2006-79, notwithstanding any other provision of the Plan, with respect to any election under Section 8.9 or 8.10, or any other election or amendment to change a time and form of payment under the Plan made on or after January 1, 2007 and on or before December 31, 2007, the election or amendment shall apply only to amounts that would not otherwise be payable in 2007 and shall not cause an amount to be paid in 2007 that would not otherwise be payable in 2007.

ARTICLE NINE
ADMINISTRATION OF THE PLAN

9.1 Adoption of Trust. The Company shall enter into a Trust Agreement with the Trustee, which Trust Agreement shall form a part of this Plan and is hereby incorporated herein by reference.

9.2 Powers of the EDCP Committee.

(a) **Plan Administrator.** The EDCP Committee shall be the administrator of the Plan and shall be responsible for the administration of the Plan.

(b) **General Powers of the EDCP Committee.** The EDCP Committee shall have the power and discretion to perform the administrative duties described in this Plan or required for proper administration of the Plan and shall have all powers necessary to enable it to properly carry out such duties. Without limiting the generality of the foregoing, the EDCP Committee shall have the power and discretion to construe and interpret this Plan, to hear and resolve claims relating to this Plan, and to decide all questions and disputes arising under this Plan. The EDCP Committee shall determine, in its discretion, the service credited to the Participants, the status and rights of a Participant, and the identity of the Beneficiary or Beneficiaries entitled to receive any benefits payable hereunder on account of the death of a Participant. The decision or action of the EDCP Committee in respect of any question arising under or in connection with the Plan and the rules and regulations promulgated hereunder shall be final and conclusive and binding upon all persons having an interest in the Plan.

(c) **Distributions.** Except as is otherwise provided hereunder, the EDCP Committee shall determine the manner and time of payment of benefits under this Plan. All benefit disbursements by the Trustee shall be made upon the instructions of the EDCP Committee.

(d) Decisions Conclusive. The decision of the EDCP Committee upon all matters within the scope of its authority shall be binding and conclusive upon all persons.

(e) Reporting. The EDCP Committee shall file all reports and forms lawfully required to be filed by the EDCP Committee and shall distribute any forms, reports or statements to be distributed to Participants and others.

(f) Trust Fund. The EDCP Committee shall keep itself advised with respect to the funded status and investment of the Trust Fund.

9.3 Creation of Committee. The EDCP Committee shall be appointed by the Chief Executive Officer of the Company. The EDCP Committee must consist of at least three members. The EDCP Committee members shall serve without compensation but shall be reimbursed for all expenses by the Company. The EDCP Committee shall conduct itself in accordance with the provisions of this Article Nine. The members of the EDCP Committee may resign with thirty (30) days notice in writing to the Company and may be removed immediately at any time by written notice from the Company. The EDCP Committee may have duties with respect to other plans of the Company that are or identical to its duties under the Plan.

9.4 Appointment of Agents. The EDCP Committee may appoint such other agents, who need not be members of the EDCP Committee, as it may deem necessary for the effective performance of its duties, whether ministerial or discretionary, as the EDCP Committee may deem expedient or appropriate. The compensation of any agents who are not employees of the Company shall be fixed by the committee within any limitations set by the HRC.

9.5 Majority Vote and Execution of Instruments. In all matters, questions and decisions, the action of the EDCP Committee shall be determined by a majority vote of its members. They may meet informally or take any ordinary action without the necessity of meeting as a group. All instruments executed by the EDCP Committee shall be executed by a majority of its members or by any member of the EDCP Committee designated to act on its behalf.

9.6 Allocation of Responsibilities. The EDCP Committee may allocate responsibilities among its members or designate other persons to act on its behalf. Any allocation or designation, however, must be set forth in writing and must be retained in the permanent records of the EDCP Committee.

9.7 Conflict of Interest. No member of the EDCP Committee who is a Participant shall take any part in any action in connection with his participation as an individual. Such action shall be voted or decided by the remaining members of the EDCP Committee.

9.8 Indemnification. The Company shall indemnify and hold harmless the members of the EDCP Committee against any and all claims, loss, damage, expense or liability arising from any action or failure to act with respect to this Plan on account of such member's service on the EDCP Committee, except in the case of gross negligence or willful misconduct.

9.9 Action Taken by Employer. Any action to be taken by an Employer shall be taken by resolution adopted by its board of directors or appropriate board committee; provided,

however, that by resolution, the board of directors or appropriate board committee may delegate to any committee of the board or any officer of the Employer the authority to take any actions under this Plan, other than the power to determine the basis of Employer contributions.

9.10 Discretionary Authority. All delegations of responsibility set forth in this document regarding the determination of benefits and the interpretation of the terms of the Plan confer discretionary authority upon the person delegated such responsibility.

9.11 Participant Statements. The EDCP Committee shall provide a statement of Plan Accounts to each Participant and Beneficiary on a quarterly or more frequent basis, as determined by the EDCP Committee in its discretion. Such statement of Plan Accounts shall reflect the amounts allocated to each Account maintained for the Participant, the Participant's vested interest in his Accounts, any distributions, withdrawals or expenses charged against the Participant's Account, the hypothetical investment earnings and losses on the Participant's Account, and any other information deemed appropriate by the EDCP Committee.

9.12 Compliance with Section 409A of the Code. The Plan shall be interpreted, construed and administered in a manner that satisfies the requirements of Sections 409A(a)(2), (3) and (4) of the Code and the Treasury Regulations thereunder.

ARTICLE TEN **CLAIMS REVIEW PROCEDURE**

10.1 General.

(a) A Participant or Beneficiary who believes that he or she has not received the benefits to which he or she is entitled may assert a claim for benefits under the Plan in accordance with the claims procedure of this Article Ten. The claims procedure of this Article Ten shall be applied in accordance with Section 503 of ERISA and Department of Labor Regulation Section 2560.503-1. A Participant or Beneficiary may assert a benefit claim, or appeal the denial of a benefits claim, through such Participant's or Beneficiary's authorized representative, provided that such Participant or Beneficiary has submitted a written notice evidencing the authority of such representative to the EDCP Committee. A Participant or Beneficiary asserting a benefits claim shall be referred to as a "Claimant" under this Article Ten.

(b) A Claimant shall submit his or her benefits claim under the Plan in writing to the EDCP Committee. The Claimant may include documents, records or other information relating to the benefits claim for review by the EDCP Committee in connection with such benefits claim.

10.2 Benefit Determination.

(a) The EDCP Committee shall review the Claimant's benefits claim (including any documents, records or other information submitted with such benefits claim) and determine whether such benefits claim shall be approved or denied in accordance with the Plan.

(b) In the event that a Claimant's benefits claim is wholly or partially denied, the EDCP Committee shall provide to the Claimant with written notice of the denial within a

reasonable period of time, but not later than ninety (90) days after the receipt of the benefits claim by the EDCP Committee, unless the EDCP Committee determines that special circumstances require an extension of time for making a determination with respect to the benefits claim. If the EDCP Committee determines that an extension of time for making a determination with respect to the benefits claim is required, the EDCP Committee shall provide the Claimant with written notice of such extension prior to the end of the initial ninety (90) day period. The extension of time shall not exceed a period of ninety (90) days from the end of such initial period. The extension notice shall indicate the special circumstances requiring the extension of time and the date by which the EDCP Committee expects to render the benefit determination.

(c) The notice of denial of the Claimant's benefits claim shall set forth:

(1) the specific reason or reasons for the denial;

(2) references to specific Plan provisions on which the denial is based;

(3) a description of any additional material or information necessary for the Claimant to perfect the claim and an explanation of why the material or information is necessary; and

(4) a description of the Plan's appeal procedures and the time limits applicable to such procedures, including a statement of the Claimant's right to bring a civil action under Section 502(a) of ERISA following a denial of the appeal of the denial of the benefits claim.

(d) The Claimant may appeal any denial of the benefits claim in writing to the EDCP Committee within sixty (60) days after receipt of the EDCP Committee's notice of denial of benefits claim. The Claimant's failure to appeal the denial of the benefits claim by the EDCP Committee in writing within the sixty (60) day period shall render the EDCP Committee's determination final, binding, and conclusive.

10.3 Appeals.

(a) A Claimant may appeal the denial of a benefits claim to the EDCP Committee. The EDCP Committee shall review the appeal of the denial of the benefits claim and make a final determination as to whether the benefits claim should be approved or denied in accordance with the Plan.

(b) The Claimant shall be afforded the opportunity to submit written comments, documents, records, and other information relating to the benefits claim, and the Claimant shall be provided, upon request and free of charge, reasonable access to all documents, records, and other information relevant to the Claimant's benefits claim. A document, record or other information shall be considered "relevant" to the benefits claim, as provided in Department of Labor Regulation Section 2560.503-1(m)(8). The review on appeal by the EDCP Committee shall take into account all comments, documents, records, and other information submitted by the Claimant, without regard to whether such information was submitted or considered in the EDCP Committee's initial determination with respect to the benefits claim. The EDCP Committee shall

advise the Claimant in writing of the EDCP Committee's determination of the appeal within sixty (60) days of the claimant's written request for review, unless special circumstances (such as a hearing) would make the rendering of a determination within the sixty (60) day period infeasible, but in no event shall the EDCP Committee render a determination regarding the denial of a claim for benefits later than one hundred twenty (120) days after its receipt of a request for review. If an extension of time for review is required because of special circumstances, written notice of the extension shall be furnished to the Claimant prior to the date the extension period commences.

(c) The notice of denial of the Claimant's appeal of the denial of the Claimant's benefit claim shall set forth:

(1) the specific reason or reasons for the denial of the appeal;

(2) reference to the specific Plan provisions on which the denial of the appeal is based;

(3) a statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the Claimant's benefits claim (and a document, record or other information shall be considered "relevant" to the benefits claim, as provided in Department of Labor Regulation Section 2560.503-1(m)(8)); and

(4) a statement describing Claimant's right to bring an action under ERISA Section 502(a).

(d) If, upon appeal, the EDCP Committee shall grant the relief requested by the Claimant, then, in addition, the EDCP Committee shall award to the Claimant reasonable fees and expenses of counsel, or any other duly authorized representative of Claimant, which shall be paid by the Company. The determination as to whether such fees and expenses are reasonable shall be made by the Company in its sole and absolute discretion and such determination shall be binding and conclusive on all parties.

10.4 Notice of Denials. The EDCP Committee's notice of denial of a benefits claim shall identify the address to which the Claimant may forward his appeal.

ARTICLE ELEVEN
LIMITATION ON ASSIGNMENT;
PAYMENTS TO LEGALLY INCOMPETENT DISTRIBUTE

11.1 Anti-Alienation Clause. No benefit which shall be payable under the Plan to any person shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge or otherwise dispose of the same shall be void. No benefit shall in any manner be subject to the debts, contracts, liabilities, engagements or torts of any person, nor shall it be subject to attachment or legal process for or against any person, except to the extent as may be required by law. The benefits provided by this Plan are not subject to the qualified domestic relations order provisions of ERISA or the Code.

11.2 Permitted Arrangements. Section 11.1 (Anti-Alienation Clause) shall not preclude arrangements for the withholding of taxes from benefit payments, arrangements for the recovery of benefit overpayments, arrangements for the transfer of benefit rights to another plan, or arrangements for direct deposit of benefit payments to an account in a bank, savings and loan association or credit union (provided that such arrangement is not part of an arrangement constituting an assignment or alienation).

11.3 Payment to Minor or Incompetent. Whenever any benefit which shall be payable under the Plan is to be paid to or for the benefit of any person who is then a minor or determined by the EDCP Committee to be incompetent, the EDCP Committee need not require the appointment of a guardian or custodian, but shall be authorized to cause the same to be paid over to the person having custody of the minor or incompetent, or to cause the same to be paid to the minor or incompetent without the intervention of a guardian or custodian, or to cause the same to be paid to a legal guardian or custodian of the minor or incompetent if one has been appointed or to cause the same to be used for the benefit of the minor or incompetent.

ARTICLE TWELVE **AMENDMENT, MERGER AND TERMINATION**

12.1 Amendment.

(a) The Company shall have the right at any time, by an instrument in writing duly executed, acknowledged and delivered to the EDCP Committee, to modify, alter or amend this Plan, in whole or in part, prospectively or retroactively (including, without limitation, to modify, alter or amend this Plan to comply with Sections 409A(a)(2), (3) and (4) of the Code and the Treasury Regulations and applicable guidance thereunder). Additionally, the EDCP Committee shall also have the right to modify, alter or amend the Plan by written instrument provided that such amendment does not have a material adverse financial effect on the Company or the Plan. No amendment shall substantially increase the duties and liabilities of the EDCP Committee and the Trustee hereunder without its written consent. No amendment shall reduce any Participant's vested interest in the Plan, calculated as of the date on which the amendment is adopted.

(b) Any Affiliate or other entity adopting this Plan hereby delegates the authority to amend the Plan to the Company and the EDCP Committee. If the Plan is amended after it is adopted by an Affiliate, unless otherwise expressly provided, it shall be treated as so amended by such Affiliate without the necessity of any action on the part of the Affiliate. An Affiliate or other entity that has adopted this Plan may terminate its future participation in the Plan at any time.

12.2 Merger or Consolidation of Company. The Plan shall not be automatically terminated by the Company's acquisition by or merger into any other employer, but the Plan shall be continued after such acquisition or merger if the successor employer elects and agrees to continue the Plan. Except as provided in Section 12.4 (Continuation of Plan following Change of Control), all rights to amend, modify, suspend, or terminate the Plan shall be transferred to the successor employer, effective as of the date of the merger.

12.3 Termination of Plan or Discontinuance of Contributions. It is the expectation of the Company that this Plan and the contributions hereunder shall be continued indefinitely. However, continuance of the Plan is not assumed as a contractual obligation of the Company. Except as provided in Section 12.4 (Continuation of Plan following a Change of Control), the Company reserves the right at any time to terminate this Plan or to reduce, temporarily suspend or discontinue contributions hereunder. If this Plan is terminated, all Plan benefits shall be distributed in accordance with Article Eight and the Separation from Service Elections and the Distribution Year Elections of the Participants, following the termination of the Plan.

12.4 Continuation of Plan following a Change of Control. Notwithstanding any provision of this Plan to the contrary, if a Change of Control occurs following the Effective Date of this Plan, a successor employer shall have the power to (a) terminate this Plan, (b) amend Section 13.5 (Funding upon a Change of Control) of the Plan, or (c) amend any provision of the Plan that affects a Participant's entitlement to a distribution from the Plan, only if 80% of the individuals who are Participants in the Plan, both as of the date of the Change of Control and as of the date of the adoption of such amendment or termination, consent to such an amendment or termination. The provisions of this Section 12.4 shall not limit a successor employer's authority to take other actions with respect to the Plan, including the authority to discontinue contributions to the Plan.

12.5 Limitation of Company's Liability. The adoption of this Plan is strictly a voluntary undertaking on the part of the Company and shall not be deemed to constitute a contract between the Company and any employee or Participant or to be consideration for, an inducement to, or a condition of the employment of any employee. A Participant, employee, or Beneficiary shall not have any right to retirement or other benefits except to the extent provided herein.

12.6 Limitation on Distributions. To the extent that any payment to be made to a Participant under this Plan during a taxable year of such Participant's Employer, when combined with all other payments received or to be received during such taxable year of the Participant's Employer that are subject to the limitation on deductibility under Section 162(m) of the Code, would exceed the limitation on deductibility under Section 162(m) of the Code, such payment under the Plan shall be delayed in accordance with Treasury Regulation Section 1.409A-2(b)(7)(i) to such Participant's Separation from Service (or, in the case of a Participant who is a Specified Employee as of the date of such Participant's Separation from Service, the date which is six months after the date of such Participant's Separation from Service (or, if earlier, the date of such Participant's death) in accordance with Section 409A(a)(2)(B)(i) of the Code and the Treasury Regulation Section 1.409A-3(i)(2) and shall be paid in accordance with Treasury Regulation Section 1.409A-2(b)(7)(i). Any payment that is deferred in accordance with this Section 12.6 shall be credited with hypothetical investment earnings and losses in accordance with Article Six (Crediting of Contributions and Income).

ARTICLE THIRTEEN **GENERAL PROVISIONS**

13.1 Limitation of Rights. Neither this Plan, the Trust nor membership in the Plan shall give any employee or other person any right except to the extent that the right is

specifically fixed under the terms of the Plan. The establishment of the Plan shall not be construed to give any individual a right to be continued in the service of a Employer or as interfering with the right of a Employer to terminate the service of any individual at any time.

13.2 Construction. The masculine gender, where appearing in the Plan, shall include the feminine gender (and vice versa), and the singular shall include the plural, unless the context clearly indicates to the contrary. Headings and subheadings are for the purpose of reference only and are not to be considered in the construction of this Plan. If any provision of this Plan is determined to be for any reason invalid or unenforceable, the remaining provisions shall continue in full force and effect. All of the provisions of this Plan shall be construed and enforced in accordance with ERISA and, to the extent applicable, the laws of the State of Nevada.

13.3 Status of Participants as Unsecured Creditors. All benefits under the Plan shall be the unsecured obligations of the Company and each Employer, as applicable, and, except for those assets which will be placed in the Trust established in connection with this Plan, no assets will be placed in trust or otherwise segregated from the general assets of the Company or each Employer, as applicable, for the payment of obligations hereunder. To the extent that any person acquires a right to receive payments hereunder, such right shall be no greater than the right of any unsecured general creditor of the Company and each Employer, as applicable.

13.4 Status of Trust Fund. The Trust Fund is being established to assist the Company and the Employers in meeting their obligations to the Participants and to provide the Participants with a measure of protection in certain limited instances. In certain circumstances described in the Trust Agreement, the assets of the Trust Fund may be used for the benefit of the Company's or an Affiliate's creditors and, as a result, the Trust Fund is considered to be part of the Company's and Employer's general assets. Benefit payments due under this Plan shall either be paid from the Trust Fund or from the Company's or Affiliate's general assets as directed by the EDCP Committee. Despite the establishment of the Trust Fund, it is intended that the Plan be considered to be "unfunded" for purposes of the ERISA and the Code.

13.5 Funding upon a Change of Control. Immediately before the occurrence of a Change of Control, the Company shall determine whether, for any reason, the assets of the Trust Fund are less than the sum of: (a) the aggregate Account balances of all Participants (determined without regard to the vested interest of each Participant), and (b) the total amount of Enhancement Contributions to which Harrah's ESSP Participants will become entitled under Section 4.6 upon such Change of Control, and shall transfer an amount equal to the deficiency to the Trustee of the Trust. If it is discovered at any time that the amount initially transferred is less than the total amount called for by the preceding sentence, the shortfall, including any accrued interest on the shortfall, shall be transferred to the Trustee immediately upon the discovery of such error.

13.6 Uniform Administration. Whenever in the administration of the Plan any action is required by the EDCP Committee, such action shall be uniform in nature as applied to all persons similarly situated, except as otherwise provided to the contrary in this Plan document or the Trust Agreement.

13.7 Heirs and Successors. All of the provisions of this Plan shall be binding upon all persons who shall be entitled to any benefits hereunder, and their heirs and legal representatives.

13.8 Electronic Administration. The EDCP Committee shall have the authority to employ alternative means (including, but not limited to, electronic, internet, intranet, voice response or telephonic) by which Participants may submit participation elections, directions, and forms required for participation in, and the administration of, this Plan. If the EDCP Committee chooses to use these alternative means, any elections, directions or forms submitted in accordance with the rules and procedures promulgated by the EDCP Committee will be deemed to satisfy any provision of this Plan calling for the submission of a written election, direction or form.

* * * * *

To signify its adoption of this Amendment and Restatement of the Harrah's Entertainment, Inc. Executive Supplemental Savings Plan II, the Company has caused this Plan document to be executed by a duly authorized officer of the Company as of August 3, 2007.

HARRAH'S ENTERTAINMENT, INC.

By: /S/ Mary Thomas

Name: Mary Thomas

Title: Senior Vice President, Human Resources

I, Gary W. Loveman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Harrah's Entertainment, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2007

/s/ GARY W. LOVEMAN

Gary W. Loveman

Chairman of the Board, Chief Executive Officer and President

I, Jonathan S. Halkyard, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Harrah's Entertainment, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2007

/s/ JONATHAN S. HALKYARD

Jonathan S. Halkyard

Senior Vice President, Chief Financial Officer and Treasurer

Certification of Principal Executive Officer

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Harrah's Entertainment, Inc. (the "Company"), hereby certifies, to such officer's knowledge, that:

(i) the accompanying Quarterly Report on Form 10-Q of the Company for the quarterly period ended June 30, 2007 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 8, 2007

/s/ GARY W. LOVEMAN

Gary W. Loveman

Chairman of the Board, Chief Executive Officer and President

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Certification of Principal Financial Officer

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Harrah's Entertainment, Inc. (the "Company"), hereby certifies, to such officer's knowledge, that:

(i) the accompanying Quarterly Report on Form 10-Q of the Company for the quarterly period ended June 30, 2007 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 8, 2007

/s/ JONATHAN S. HALKYARD

Jonathan S. Halkyard

Senior Vice President, Chief Financial Officer and Treasurer

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.