

**CHARTER OF THE COMPENSATION COMMITTEE
OF THE BOARD OF DIRECTORS OF
CAESARS ENTERTAINMENT, INC.
AS ADOPTED BY THE BOARD ON JANUARY 23, 2004**

Purpose

The Compensation Committee (the "Committee") of the Board of Directors (the "Board") of Caesars Entertainment, Inc. (the "Company") shall have responsibility for, among other things, matters relating to compensation of the Company's executives and directors and producing an annual report on executive compensation for inclusion in the Company's annual proxy statement, in accordance with applicable law, regulation and listing standards.

Membership

The Committee shall be comprised of three or more directors who qualify as independent directors ("Independent Directors") under the listing standards of the New York Stock Exchange (the "NYSE"). Members of the Committee shall also qualify as "non-employee directors" within the meaning of Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended, and "outside directors" within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended, and shall satisfy any other necessary standards of independence under the federal securities and tax laws.

The members of the Committee shall be appointed by the Board at the first meeting of the Board to be held following the annual meeting of the stockholders and shall serve one-year terms. Vacancies on the Committee shall be filled by majority vote of the Board following the occurrence of the vacancy. No member of the Committee shall be removed from the Committee except by majority vote of the Independent Directors then in office.

Procedural Matters

The Committee shall fix its own rules of procedure, which shall be consistent with the amended and restated by-laws of the Company (the "By-laws"), the restated certificate of incorporation of the Company (the "Certificate of Incorporation") and this charter (the "Charter"). The Committee shall meet as provided by its rules, which shall be at least four times annually or more frequently as circumstances require. The Committee shall, to the extent it deems necessary or appropriate, report regularly to the Board. Following each of its meetings, the Committee shall deliver to the Board a report, including a description of all actions taken by the Committee at the meeting. The Committee shall designate one member of the Committee as its Chairperson. The Chairperson of the Committee or a majority of the members of the Committee may call a special meeting of the Committee. The Committee may form and delegate authority to subcommittees when appropriate. A majority of the members of the Committee present in person or by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other shall constitute a quorum.

The Committee may request any officer or employee of the Company, the Company's outside counsel, or any other persons whose advice or counsel are sought by the Committee to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

Authority and Responsibilities

The Committee shall have the following duties and responsibilities with respect to executive compensation:

- To review at least annually the goals and objectives of the Company relevant to executive compensation and to amend or approve these goals and objectives as the Committee deems appropriate.
- To evaluate annually the performance of the Chief Executive Officer in light of the goals and objectives of the Company relevant to executive compensation and, either as a committee or together with the other independent directors (as directed by the Board), to determine and approve his or her compensation level based on this evaluation. In determining the long-term incentive component of the Chief Executive Officer's compensation, the Committee shall consider all relevant factors, including the Company's performance and relative stockholder return, the value of similar awards to chief executive officers of comparable companies, and the awards given to the Chief Executive Officer of the Company in past years. The Committee may, as is deems necessary, discuss the compensation of the Chief Executive Officer with the Board.
- To produce an annual report on executive compensation for inclusion in the Company's proxy statement, in accordance with applicable rules and regulations.

The Committee shall review at least annually the Company's non-CEO compensation, incentive-compensation plans and equity-based plans, and the goals and objectives related thereto. Following such review, the Committee shall, to the extent it deems necessary or appropriate, make recommendations to the Board with respect to such compensation and plans and the goals and objectives related thereto.

In fulfilling its duties and responsibilities, the Committee may (i) conduct or authorize, at the Company's expense, investigations or studies as the Committee deems necessary and (ii) retain, at the Company's expense, such independent counsel or other advisers, including consultants, as the Committee deems necessary. The Committee shall have the sole authority to retain or terminate a compensation consulting firm or consultant to assist the Committee in carrying out its duties and responsibilities. The Committee shall also have the sole authority to approve the consultant's or consulting firm's fees and other retention terms.

The Committee shall, on an annual basis, evaluate its performance under this Charter by reviewing at least the information and recommendations presented by the Committee to the Board and whether the number and length of meetings of the Committee were

adequate for the Committee to complete its work in a thorough and thoughtful manner. The Committee shall annually review and assess the adequacy of this Charter and recommend any proposed changes to the Board for approval.