

**Corporate Governance Guidelines
of Caesars Entertainment, Inc.
Adopted January 23, 2004**

The following Corporate Governance Guidelines have been adopted by the Board of Directors (the “Board”) of Caesars Entertainment, Inc. (the “Company”) to assist the Board in the exercise of its responsibilities. These Corporate Governance Guidelines reflect the Board’s commitment to monitor the effectiveness of policy and decision making, both at the Board and management level, with a view to enhancing long-term stockholder value. These Corporate Governance Guidelines are not intended to change or interpret any Federal or state law or regulation, including the General Corporation Law of the State of Delaware, or the Certificate of Incorporation or By-laws of the Company. These Corporate Governance Guidelines are subject to modification from time to time by the Board.

THE BOARD

Role of Directors

The business and affairs of the Company shall be managed by or under the direction of the Board. A director is expected to spend the time and effort necessary to properly discharge such director's responsibilities. Accordingly, a director is expected to regularly attend annual and special meetings of the Company’s stockholders. A director is also expected to regularly attend meetings of the Board and committees on which such director sits, and to review prior to meetings material distributed in advance for such meetings. A director who is unable to attend a meeting (which it is understood will occur on occasion) is expected to notify the Chairperson of the Board or the Chairperson of the appropriate committee in advance of such meeting.

The Board's Goals

The Board's goals are to build long-term value for the Company's stockholders and to assure the vitality of the Company for its customers, employees and the other individuals and organizations who depend on the Company.

To achieve these goals the Board will monitor both the performance of the Company (in relation to its goals, strategy and competitors) and the performance of the Chief Executive Officer, and offer him or her constructive advice and feedback. When it is appropriate or necessary, it is the Board's responsibility to remove the Chief Executive Officer and to select his or her successor.

Selection of the Chairperson of the Board

The Board shall be free to choose its Chairperson of the Board from among its directors at a regular meeting of the Board or as soon thereafter as convenient.

Size of the Board

The Board believes that it should generally have no fewer than 5 and no more than 20 directors. This range permits diversity of experience without hindering effective discussion or diminishing individual accountability. The size of the Board could, however, be increased or decreased by an amendment to the Company's Certificate of Incorporation. For example, it may be desirable to increase the size of the Board in order to accommodate the availability of an outstanding candidate for director.

Selection of New Directors

The Board shall be responsible for nominating members for election to the Board, and the Board shall be responsible for filling vacancies on the Board that may occur between annual meetings of stockholders. The Nominating and Corporate Governance Committee is responsible for identifying, evaluating and recommending candidates to the Board for Board membership. When formulating its Board membership recommendations, the Nominating and Corporate Governance Committee shall also consider advice and recommendations from others as it deems appropriate.

Board Membership Criteria

Nominees for director shall be selected with the goal of enhancing the Board's ability to manage and direct the affairs and business of the Company on the basis of, among other things, experience, knowledge, skills, expertise, integrity, diversity, ability to make independent analytical inquiries, and understanding of the Company's business environment. When applicable, a nominee for director shall be selected on the basis of such nominee's capacity to enhance the ability of committees of the Board to fulfill their duties and/or to satisfy any independence requirements imposed by law, regulation or listing standards.

The Nominating and Corporate Governance Committee shall be responsible for assessing the appropriate balance of criteria required of Board members.

Each director shall be expected, within a reasonable period of time following his or her election to the Board, to own stock in the Company in an amount that is appropriate for such director's financial circumstances.

Other Public Company Directorships

Directors should advise the Chairperson of the Board and the Chairperson of the Nominating and Corporate Governance Committee in advance of accepting an invitation to serve on another public company board of directors. The policy of the Company is that a director generally should not serve on more than 4 other public company boards of directors. However, the Company does not have a policy limiting the number of other public company boards of directors upon which a director may sit. No member of the Audit Committee shall simultaneously be a member of more than two other audit committees of public companies, unless the Board determines that such simultaneous

service would not impair the ability of such member to effectively serve the Audit Committee.

Independence of the Board

The Board shall be comprised of a majority of directors who qualify as independent directors ("Independent Directors") under the listing standards of the New York Stock Exchange (the "NYSE").

The Board shall review annually the relationships that each director has with the Company (either directly, through a familial relationship, or as a partner, shareholder or officer of an organization that has or had a relationship with the Company). Following such annual review, only those directors who the Board affirmatively determines have no material relationship with the Company (either directly, through a familial relationship, or as a partner, shareholder or officer of an organization that has or had a relationship with the Company) will be considered Independent Directors, subject to additional qualifications prescribed under the listing standards of the NYSE or under applicable law. The basis for the Board's determination that a relationship is not material must be disclosed in the Company's annual proxy statement unless the Board has adopted and disclosed a categorical standard to assist it in determining director independence and makes a general disclosure if a director meets these standards.

Rotating Presiding Independent Director

If the Chairperson of the Board is not an Independent Director, an independent director (the "Rotating Presiding Independent Director") will preside over each session of the Independent Directors. The Rotating Presiding Independent Director is selected for each session based on the rotating alphabetical order of the last names of the Independent Directors. The Rotating Presiding Independent Director's duties will include coordinating the activities of the Independent Directors, coordinating the agenda for and moderating sessions of the Board's Independent Directors and facilitating communications between the Board's Independent Directors.

In performing the duties described above, the Rotating Presiding Independent Director is expected to consult with the Chairmen of the appropriate Board committees and solicit their participation in order to avoid diluting the authority or responsibilities of such committee Chairmen.

Directors Who Change Their Present Job Responsibility

Directors who are also employees of the Company are expected to resign from the Board at the same time they leave employment with the Company.

The Board does not believe that non-employee directors who retire or change the position they held when they became a member of the Board should necessarily leave the Board. Promptly following such event, the director must notify the Nominating and Corporate Governance Committee, which shall review the continued appropriateness of the affected director remaining on the Board under the circumstances. The affected director is

expected to act in accordance with the Nominating and Corporate Governance Committee's recommendation following such review.

Retirement Age

The Company has developed a retirement age policy for directors. However, the Board may determine to waive this policy in individual cases.

Director Tenure

In connection with each director nomination recommendation, the Nominating and Corporate Governance Committee shall consider the issue of continuing director tenure and take steps as may be appropriate to ensure that the Board maintains an openness to new ideas and a willingness to critically re-examine the status quo. An individual director's re-nomination is dependent upon such director's performance evaluation, as well as a suitability review, each to be conducted by the Nominating and Corporate Governance Committee in connection with each director nomination recommendation.

Board Compensation

A director who is also an officer of the Company shall not receive additional compensation for such service as a director.

The Compensation Committee will periodically review the level and form of the Company's director compensation, including how such compensation compares to director compensation of companies of comparable size, industry and complexity. Such review will also include a review of both direct and indirect forms of compensation to the Company's directors, including any charitable contributions by the Company to organizations in which a director is affiliated and consulting or other similar arrangements between the Company and a director. Changes to director compensation will be proposed to the full Board for consideration.

A member of the Audit Committee may not, other than in his capacity as a member of the Audit Committee, the Board, or any other board committee accept any consulting, advisory, or other compensatory fee from the Company; provided, however, that a member of the Audit Committee may also receive pension or other forms of deferred compensation from the Company for prior service so long as such compensation is not contingent in any way on continued service.

Separate Sessions of Non-Management Directors

The non-management directors of the Company shall meet in executive session without management on a regularly scheduled basis, but no less than four times a year. If the Chairperson is a management director, then the Rotating Presiding Independent Director shall preside at such executive sessions, or in such director's absence, another Independent Director designated by the Rotating Presiding Independent Director shall preside at such executive sessions.

Further, if the group of non-management directors includes directors who are not “independent” as defined by the New York Stock Exchange Rules, the Company should schedule at least once per year an executive session including only independent directors. Such session shall be chaired by the Rotating Presiding Independent Director.

Any interested parties desiring to communicate confidentially with the Rotating Presiding Independent Director and the other non-management directors regarding the Company may directly contact such directors by addressing such communication to the Director and mailing it to the Company’s Executive Offices.

Self-Evaluation by the Board

The Nominating and Corporate Governance Committee will coordinate and oversee an annual self-assessment by the Board of the Board's performance as well as the performance of each committee of the Board, the results of which will be discussed with the full Board and, as applicable, with each committee. The assessment should include a review of any areas in which the Board or management believes the Board can make a better contribution to the Company. The Nominating and Corporate Governance Committee will utilize the results of this self-evaluation process in assessing and determining the characteristics and critical skills required of prospective candidates for election to the Board and making recommendations to the Board with respect to assignments of Board members to various committees.

Strategic Direction of the Company

Normally it is management's job to formalize, propose and implement strategic choices and the Board's role to approve strategic direction and evaluate strategic results. However, as a practical matter, the Board and management will be better able to carry out their respective strategic responsibilities if there is an ongoing dialogue among the Chief Executive Officer, members of top management and Board members. To facilitate such discussions, members of senior management who are not directors may be invited to participate in Board meetings when appropriate.

Board Access to Management

Board members shall have access to the Company's management and, as appropriate, to the Company's outside advisors. Board members shall coordinate such access through the Chief Executive Officer and Board members will use judgment to assure that this access is not distracting to the business operation of the Company.

Attendance of Management Personnel at Board Meetings

The Board encourages the Chief Executive Officer to bring members of management from time to time into Board meetings to (i) provide management insight into items being discussed by the Board which involve management; (ii) make presentations to the Board on matters that involve management; and (iii) introduce talented managers to the Board. Attendance of such management personnel at Board meetings is at the discretion of the Board. If the Chief Executive Officer wants additional members of management to

attend Board meetings on a regular basis, the Chief Executive Officer needs the Board's approval.

Board Materials Distributed in Advance

Information and materials that are important to the Board's understanding of the agenda items and other topics to be considered at a Board meeting should, to the extent practicable, be distributed sufficiently in advance of the meeting to permit prior review by the directors. In the event of a pressing need for the Board to meet on short notice or if such materials would otherwise contain highly confidential or sensitive information, the Board need not make such written materials available in advance of the meeting.

Board Interaction with Institutional Investors, Analysts, Press and Customers

The Board believes that management generally should speak for the Company. It is suggested that each director shall refer all inquiries from institutional investors, analysts, the press or customers to the Chief Executive Officer or his or her designee.

Board Orientation and Continuing Education

The Company shall provide new directors with a director orientation program to familiarize such directors with, among other things, the Company's business, strategic plans, significant financial, accounting and risk management issues, compliance programs, conflicts policies, code of conduct, ethics statement, code of ethics, as applicable, corporate governance guidelines, principle officers, internal auditors and independent auditors. Each director is expected to participate in continuing educational programs in order to maintain the necessary level of expertise to perform his or her responsibilities as a director.

BOARD MEETINGS

Frequency of Meetings

There shall be at least four regularly scheduled meetings of the Board each year. The Board may provide for other regular meetings by issuing a resolution.

Selection of Agenda Items for Board Meetings

The Chairperson of the Board, in consultation with the Rotating Presiding Independent Director and the Chief Executive Officer, shall annually prepare a "Board of Directors Master Agenda." This Master Agenda shall set forth a general agenda of items to be considered by the Board at each of its specified meetings during the year. Thereafter, the Chairperson of the Board, in consultation with the Rotating Presiding Independent Director and the Chief Executive Officer, may adjust the agenda to include special items not contemplated during the initial preparation of the annual Master Agenda.

Upon completion, a copy of the Master Agenda shall be provided to the entire Board. Each Board member shall be free to suggest inclusion of items on the agenda as well as

free to raise at any subjects at a Board meeting that are not specifically on the agenda for that meeting.

COMMITTEE MATTERS

Number and Names of Board Committees

The Company shall have 5 standing committees: the Audit, Nominating and Corporate Governance, Compensation, Compliance, and Diversity Committees. The purpose and responsibilities of the Audit, Nominating and Corporate Governance and Compensation Committees shall be outlined in committee charters adopted by the Board. The Board has the authority, from time to time, to form a new standing committee or disband a current committee depending on circumstances. In addition, the Board may determine to form ad hoc committees from time to time, and determine the composition and areas of competence of such committees.

Independence of Board Committees

Each of the Audit Committee, Nominating and Corporate Governance Committee and the Compensation Committee shall be composed entirely of Independent Directors satisfying applicable legal, regulatory and stock exchange requirements necessary for an assignment to any such committee. All other standing Board committees shall be chaired by Independent Directors, except that the Board may determine that the Compliance and Diversity Committees shall be chaired by any director.

Assignment and Rotation of Committee Members

The Nominating and Corporate Governance Committee shall be responsible, [after consultation with the Chairperson of the Board, for making recommendations to the Board with respect to the assignment of Board members to the various committees and the size and composition of such committees. After reviewing the Nominating and Corporate Governance Committee's recommendations, the Board shall be responsible for appointing the members to the committees on an annual basis.

The Nominating and Corporate Governance Committee shall annually review the committee assignments and shall consider the rotation of members with a view toward balancing the benefits derived from continuity against the benefits derived from the diversity of experience and viewpoints of the various directors.

LEADERSHIP DEVELOPMENT

Selection of the Chief Executive Officer

The Board shall be responsible for identifying potential candidates for, and selecting, the Company's Chief Executive Officer. In identifying potential candidates for, and selecting, the Company's Chief Executive Officer, the Board shall consider, among other things, a candidate's experience, understanding of the Company's business environment,

leadership qualities, knowledge, skills, expertise, integrity, and reputation in the business community.

Evaluation of Chief Executive Officer

The Board will provide the Chief Executive Officer with an annual performance review for the prior year at the first regularly scheduled meeting of the Board each fiscal year. The following steps will be utilized to carry out this review:

- The Chief Executive Officer will develop a self-evaluation at the end of each fiscal year and provide this to the Board within one-month of the end of the fiscal year, either orally or in writing.
- With this information, each non-management director will provide his or her assessment of the Chief Executive Officer's performance to the Compensation Committee and the Nominating and Corporate Governance Committee. These assessments should include the director's appraisal of:
 - The Company's performance, considered in light of the Company's strategic goals and the performance of competitors, and the Chief Executive Officer's contribution to such performance;
 - Achievement of personal goals set by the Chief Executive Officer for the year, as part of his or her self-evaluation; and
 - Other aspects of the Chief Executive Officer's performance which the non-management director deems relevant.

The Nominating and Corporate Governance Committee will synthesize this information and report a summary of this information to the non-management directors in executive session at the second regularly scheduled meeting of the Board each fiscal year. After agreement by the non-management directors to the evaluation, the chairs of the Board's committees will meet with the Chief Executive Officer to discuss the Board's assessment. The Chief Executive Officer may then take the opportunity to discuss his or her reaction to the evaluation.

Succession Planning

The Board shall plan for the succession to the position of the Chief Executive Officer. To assist the Board, the Chief Executive Officer shall prepare and distribute to the Board an annual report on succession planning with an assessment of senior managers within the Company and the potential of such managers to succeed to the Chief Executive Officer and other senior management positions. In addition, the Chief Executive Officer shall prepare, on a continuing basis, a short-term succession plan which delineates a temporary delegation of authority to certain officers of the Company, if all or a portion of the senior officers should unexpectedly become unable to perform their duties. The

short-term succession plan shall be approved by the Board and shall be in effect until, if necessary, the Board has the opportunity to consider the situation and take action.

Management Development

The Board shall determine that a satisfactory system is in effect for education and development of senior and mid-level managers so that such managers can orderly succeed to other positions throughout the Company.