Harrah's Operating Company Inc. 6/14/2009

Risk Rating:		Facility Description	Net Senior Secured Leverage Covenant
Company Description:	Harrah's Operating Company, Inc. is a wholly-owned subsidiary of Harrah's Entertainment, Inc.. As of December 31, 2008, it operated 53 casinos in 6 countries, primarily in United States and United Kingdom which includes land-based casinos, casino clubs, riverboat or dockside casinos, casinos on Indian reservations, combination greyhound racetrack and casino, combination of thoroughbred racetrack and casino and a harness racetrack and slot facility. It had 3 million square feet of gaming space and 39,000 hotel rooms. Also owns and operates the World Series of Poker tournment and brand. Please see below the Company Overview section for more details		
Industry:	Gaming and Lodging		
Sponsor / Equity:	Apollo & TPG		

$ Out.	Issue		Spread	Maturity	Corp. Rating*	Facility Rating*	Outlook	Current Price	YTM	YTC-4
$ 533.0	$2,000MM Revolver		L+3.00%	1/28/14	Caa3 / CC	Caa1 / B-	Neg / CW	77.0	L + 9.16%	L+10.1%
2,233.1	Term Loan B1		L+3.00%	1/28/15	Caa3 / CC	Caa1 / B-	Neg / CW	77.0	L + 8.14%	L+10.1%
2,977.5	Term Loan B2		L+3.00%	1/28/15	Caa3 / CC	Caa1 / B-	Neg / CW	77.0	L + 8.14%	L+10.1%
1,985.0	Term Loan B3	NC - 3yr	L+3.00%	1/28/15	Caa3 / CC	Caa1 / B-	Neg / CW	78.0	L + 7.88%	L+9.7%

Note: TL B3 has NC-3yr protection. Amendment process underway to waive no call provision. Proceeds from prior debt issuance used to repay TLB1/B2 due to call protection on TLB3. TL B3 expected to be partially repaid from issuance of sr. sec. notes

Loans priced as: 6/11/09

Financial Summary: Historical and Projected

($ in millions)	FYE 12/31, 2006	FYE 12/31, 2007	FYE 12/31, 2008	YTD 3/31/2009	YTD 3/31/2008	LTM 3/31/2009
Net Revenue	$7,137.9	$8,143.8	$7,689.2	$1,752.5	$1,955.1	$7,486.6
YOY Growth	*42.2%*	*14.1%*	*-5.6%*	*-10.4%*	*-1.1%*	*NA*
Adjusted EBITDA (1)	1,615.2	1,993.5	1,654.9	407.3	444.3	1,617.9
EBITDA Margin	*22.6%*	*24.5%*	*21.5%*	*23.2%*	*22.7%*	*21.6%*
Interest Expense	656.4	800.8	1,761.1	430.3	378.6	1,812.8
Change in Working Capital	NA	171.3	184.6	-262.6	173.6	-262.6
Capex	2,250.2	995.2	1,113.4	122.2	262.6	973.0
Inc./(Dec) in Free Cash Flow	NA	-645.6	-1,416.2	115.6	-383.3	-906.3
Adj. EBITDA / Interest	2.5 x	2.5 x	0.9 x	0.9 x	1.2 x	0.9 x
Sr. Sec Debt / Adj EBITDA			5.1 x			6.0 x
Senior Debt / Adj. EBITDA			9.7 x			9.1 x
Total Debt / Adj. EBITDA			10.1 x			9.4 x
Net Debt / Adj. EBITDA			9.8 x			8.7 x
Sr. Sec Debt / LTM Covenant EBITDA			4.2 x			5.0 x
Total Debt / LTM Covenant EBITDA			8.3 x			9.4 x

(1) LTM Covenant EBITDA of $1,925MM. LTM Covenant EBITDA includes in process cost savings of $308.7MM

Capital Structure: As of:

$ in millions)	Actual 3/31/2009 $	Leverage	Price	PF for Exchange Offer: 4/15/2009 $	Leverage	PF for 11.25% First Lien Note Issuance (1) $	Leverage	LTM Covenant EBITDA Leverage
Cash	1,314.1			1,314.1		1,446.4		
Revolver due 2014	1,803.0			1,803.0		1,803.0		**0.9x**
Term Loan due 2015	7,177.5		77/78	7,177.5		5,986.7		**3.1x**
11.25% 1st Lien Notes due 2017	-			-		1,375.0		**0.7x**
Total First priority Debt	**8,980.5**	**5.6x**		**8,980.5**	**5.6x**	**9,164.7**	**5.7x**	**4.8x**
10% 2nd priority Sr Sec. Nts due 2018	544.6		63.25	544.8		544.8		
10% 2nd priority Sr Sec. Nts due 2015	146.4		66.00	146.9		146.9		
New 10% 2nd priority Sr Sec. Nts due 2018	-		63.25	1,350.1		1,350.1		
Other Nts (6%, 4.5%-6% due 2010 to 2035)	29.3			29.3		29.3		
Capitalized lease obligation	11.4			11.4		11.4		
Total Sr Secured Debt	**9,712.2**	**6.0x**		**11,063.0**	**6.8x**	**11,247.2**	**7.0x**	**5.8x**
10.75% Sr. Nts due 2016	4,542.7			743.5		743.5		
10.75%/11.5% Sr PIK Toggle Nts due 2018	1,229.1		39.50	8.8		8.8		
5.5% Sr Notes due 2010	325.2		91.75	244.2		244.2		
8.0% Sr Notes due 2011	47.9			46.7		46.7		
5.375% Sr Notes due 2013	203.5		49.00	155.5		155.5		
5.625% Sr. Notes due 2015	585.3		41.00	536.9		536.9		
6.5% Sr. Notes due 2016	441.0		40.50	388.8		388.8		
5.75% Sr. Notes due 2017	376.4		40.00	333.1		333.1		
Other Sr Notes (4)	1.7			1.7		1.7		
Total Senior Debt	**17,465.0**	**10.8x**		**13,522.2**	**8.4x**	**13,706.4**	**8.5x**	**7.1x**
7.875% Sr. Sub Notes due 2010	289.4		94.00	246.3		246.3		
8.125% Sr Sub Notes due 2011	216.1		85.25	172.4		172.4		
Unsecured others	94.5			94.5		94.5		
Total Debt	**18,065.0**	**11.2x**		**14,035.4**	**8.7x**	**14,219.6**	**8.8x**	**7.4x**
Net Debt	**$16,750.9**	**10.4x**		**$12,721.3**	**7.9x**	**$12,773.2**	**7.9x**	**6.6x**

(1) Capital structure, PF for the 1st lien note issuance of $1.375BN at a price of 96.225, assumes that 90% of proceeds applied towards TL and remaining added to cash balance