

Audit Committee Charter

Composition

The Audit Committee shall be composed of at least three Directors. Each member of the Audit Committee shall be (i) independent under both Section 303A of the NYSE Listed Company Manual and Rule 10A-3 promulgated under the Securities Exchange Act of 1934, as amended, and (ii) financially literate as determined by the full Board of Directors. At least one member of the Audit Committee must be a person the Board has determined has accounting or related financial management expertise and meets the definition of an "audit committee financial expert" under Item 401(h) of Regulation S-K promulgated under the Securities Act of 1933, as amended. Furthermore, the Audit Committee may not include a Director if a member of Harrah's management sits on the Compensation Committee or similar committee of the Director's company.

Purpose

1. To assist the Company's Board in the oversight of (1) the integrity of the Company's financial statements, (2) the Company's compliance with legal and regulatory requirements, (3) the independent auditor's qualifications and independence, and (4) the performance of the Company's internal audit function and independent auditors; and
2. To prepare an audit committee report as required by the SEC to be included in the Company's annual proxy statement.

Duties and Responsibilities

1. The Audit Committee, in its capacity as a committee of the Board of Directors, must be directly responsible for the appointment, compensation, retention and oversight of the work of any registered public accounting firm engaged (including resolution of disagreements between management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the listed issuer, and each such registered public accounting firm must report directly to the Audit Committee.
2. The Audit Committee must establish procedures for (i) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
3. The Audit Committee shall have the authority to engage independent counsel and other advisers, as it determines necessary to carry out its duties.
4. The Company shall provide for appropriate funding, as determined by the Audit Committee, in its capacity as a committee of the Board of Directors, for payment of (i) compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the listed issuer; (ii) compensation to any advisers employed by the Audit Committee under the immediately foregoing paragraph 3 of this section; and (iii) ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.
5. In addition to the foregoing, the Audit Committee shall:
 - A. at least annually, obtain and review a report by the Company's independent auditor describing: the independent auditor firm's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and (to assess the auditor's independence) all relationships between the independent auditor and the Company;
 - B. discuss the Company's annual audited financial statements and quarterly financial statements with management and the independent auditor, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations";
 - C. discuss the Company's earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies;
 - D. discuss policies with respect to risk assessment and risk management;
 - E. meet separately, periodically, with management, with internal auditors (or other personnel responsible for the internal audit function) and with independent auditors;

- F. review with the independent auditor any audit problems or difficulties and management's response;
- G. set clear hiring policies for employees or former employees of the independent auditors; and
- H. report regularly to the Board of Directors.

Internal Audit Function

The Company shall have an internal audit function. The Audit Committee shall, as related to the internal auditors: (i) approve the overall scope of the internal audit program; (ii) review the internal auditors' annual and interim reports to the Audit Committee; (iii) review internal controls; and (iv) meet periodically with the internal auditor without management present.

Annual Review

The Audit Committee shall evaluate its own performance on an annual basis, including its compliance with this Charter, and provide any written material with respect to such evaluation to the Board, including any recommendations for changes in the procedures or policies governing the Audit Committee. The Audit Committee shall conduct such evaluation and review in such manner as it deems appropriate.

Limitation of Duties

The Audit Committee's responsibility is oversight. Management of the Company has the responsibility for the Company's financial statements as well as the Company's financial reporting process, principles and internal controls. The independent public accountants are responsible for performing an audit of the Company's annual financial statements, expressing an opinion as to the conformity of such annual financial statements with generally accepted accounting principles, reviewing the Company's quarterly financial statements and other procedures. It is recognized that it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements fairly present the Company's financial position and results of operation and are in accordance with generally accepted accounting principles and applicable laws and regulations. Each member of the Audit Committee shall be entitled to rely on (i) the integrity of those persons within the Company and of the professionals and experts (such as the independent public accountants) from which it receives information, (ii) the accuracy of the financial and other information provided to the Audit Committee by such persons, professionals or experts absent actual knowledge to the contrary and (iii) representations made by management or the external auditor as to any information technology services of the type described in Rule 2-01(c)(4)(ii) of Regulation S-X and other non-audit services provided by the Company's independent public accountants. In carrying out its responsibilities, the Audit Committee believes its policies and procedures should remain flexible to best react to a changing environment.