



Corporate Governance Guidelines

The Board of Directors (the "Board") of Caesars Entertainment Operating Company, Inc. (the "Company") has developed and adopted the following corporate governance guidelines ("Guidelines") to promote the functioning of the Board and its committees and to set forth a common set of expectations as to how the Board should perform its functions.

Board Composition and Selection

1. Size. Pursuant to the Certificate of Incorporation of the Company, the number of directors shall be fixed from time to time by the Board. The Board shall periodically evaluate the size of the Board and whether a larger or smaller board would be preferable.
2. Nominations. The Board is responsible for selecting the Company's nominees for election to the Board.
3. Board Membership Criteria. The Board expects that Directors will be selected based on, among other things, understanding of elements relevant to the success of a large potentially-publicly traded company, understanding of the Company's businesses and educational and professional background. The composition of the Board should encompass a broad range of skills, expertise, industry knowledge and diversity of background and experience.
4. Retirement Policy. It is the general policy that a Director will not be re-nominated for election by the Board if he or she would be 72 or older at the time of the election. However, the Board may determine to waive this policy in individual cases.
5. Changes in Primary Employment. 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 Board, 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 Board's recommendation following such review.
6. Term Limits. The Board's policy is not to establish firm term limits. While term limits could help ensure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of directors who have a unique insight into the businesses of the Company.

Director Responsibilities

7. Oversight of the Company. The Board acts as the ultimate decision-making body of the Company and advises and oversees management, who are responsible for the day-to-day operations and management of the Company. The Board has developed a number of specific expectations of Directors, set forth in these Guidelines, to promote the discharge of the Board's responsibility and the efficient conduct of the Board's business.

In performing its functions, the Board shall have access to and are entitled to rely on the advice, reports and opinions of management, counsel, accountants, auditors and other expert advisors. The Company shall provide for appropriate funding, as determined by the Board, for payment of compensation to any advisers employed by the Board and other expenses of the Board that are necessary or appropriate in carrying out its duties.

Directors may contact the CEO at any time to discuss any aspect of the Company's business. Directors shall also have complete access to other members of management, including in-house counsel, internal auditors and accountants; provided, however, Directors should avoid interfering with the day-to-day effectiveness of management and should arrange any such access through the CEO. The Board expects that there will be frequent opportunities for Directors to meet with the CEO and other members of management in Board and Committee meetings and in other formal or informal settings.

8. Board Meetings/Agendas. The Chairman of the Board will determine the frequency of Board meetings (which shall be not less than four meetings per year) and will set the agenda for each Board meeting. Board members are encouraged to suggest the inclusion of additional items on an agenda, and any Director may request that an item be placed on an agenda. Agendas

for Board meetings shall be flexible enough so that unexpected developments can be discussed at Board meetings. Information and data that are important to the Board's understanding of the business to be conducted at a Board meeting will, to the extent practical and appropriate, be distributed to Directors sufficiently in advance of the meeting.

9. Commitment, Attendance and Participation. Directors are expected to attend Board meetings and meetings of Board committees of which they are members. Directors should devote appropriate time to Board materials in advance of meetings and be sufficiently familiar with the Company's business (including financial statements, capital structure, risks and competition) to facilitate active and effective participation in Board and committee deliberations. The Company will make appropriate personnel available to answer Directors' questions about aspects of the Company's business and to provide assistance to the Board and its committees.

10. Confidentiality. The proceedings and deliberations of the Board and its committees are confidential. Each Director shall maintain the confidentiality of information received in connection with his or her service as a Director.

11. Executive Sessions of Independent Directors. At least twice annually, the independent Directors shall meet in executive session.

Committees

12. Board Committees. The Board has established the following primary committees: Audit Committee and Executive Committee. Each of these committees has a written charter setting forth its composition, responsibilities, duties and authorities. The Board may add new committees as it deems advisable for purposes of fulfilling its primary responsibilities.

13. Assignment of Committee Members. The Board is responsible for the assignment of Board members to various committees and appointment of Chairs of the committees.

14. Committee Agendas. The Chairman of the Board will develop each committee's agenda for each meeting, taking into account the suggestions of the members of such committee. All Directors, whether members of a committee or not, are invited to make suggestions to the Chairman of the Board for additions to the agenda of any committee or to request that an item from a committee agenda be considered by the Board. Information and data that are important to a committee's understanding of the business to be conducted at a committee meeting are, to the extent practical and appropriate, to be distributed to committee members sufficiently in advance of the meeting.

15. Committee Reports. After a committee meets or otherwise takes action, it shall, as soon as practicable, make a report of its activities at a meeting of the Board.

Director Orientation and Continuing Education

16. Management, working with Board, will provide an orientation process for new Directors. Periodically, management will prepare additional educational sessions for Directors on matters relevant to the Company's operations and plans.

Compensation

17. Evaluating and Approving Compensation for the CEO. The Board evaluates the performance of the Chief Executive Officer against the Company's goals and objectives and approves the compensation level of the Chief Executive Officer.

18. Director Compensation. The Board conducts a review at least annually of the components and amount of the compensation for non-employee Directors (including benefits) in relation to other similarly situated companies to ensure that Board compensation is consistent with market practices. Based on that review, the Board adjusts compensation as appropriate. Directors who are also employees of the Company or its subsidiaries receive no separate compensation for serving as Directors or as members of Board committees.

Management Succession

19. At least annually, the Board shall review and consider the management succession plan, addressing the policies and principles for the Company's executive officers selection and performance review, as well as policies regarding succession in the event of emergency or retirement.

Public Interactions

20. The Board believes that the management speaks for the Company. Individual Board members may, from time to time at the request of the management, meet or otherwise communicate with various constituencies that are involved with the Company. If

comments from the Board are appropriate, they should, in most circumstances, come from the Chairman of the Board.