

Harrah's Entertainment Reports 2007 Fourth-Quarter Results

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- Property EBITDA rises 10.7 percent

- Adjusted EBITDA for the full year 2007 totaled \$2.05 billion for Harrah's Operating Company, a wholly owned subsidiary of Harrah's Entertainment and issuer of certain debt

Harrah's Entertainment, Inc. today reported the following financial results for the 2007 fourth quarter:

COMPANY WIDE RESULTS

(in millions, except per share)

	2007	2006	Percent	2007	2006	Percent
	Fourth	Fourth	Increase	Full	Full	Increase
	Quarter	Quarter	(Decrease)	Year	Year	(Decrease)
Total revenues	\$2,627.5	\$2,430.6	8.1%	\$10,825.2	\$9,673.9	11.9%
Property EBITDA	622.8	562.8	10.7%	2,825.5	2,610.3	8.2%
Adjusted EPS from Continuing operations	\$0.42	\$0.45	-6.7%	\$3.25	\$3.34	-2.7%

On a GAAP basis, fourth-quarter income from operations was \$145.8 million, compared with \$229.7 million in the year-ago quarter. The company reported a fourth-quarter net loss of \$47.8 million, compared with net income of \$47.6 million in the 2006 fourth quarter.

The fourth-quarter 2007 loss was due to impairment charges of \$169.6 million recorded in the period for certain intangible assets. These pre-tax write-offs were included in "Project opening costs and other items."

During the fourth quarter, Harrah's was honored by BusinessWeek magazine as one of the country's top corporate donors and best places to launch a career. The company also received plaudits as one of Fortune magazine's "Most Admired Companies," from IDG's Computerworld magazine as one of the "Best Places to Work in Information Technology," and from the influential civil-rights organization Human Rights Campaign for being the first gaming company to receive a perfect score in HRC's Corporate Equity Index.

On January 28, 2008, Harrah's Entertainment was acquired by affiliates of Apollo Global Management, LLC and TPG Capital, LP in a transaction valued at \$29.7 billion, including assumption of \$12.4 billion of debt but excluding transaction costs. Harrah's stockholders received \$90 cash for each share of common stock, or a total of \$17.3 billion.

"Our customer-loyalty program and geographic diversification continued to serve us well in the fourth quarter, when Harrah's properties in Nevada, Illinois, Louisiana, Mississippi and Atlantic City outperformed their respective markets," said Gary Loveman, Harrah's chairman, president and chief executive officer. "Our ability to achieve strong operating results -- as well as close on the TPG-Apollo transaction -- in a challenging economic climate demonstrates the efficacy of a business strategy focused on growing same-store revenues and stimulating cross-market play.

"As we move forward as a private company, we will continue to pursue both organic growth and new development projects, domestically and internationally, that will maximize cash flows and returns on investment," Loveman said.

Other items

Fourth-quarter and full-year 2007 corporate expenses declined from the year-ago periods due to cost savings and efficiencies and the allocation of a portion of the Company's stock-based compensation expenses to individual property units.

Interest expense rose 24.7 percent in the 2007 fourth quarter due to higher debt levels associated with the acquisitions of London Clubs International, Bill's Gamblin' Hall & Saloon and a golf course in Macau, and declines of \$35 million and \$45.9 million for the fourth quarter and full year, respectively, in the aggregate fair value of the company's interest-rate swaps.

The effective tax rate for the full year 2007 was 39.9 percent, compared with 36.1 percent in 2006. Excluding the impact of the impairment of various assets, the effective tax rate for 2007 would have been 38.5 percent. Excluding the impact of benefits identified as the company completed its 2005 tax returns and the adjustment to tax reserves, the effective tax rate for 2006 would have been 38.6 percent.

Discontinued operations for the 2007 fourth quarter and full year reflect insurance proceeds of \$7.0 million, after taxes, and \$89.6 million, after taxes, respectively, 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 fourth quarter were 187.1 million shares, down slightly from 188.7 million in the 2006 fourth quarter.

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