

Harrah's Entertainment Reports Third-Quarter Results

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* Same-store sales gain 4.0 percent

* Property EBITDA rises 15.4 percent

* Adjusted EPS from continuing operations increase 6.4 percent

* Third-quarter announcements include Las Vegas expansions, Tunica project and Macau acquisition, all designed to enhance long-term results

Harrah's Entertainment, Inc. (NYSE:HET) today reported the following financial results for the 2007 third quarter:

COMPANY WIDE RESULTS

(in millions, except per share)

	2007 Third Quarter	2006 Third Quarter	Percent Increase (Decrease)
Total revenues	\$2,840.3	\$2,512.5	13.0%
Property EBITDA*	790.4	684.7	15.4%
Adjusted EPS from Continuing operations	1.00	0.94	6.4%
	2007 First Nine Months	2006 First Nine Months	Percent Increase (Decrease)
Total revenues	\$8,197.7	\$7,243.3	13.2%
Property EBITDA*	2,202.7	2,047.5	7.6%
Adjusted EPS from Continuing operations	2.84	2.90	-2.1%

On a GAAP basis, third-quarter income from operations was \$577.2 million, compared with \$441.9 million in the year-ago quarter. Net income was \$244.4 million, up 37.9 percent from \$177.2 million in the 2006 third quarter. Diluted earnings per share from continuing operations were \$1.16, an increase of 20.8 percent from the 96 cents achieved in the year-ago quarter.

Third-quarter highlights

Harrah's Entertainment announced a \$1 billion expansion and renovation of Caesars Palace in Las Vegas that will include construction of a 665-room hotel tower and a 263,000-square-foot meeting and convention center, as well as enhancements to the resort's 512-room Forum Tower. The project will increase the room and suite offering at Caesars Palace to 4,013 from 3,348 when completed in 2009.

Harrah's and AEG, developer of entertainment venues such as STAPLES Center in Los Angeles, unveiled plans for a privately financed, 20,000-seat, state-of-the-art sports and entertainment arena on acreage currently owned by Harrah's near the center of the Las Vegas Strip. The arena is expected to open in 2010.

Harrah's has acquired Macau Orient Golf, an 18-hole golf course on 175 acres on Cotai directly adjacent to the Lotus Bridge, one of two border crossings into Macau from China. Harrah's plans improvements that will make Macau Orient Golf one of the most authentic links-style courses in the Pearl River Delta.

Poker players from 33 countries competed in the first annual World Series of Poker Europe Presented by Betfair.com, which ended September 16 with Norway's Annette Obrestad collecting a Main Event first prize of more than \$2 million. The WSOP Europe ended at the Company's Casino at the Empire in London just two months after the completion of the 38th annual World Series of Poker in Las Vegas, which attracted more than 54,000 entrants.

Shortly after the end of the third quarter, Grand Casino Resort Tunica announced a strategic alliance with Food Network star Paula Deen and a \$45 million renovation of the property, which will be rebranded Harrah's Casino Tunica once the upgrades are completed next year.

Other items

Third-quarter and nine-month corporate expenses declined from the year-ago periods due to corporate cost reductions, the allocation of a portion of the Company's stock-based compensation expenses to individual property units and lower development costs.

Interest expense rose in the 2007 third quarter and first nine months due to higher debt levels associated with acquisitions, higher interest rates and declines of \$25.2 million and \$10.8 million for the third quarter and first nine months, respectively, in the aggregate fair value of the company's interest-rate swaps. Other income of \$23 million was due primarily to a gain on the sale of a corporate aircraft.

The effective tax rate, which includes federal and state income taxes, for the third quarter was 38.4 percent, compared with 35.1 percent in the year-ago period.

Discontinued operations for the 2007 third quarter and first nine months reflect insurance proceeds of \$22.5 million, after taxes, and \$82.6 million, after taxes, respectively, that are in excess of the net book value of the impacted assets and accumulated costs and expenses expected to be reimbursed under the Company's insurance 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, Harrah's will retain all insurance proceeds related to these properties.

Weighted average common and common equivalent shares outstanding for the third quarter were 190.7 million shares, up from 186.3 million in the 2006 third quarter.

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