PARK PLACE ENTERTAINMENT CORP
Form 424B3
June 02, 2003

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Filed Pursuant to Rule 424(b)(3)
Registration No. 333-104829

PROSPECTUS

Offer to Exchange
Our 7% Senior Notes due 2013,
Which Have Been Registered Under the Securities Act of 1933,
for Any and All of Our Outstanding 7% Senior Notes due 2013

The Exchange Notes

The terms of the notes Park Place Entertainment Corporation is issuing will be substantially identical to the outstanding notes that we issued on April 11, 2003, except for the elimination of some transfer restrictions, registration rights and liquidated damages provisions relating to the outstanding notes.

Interest on the notes will accrue at the rate of 7% per year, payable semi-annually on each April 15 and October 15, beginning October 15, 2003, and the notes will mature on April 15, 2013.

The notes will be general unsecured obligations of Park Place and will rank equally with our other existing and future senior unsecured indebtedness and senior to all our existing and future senior subordinated indebtedness. The notes will effectively rank junior to all liabilities of our subsidiaries.

We may redeem the notes at any time prior to their maturity at the redemption prices described more fully in this prospectus.

Material Terms of the Exchange Offer

The exchange offer expires at 5:00 p.m., New York City time, on June 27, 2003, unless extended.

Our completion of the exchange offer is subject to customary conditions, which we may waive.

Upon our completion of the exchange offer, all outstanding notes that are validly tendered and not withdrawn will be exchanged for an equal principal amount of notes that are registered under the Securities Act of 1933, as amended.

Tenders of outstanding notes may be withdrawn at any time prior to the expiration of the exchange offer.

The exchange of registered notes for outstanding notes will not be a taxable exchange for U.S. Federal income tax purposes.

We will not receive any proceeds from the exchange offer.

For a discussion of factors that you should consider before participating in this exchange offer, see "Risk Factors" beginning on page 9 of this prospectus.

Neither the Securities and Exchange Commission, any state securities commission, the Nevada Gaming Commission, the Nevada State Gaming Control Board, the Mississippi Gaming Commission, the New Jersey Casino Control Commission, the Delaware State Lottery Office, the Indiana Gaming Commission, the Louisiana Gaming Control Board nor any other gaming authority, has passed on the adequacy or accuracy of this prospectus or the investment merits of the notes offered hereby. Any representation to the contrary is a criminal offense.

The date of this prospectus is May 14, 2003.

We have not authorized any dealer, salesman or other person to give any information or to make any representation other than those contained or incorporated by reference in this prospectus. You must not rely upon any information or representation not contained or incorporated by reference in this prospectus as if we had authorized it. This prospectus does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the registered securities to which it relates, nor does this prospectus constitute an offer to sell or the solicitation of an offer to buy securities in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction.

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DOCUMENTS INCORPORATED BY REFERENCE

The Securities and Exchange Commission (the "Commission") allows us to "incorporate by reference" the information we file with it, which means that we can disclose important information to you by referring to those documents. The information incorporated by reference is an important part of this prospectus. Any statement contained in the documents filed with the Commission prior to the date of this prospectus will be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus modifies or supersedes the statement. Information that we file later with the Commission will automatically update the information incorporated by reference and the information in this prospectus.

We incorporate by reference the following documents we have filed with the Commission:

1. Annual Report on Form 10-K for the year ended December 31, 2002, as filed with the Commission on March 28, 2003;

2. Proxy Statement for our Annual Meeting of Stockholders, as filed with the Commission on April 21, 2003; and

3. All documents filed by us with the Commission pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") after the date of this prospectus and before termination of the offering.

You may request a free copy of any of the documents incorporated by reference in this prospectus, other than exhibits, unless they are specifically incorporated by reference, through our website at *www.parkplace.com,* or by writing or telephoning us at the following address:

Investor Relations
Park Place Entertainment Corporation
3930 Howard Hughes Parkway
Las Vegas, Nevada 89109
(702) 699-5000

To obtain timely delivery of documents incorporated by reference in this prospectus, you must request the information no later than five business days prior to the expiration of the exchange offer. The exchange offer will expire on June 27, 2003, unless extended.

You should rely only on the information incorporated by reference or provided in this prospectus and any supplement. We have not authorized anyone else to provide you with different information. You should not assume that the information in this prospectus or any prospectus supplement is accurate as of any date other than the dates on the front of these documents.

AVAILABLE INFORMATION

This prospectus is part of a registration statement on Form S-4 that we have filed with the Commission under the Securities Act of 1933, as amended (the "Securities Act"). This prospectus does not contain all of the information set forth in the registration statement. For further information about us and the notes, you should refer to the registration statement. This prospectus summarizes material provisions of contracts and other documents to which we refer you. Since this prospectus may not contain all of the information that you may find important, you should review the full text of these documents. We have filed these documents as exhibits to our registration statement.

We are subject to the informational reporting requirements of the Exchange Act and in accordance therewith file reports, proxy and information statements and other information with the Commission. The reports, proxy and information statements and other information may be inspected and copied at the public reference facilities of the Commission, Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549, as well as at the following Regional Office: 233 Broadway, New York, New York 10279. You may

obtain copies of such material from the Commission by mail at prescribed rates. You should direct requests to the Commission's Public Reference Section, Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549. In addition, the Commission maintains a website (http://www.sec.gov) that contains the reports, proxy statements and other information filed by us. Our common stock is listed on the New York Stock Exchange under the symbol "PPE." You may inspect information filed by us at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005. In addition, for so long as any of the notes remain outstanding, we have agreed to make available to any prospective purchaser of the notes or beneficial owner of the notes in connection with any sale thereof the information required by

Rule 144A(d)(4) under the Securities Act. You may obtain information, including the documents incorporated by reference, from us, 3930 Howard Hughes Parkway, Las Vegas, Nevada 89109, Attention: Investor Relations, telephone (702) 699-5000 or toll free (877) 773-6973 or through our website at *www.parkplace.com*.

MARKET DATA

Market data used throughout this prospectus including information relating to our relative position in the casino and gaming industry is based on our good faith estimates, which estimates we based upon our review of internal surveys, independent industry publications and other publicly available information. Although we believe these sources are reliable, we have not independently verified the information and cannot guarantee its accuracy and completeness.

FORWARD-LOOKING STATEMENTS

Certain information included in this prospectus and other materials filed or to be filed by us with the Commission (as well as information included in oral statements or other written statements made or to be made by us or our representatives) contains or may contain forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. These statements can be identified by the fact that they do not relate strictly to historical or current facts. We have based these forward-looking statements on our current expectations about future events. The forward-looking statements include statements that reflect management's beliefs, plans, objectives, goals, expectations, anticipations, intentions, with respect to the financial condition, results of operations, future performance and business of the Company, including:

- Statements relating to our business strategy;
- Expectations as to the performance, operations or results of the Company and/or a specific property or region; and
- Our current and future developments plans.

Further, statements that include the words "may," "could," "should," "would," "believe," "expect," "anticipate," "estimate," "intend," "plan," or other words or expressions of similar meaning may identify forward-looking statements. These statements reflect our judgment on the date they are made, and we undertake no duty to update such statements in the future. Such statements include information relating to plans for future expansion and other business development activities as well as capital spending, financing sources and the effects of regulation (including gaming and tax regulation) and competition. From time to time, oral or written forward-looking statements are also included in our periodic reports on Forms 10-K, 10-Q and 8-K, press releases and other materials released to the public.

Although we believe that the expectations reflected in these forward-looking statements are reasonable, any or all of the forward-looking statements in this prospectus, our Annual Report on Form 10-K and in any other public statements that are made may prove to be incorrect. This may occur as a result of inaccurate assumptions or as a consequence of known or unknown risks and uncertainties. Many factors discussed in this report, such as the competitive environment and government regulation, will be important in determining our future performance. Consequently, actual results may differ materially from those that might be anticipated from forward-looking statements. In light of these and other uncertainties, you should not regard the inclusion

of a forward-looking statement in this prospectus or other public communications that we might make as a representation by us that our plans and objectives will be achieved, and you should not place undue reliance on such forward-looking statements.

We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. However, any further disclosures made on related subjects in our subsequent reports filed with the Commission on Forms 10-K, 10-Q and 8-K should be consulted. The following discussion of risks, uncertainties and possible inaccurate assumptions relevant to the Company's business includes factors that management believes could cause our actual results to differ materially from expected and historical results. This discussion is provided as permitted by the Private Securities Litigation Reform Act of 1995.

Presently known risk factors include, but are not limited to, the following factors:

The Company's operations are affected by changes in local and national general economic, political and market conditions in the locations where those operations are conducted and where customers live, including the consequences of any future security alerts and any hostilities between the United States and Iraq.

The Company's operations could be adversely affected by a prolonged economic downturn or a prolonged engagement in Iraq.

Our ability to meet our debt service obligations will depend on our future performance, which will be subject to many factors that are beyond our control.

Our properties are adversely affected by disruptions in air travel and adverse weather.

As described under "Competition," below, the Company operates in very competitive environments, particularly Las Vegas, Atlantic City and Mississippi. To the extent that hotel and/or casinos are expanded by others in markets in which the Company operates, competition will increase and the increased competition could adversely impact our future operations. The growth in the number of guest rooms and casino capacity in Las Vegas, which increased sharply in recent years, and Atlantic City, which is currently undergoing the addition of a new hotel casino may negatively affect our operating results. Additionally, the establishment of new large-scale gaming operations on Native American lands in the states of New York and California could adversely affect the operations of the Company's properties in Atlantic City and Nevada.

As discussed under "Regulation and Licensing," below, the Company's gaming operations are highly regulated by governmental authorities. We will also become subject to regulation in any other jurisdiction where the Company conducts gaming in the future.

Our properties face a variety of risks which may result in loss. Specifically, several of our properties are located in coastal areas and are subject to wind and flood damage from storms. In addition, all of our properties could be considered at risk for terrorist or other hostile acts. Conditions in the insurance marketplace have made it more difficult to purchase insurance on economically reasonable terms. As a result, we are now subject to significantly higher self-insured retentions on virtually all of our insurance coverages, and we do not carry insurance against terrorist acts. For all these reasons, we are at a greater risk of loss than we have been in the past.

Changes in applicable laws or regulations could have a significant effect on our operations. Our ability to comply with gaming regulatory requirements, as well as possible changes in governmental and public acceptance of gaming could materially adversely affect our business.

The Company's properties are large consumers of electricity and other energy. Accordingly, recent increases in energy costs may continue to have a negative impact on our operating results.

Additionally, higher energy and gasoline prices which affect our customers may adversely impact the number of customers who visit our properties and adversely impact our revenues.

Any future construction can be affected by a number of factors, including time delays in obtaining necessary governmental permits and approvals and legal challenges. Changes may be made in the scope of a project's budgets and schedules for competitive, aesthetic or other reasons and these changes may also result from circumstances beyond our control. These circumstances include weather interference, shortages of materials and labor, work stoppages, labor disputes, unforeseen engineering, environmental or geological problems and unanticipated cost increases. Any circumstances could give rise to delays in the completion of any project we undertake and/or cost overruns.

Certain of our properties are located in countries outside the United States where political and economic instability exposes us to additional risk. Such risks range from currency fluctuation risk, which could increase the volatility of our results from such operations, to outright expropriation. In addition, the system of laws in these jurisdictions may be different from the laws that exist in the United States. As a result we may be subject to outcomes in legal disputes that are different from what might be expected in the United States.

The gaming industry represents a significant source of tax revenues to the state, county and local jurisdictions in which gaming is conducted. From time to time, various state and federal legislators and officials have proposed changes in tax laws, or in the administration of the laws affecting the gaming industry. Most recently, the governors of New Jersey and Nevada have recently proposed increases in gaming and other taxes. If enacted, such taxes will impact our cash flows and could impact our ability to meet debt service requirements and, depending on the level of taxation, would materially adversely affect our business.

Claims have been brought against us in various legal proceedings, and additional legal and/or regulatory claims may arise from time to time. While we believe that the ultimate disposition of current matters will not have a material impact on our financial condition or results of operations, it is possible that our cash flows and results of operations could be affected from time to time by the resolution of one or more of these contingencies. See the further discussion under "Business and Properties Legal Proceedings," below.

There is intense competition to attract and retain management and key employees in the gaming industry. Our business could be adversely affected in the event of the inability to recruit or retain key personnel.

While Park Place from time to time communicates with securities analysts, it is against our policy to disclose to them any material non-public information or other confidential business information. It should not be assumed that we agree with any statement or report issued by any analysts, irrespective of the content of the statement or report.

SUMMARY

The following summary highlights selected information from this document and may not contain all the information that may be important to you. You should read this entire prospectus, including the financial data and related notes and the documents incorporated by reference in this prospectus, before making an investment decision. The terms "Park Place," "we," "our," and "us," as used in this prospectus, refer to Park Place Entertainment Corporation and its subsidiaries and/or affiliates as a combined entity, except where it is clear that the terms mean only Park Place Entertainment Corporation. The term "old notes" refers to our outstanding 7% Senior Notes due 2013 that we issued on April 11, 2003 and that have not been registered under the Securities Act. The term "exchange notes" refers to the 7% Senior Notes due 2013 offered pursuant to this prospectus. The term "notes" refers to the old notes and the exchange notes, collectively.

Park Place Entertainment Corporation

Park Place Entertainment Corporation was formed when Hilton Hotels Corporation split its lodging and gaming operations into two separate companies on December 31, 1998. This was accomplished through a tax-free distribution of Hilton's gaming division to its stockholders. Subsequent to the distribution we merged with the Mississippi gaming operations of Grand Casinos, Inc. ("Grand"). In December 1999, we acquired all of the outstanding stock of Caesars World, Inc. and interests in several other gaming entities ("Caesars") from Starwood Hotels & Resorts Worldwide, Inc. We are currently the only gaming company with a significant presence in Nevada, New Jersey and Mississippi, the three largest state gaming markets in the United States.

The following table presents selected statistics about our properties. Except where noted we have a 100% ownership interest in each of these properties:

Name and Location	Approximate Casino Square Footage(1)	Approximate Number of Slots	Approximate Number of Tables	Approximate Number of Rooms/Suites
	As of December 31, 2002			
Domestic Casinos				
Western Region				
Caesars Palace	149,000	1,753	99	2,423
Paris Las Vegas	85,000	1,712	90	2,916
Bally's Las Vegas	83,000	1,545	65	2,814
Flamingo Las Vegas	77,000	2,133	92	3,565
Las Vegas Hilton	74,000	1,426	52	2,953
Caesars Tahoe(2)	42,000	1,064	58	440
Reno Hilton	109,000	1,450	54	2,003
Flamingo Laughlin	57,000	1,512	51	1,907
Eastern Region				
Bally's Atlantic City(3)	224,000	6,041	207	1,748
Caesars Atlantic City	125,000	3,416	127	1,140
Atlantic City Hilton	60,000	2,004	85	804
Dover Downs(4)	80,000	2,000		232
Mid-South Region				
Grand Casino Biloxi	137,000	2,809	87	975
Grand Casino Gulfport	85,000	2,172	71	1,001
Grand Casino Tunica	118,000	2,522	93	1,356
Sheraton Casino & Hotel	33,000	1,372	37	134
Bally's Casino Tunica	47,000	1,305	42	238
Caesars Indiana(5)	93,000	2,501	144	503
Bally's Casino New Orleans(6)	30,000	1,221	30	

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International Region				
Conrad Jupiters Gold Coast(7)	84,000	1,348	103	603
Conrad International Treasury Casino Brisbane(7)	71,000	1,321	88	130
Conrad Punta del Este Resort and Casino(8)	45,000	562	74	302
Casino Nova Scotia Halifax(9)	32,000	743	41	352
Casino Nova Scotia Sydney(9)	16,000	378	11	
Casino Windsor(10)	100,000	3,309	83	389
Caesars Gauteng(11)	56,000	1,500	50	196
S.S. Crystal Harmony(12)	3,000	87	8	
S.S. Crystal Symphony(12)	4,000	115	8	

(1) Includes square footage attributable to race and sports books.

(2)

We lease the building that houses the hotel and casino and lease the underlying land pursuant to a long-term ground and structure lease.

(3) Includes the Claridge Casino, which we purchased in June 2001, and which was merged into our subsidiary that owns Bally's Atlantic City beginning in 2003.

(4) We provide management services to the casino at the Dover Downs racetrack in Delaware.

(5) We manage Caesars Indiana and own an 82 percent interest in a joint venture that owns this property.

(6) As of February 26, 2003, we own 100 percent of this property. We previously had a 49.9 percent ownership interest in and managed this property.

(7) We provide management services to these properties.

(8) We have a 46.4 percent ownership interest in and manage this property.

(9) We have a 95 percent interest in Metropolitan Entertainment Group, which operates the two properties on behalf of the Nova Scotia Gaming Corporation pursuant to an operating contract.

(10) We have a 50 percent interest in Windsor Casino Limited, which operates Casino Windsor. The province of Ontario owns the complex.

(11) We have a 25 percent interest in a joint venture that owns Caesars Gauteng and a 50 percent interest in a joint venture that manages Caesars Gauteng.

(12) We operate the Caesars Palace at Sea casinos on two cruise ships owned by Crystal Cruises, Inc. We expect to begin operating the casino on a third Crystal cruise ship in 2003. In enumerating our properties, we consider all of these casinos on cruise ships to be one property.

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Recent Developments

On May 1, 2003, we announced our results for the quarter ended March 31, 2003. We reported net income of $41 million, or $0.14 per diluted share, including pre-opening expenses of $1 million. That compares to net income before the cumulative effect of accounting change of $40 million, or $0.13 per diluted share, for the first quarter of 2002. Including the effect of the accounting change, related to the adoption of Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets," we reported a net loss of $(939) million, or $(3.09) per diluted share, for the first quarter of 2002. We also reported net revenue for the first quarter of 2003 equal to the $1.143 billion in net revenue reported for the first quarter of 2002. Our operating costs and expenses for the first quarter of 2003 were $863 million, compared to $862 million in the first quarter of 2002.

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Summary of the Exchange Offer

The Exchange Offer

	We are offering to exchange $1,000 principal amount of our exchange notes for each $1,000 principal amount of old notes. As of the date of this prospectus, $300 million in aggregate principal amount of old notes are outstanding. We have registered the exchange notes under the Securities Act and they are substantially identical to the old notes, except for the elimination of some transfer restrictions, registration rights and liquidated damages provisions relating to the old notes.
Accrued Interest on the Exchange Notes and the Old Notes	Interest on the exchange notes will accrue from the last interest payment date on which interest was paid on the old notes or, if no interest was paid on the old notes, from the date of issuance of the old notes, which was on April 11, 2003. Holders whose old notes are accepted for exchange will be deemed to have waived the right to receive any interest accrued on the old notes.
No Minimum Condition	We are not conditioning the exchange offer on the tender of any minimum principal amount of old notes.
Expiration Date	The exchange offer will expire at 5:00 p.m., New York City time, on June 27, 2003, unless we decide to extend the exchange offer.
Withdrawal Rights	You may withdraw your tender at any time prior to 5:00 p.m., New York City time, on the expiration date.
Conditions to the Exchange Offer	The exchange offer is subject to customary conditions, which we may waive. We currently anticipate that each of the conditions will be satisfied and that we will not need to waive any conditions. We reserve the right to terminate or amend the exchange offer at any time before the expiration date if any such condition occurs. For additional information, see "The Exchange Offer Certain Conditions to the Exchange Offer."
Procedures for Tendering Old Notes	If you are a holder of old notes who wishes to accept the exchange offer, you must: complete, sign and date the accompanying letter of transmittal, or a facsimile of the letter of transmittal, and mail or otherwise deliver the letter of transmittal, together with your old notes, to the exchange agent at the address set forth under "The Exchange Offer Exchange Agent"; or arrange for The Depository Trust Company to transmit certain required information, including an agent's message forming part of a book-entry transfer in which you agree to be bound by the terms of the letter of transmittal, to the exchange agent in connection with a book-entry transfer.

By tendering your old notes in either manner, you will be representing among other things, that:

the exchange notes you receive pursuant to the exchange offer are being acquired in the ordinary course of your business;

you are not participating, do not intend to participate, and have no arrangement or understanding with any person to participate, in the distribution of the exchange notes issued to you in the exchange offer; and

you are not an "affiliate" of ours.

Special Procedures for Beneficial Owners	If you beneficially own old notes registered in the name of a broker, dealer, commercial bank, trust company or other nominee and you wish to tender your old notes in the exchange offer, you should contact the registered holder promptly and instruct it to tender on your behalf. If you wish to tender on your own behalf, you must, prior to completing and executing the letter of transmittal and delivering your old notes, either arrange to have your old notes registered in your name or obtain a properly completed bond power from the registered holder. The transfer of registered ownership may take considerable time.
Guaranteed Delivery Procedures	If you wish to tender your old notes and time will not permit your required documents to reach the exchange agent by the expiration date, or the procedures for book-entry transfer cannot be completed on time, you may tender your old notes according to the guaranteed delivery procedures described in "The Exchange Offer Procedures for Tendering Old Notes."
Acceptance of Old Notes and Delivery of Exchange	We will accept for exchange all old notes which are properly tendered in the exchange offer prior to 5:00 p.m., New York City time, on the expiration date. The exchange notes issued in the exchange offer will be delivered promptly following the expiration date. For additional information, see "The Exchange Offer Acceptance of Old Notes for Exchange; Delivery of Exchange Notes."
Use of Proceeds	We will not receive any proceeds from the issuance of exchange notes in the exchange offer. We will pay for our expenses incident to the exchange offer.
Federal Income Tax Consequences	The exchange of exchange notes for old notes in the exchange offer will not be a taxable event for federal income tax purposes. For additional information, see "Material Federal Income Tax Consequences of the Exchange."

Effect on Holders of Old Notes	As a result of this exchange offer, we will have fulfilled a covenant contained in the registration rights agreement dated as of April 11, 2003 among Park Place Entertainment Corporation and Banc of America Securities LLC and each of the other initial purchasers named in the agreement and, accordingly, there will be no increase in the interest rate on the old notes. If you do not tender your old notes in the exchange offer: you will continue to hold the old notes and will be entitled to all the rights and limitations applicable to the old notes under the indenture governing the notes, except for any rights under the registration rights agreement that terminate as a result of the completion of the exchange offer; and you will not have any further registration or exchange rights and your old notes will continue to be subject to restrictions on transfer. Accordingly, the trading market for untendered old notes could be adversely affected.
Exchange Agent	U.S. Bank National Association is serving as exchange agent in connection with the exchange offer.

Summary of the Exchange Notes

The summary below describes the principal terms of the notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The "Description of the Exchange Notes" section of this prospectus contains a more detailed description of the terms and conditions of the exchange notes.

Issuer	Park Place Entertainment Corporation.
Total Amount of Exchange Notes Offered	Up to $300,000,000 aggregate principal amount of 7% senior notes due 2013.
Maturity	April 15, 2013.
Interest	Annual rate: 7%. Payment frequency: every six months on April 15 and October 15. First payment: October 15, 2003.
Ranking	The exchange notes are our unsecured obligations. The exchange notes will rank senior to all of our subordinated debt and equally with all of our existing and future senior debt. The exchange notes will effectively rank junior to all liabilities of our subsidiaries. As of December 31, 2002, after giving effect to the offering of the old notes, we would have had $4.9 billion of total indebtedness, of which $2.6 billion would have been indebtedness ranking *pari passu* with the exchange notes, and approximately $5 million would have been indebtedness of our subsidiaries, which would effectively rank senior to the exchange notes.
Optional Redemption	We may redeem the exchange notes at any time at a redemption price equal to 100% of their principal amount plus a "make-whole" premium as described in the "Description of the Exchange Notes" section under the subheading "Optional Redemption," plus accrued and unpaid interest to the date of redemption.
Special Redemption	The exchange notes are subject to redemption requirements imposed by gaming laws and regulations of the state of Nevada and other gaming authorities in jurisdictions where we have operations. See "Description of the Exchange Notes Mandatory Disposition Pursuant to Gaming Laws."
Certain Covenants	The indenture governing the exchange notes will, among other things, limit our and our subsidiaries' ability to: enter into sale and lease-back transactions; incur liens on our assets to secure debt; merge or consolidate with another company; and transfer all or substantially all of our assets. These covenants are subject to a number of important qualifications and exceptions which are described in the "Description of the Exchange Notes" section under the heading "Additional Covenants of Park Place" in this prospectus.
Use of Proceeds	We will not receive any cash proceeds from the exchange offer.
Risk Factors	See "Risk Factors" for a discussion of the factors you should carefully consider before deciding to invest in the notes.

Summary Selected Historical Financial Information

We have derived the following historical information from our audited financial statements for 1998 through 2002.

	Fiscal Years Ended or as of December 31,				
	2002	2001	2000	1999	1998
	(dollars in millions, except per share amounts)				
Results of Operations(1):					
Total revenue(2)	$ 4,652	$ 4,581	$ 4,596	$ 3,001	$ 2,179
Total operating income	570	407	696	399	302
Income (loss) before cumulative effect of accounting change(3)	155	(24)	143	138	109
Income (loss) before cumulative effect of accounting change per share					
Basic	$ 0.51	$ (0.08)	$ 0.48	$ 0.46	$ 0.42
Diluted	$ 0.51	$ (0.08)	$ 0.46	$ 0.45	$ 0.42
Other Operating Data:					
Net cash provided by (used in)					
Operating activities	$ 706	$ 638	$ 763	$ 521	$ 318
Investing activities	(275)	(538)	(435)	(3,610)	(584)
Financing activities	(408)	(93)	(353)	3,053	449
Balance Sheet:					
Cash and equivalents	$ 351	$ 328	$ 321	$ 346	$ 382
Total assets	9,674	10,808	10,995	11,151	7,174
Total debt	4,910	5,308	5,398	5,624	2,472
Total stockholders' equity	2,957	3,767	3,784	3,740	3,608

(1) Operating results are significantly affected by the acquisition of the Grand Casino Mississippi properties (immediately following the spin-off of Park Place from Hilton) in December 1998 and the acquisition of Caesars World, Inc. in December 1999.

(2) During 2002, the Company reclassified equity in earnings of unconsolidated affiliates from other revenues to a separate component within operating income. Prior years have been reclassified to conform to the new presentation. This reclassification had no impact on previously reported operating income or net income (loss).

(3) Excludes charges for the cumulative effect of an accounting change of $979 million related to goodwill in 2002 and $2 million related to pre-opening expense in 1999. In accordance with the adoption of SFAS No. 142, on January 1, 2002, the Company no longer amortizes goodwill.

RISK FACTORS

You should carefully consider the following factors in addition to the other information set forth in this prospectus and the documents incorporated by reference herein before making an investment in the notes.

Our substantial indebtedness could adversely affect our financial results and prevent us from fulfilling our obligations under the notes.

At December 31, 2002, after giving effect to this offering, we had total consolidated indebtedness of approximately $4.9 billion, of which $2.6 billion would rank *pari passu* with the notes, and stockholders' equity of approximately $3.0 billion. After giving effect to this offering and the application of the use of proceeds, as of December 31, 2002, we would have had $1.1 billion outstanding under our $2.7 billion revolving credit facilities.

The notes will not restrict our ability to borrow additional funds in the future nor do they provide holders any protection should we be involved in a highly leveraged transaction. If we add new indebtedness to our anticipated debt levels following or prior to an acquisition, it could increase the related risks that we face.

Our substantial indebtedness could have important consequences to you. For example, it could:

- limit our ability to satisfy our obligations with respect to the notes;
- increase our vulnerability to general adverse economic and industry conditions;
- require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other general corporate activities;
- limit our flexibility in planning for, or reacting to, changes in our business and industry;
- place us at a competitive disadvantage compared to other less leveraged competitors; and
- limit our ability to borrow additional funds.

Servicing our indebtedness will require a significant amount of cash and our ability to generate sufficient cash depends on many factors beyond our control.

Our ability to make payments on and to refinance our indebtedness, including the notes, and to fund planned capital expenditures depends on our ability to generate cash flow in the future. This, to some extent, is subject to general economic, financial, competitive, legislative and regulatory factors and other factors that are beyond our control. In addition, our ability to borrow funds under our revolving credit facilities in the future will depend on our meeting the financial covenants in the agreements, including an interest coverage test and a leverage ratio test. We cannot assure you that our business will generate cash flow from operations or that future borrowings will be available to us under our revolving credit facilities in an amount sufficient to enable us to pay our indebtedness, including the notes, or to fund our other liquidity needs. As a result, we may need to refinance all or a portion of our indebtedness, including the notes, on or before maturity. We cannot assure you that we will be able to refinance any of our indebtedness on commercially reasonable terms or at all. Our inability to generate sufficient cash flow or refinance our indebtedness on commercially reasonable terms would have a material adverse effect on our financial condition, results of operations and ability to satisfy our obligations under the notes.

We are a holding company and depend on the business of our subsidiaries to satisfy our obligations under the notes.

We are a holding company. Our subsidiaries conduct substantially all of our consolidated operations and own substantially all of our consolidated assets. Consequently, our cash flow and our ability to pay our debts depends upon our subsidiaries' cash flow and their payment of funds to us. Our subsidiaries are not obligated to make funds available to us for payment on the notes or otherwise. In addition, our subsidiaries' ability to make any payments to us will depend on their earnings, the terms of their indebtedness, business and tax considerations, legal and regulatory restrictions and economic conditions. These payments may not be

adequate to pay interest and principal on the notes when due. In addition, their ability to make payments to us depends on applicable law and debt instruments to which they or we are a party, which may include requirements to maintain minimum levels of working capital and other assets.

The notes will effectively rank junior to all existing and future liabilities of our subsidiaries, including trade payables. In the event of a bankruptcy, liquidation or dissolution of a subsidiary and following payment of its liabilities, the subsidiary might not have sufficient assets remaining to make any payments to us so that we can meet our obligations as the holding company, including our obligations to you under the notes. As of December 31, 2002, our subsidiaries had approximately $5 million of debt. The indenture governing the notes will not limit the ability of our subsidiaries to incur additional debt.

You are required to dispose of your notes or redeem your notes if any gaming authority finds you unsuitable to hold them.

You are required to dispose of your notes or redeem your notes if any gaming authority finds you unsuitable to hold them or in order to otherwise comply with gaming laws to which we are subject, as more fully described in the sections entitled "Regulation and Licensing" and "Description of the Exchange Notes Mandatory Disposition Pursuant to Gaming Laws."

The gaming industry is highly competitive.

There is intense competition in the gaming industry. The construction of new properties or the enhancement or expansion of existing properties in any market in which we operate could have a negative impact on our business in that market.

A new 2,000-room hotel casino is currently under construction in Atlantic City, New Jersey with an announced completion date of Summer 2003. This project represents a significant increase in capacity in that market. Other competitors in Atlantic City have recently completed expansions of their hotels and others have announced expansion projects. The State of New Jersey is considering approving video lottery terminals ("VLTs") at the racetracks in the state and increasing certain taxes that may impact the gaming industry, including a proposed increase in the gross gaming tax from 8% to 10%. If VLTs are approved, it could adversely affect our operations, and an increase in the gross gaming tax without a significant simultaneous increase in revenue would adversely affect our results of operations.

Several of our competitors in Las Vegas, Nevada are currently expanding their operations with additional hotel towers, which, if completed, will add a significant number of new hotel rooms to the Las Vegas market. In addition, another competitor is constructing a new 2,700-room hotel casino expected to be completed in April 2005.

Our businesses may be adversely impacted (i) by the additional gaming and room capacity generated by this increased competition in Las Vegas and Atlantic City and/or (ii) by other projects not yet announced in any of the other markets. In addition, our operations in Laughlin, Nevada and Northern Nevada have been adversely impacted and will continue to be adversely impacted by Native American gaming in California and Arizona.

The business at our casino hotels will also be adversely affected if gaming were to be newly legalized or expanded under the laws of any state or locale located near our existing properties. Particularly, the legalization of gaming operations in locations near Las Vegas, Atlantic City or Mississippi will negatively affect our properties located there. We understand that several states surrounding our existing operations, including Pennsylvania, Maryland, Delaware and Kentucky, are considering the legalization of some form of casino and/or slot gaming or the expansion of existing gaming activities. The legalization of any form of casino gaming in these or other states could adversely affect our operating results.

We also compete with legalized gaming from casinos located on Native American tribal lands. In October 2001, the New York State Legislature enacted a bill, which the governor signed, authorizing a total of six Indian casinos in the State of New York three in Western New York and three in the Catskill Region and approved the use of video lottery terminals at racetracks and authorized the participation of New York

State in a multi-state lottery. This could adversely affect visitation of our Atlantic City properties from New York. In California, there has been a proliferation of casino-style gaming on tribal lands, and there is consideration by the governor of California of an initiative to significantly increase the scope of such operations in exchange for tax revenue. The presence of Native American casinos in California has had a negative impact on the results of our Nevada casinos, and an increase in the capacity of those casinos in California can be expected to further impact our Nevada operations.

Several states are considering or have announced plans to allow video lottery terminals or slot machines at racetracks in consideration of tax revenue from those operations. To the extent that these operations are conducted in states in which we have properties, or in neighboring states, we could be adversely affected.

The adoption of referenda or the outcomes of litigation may restrict our ability to conduct gaming activities in some jurisdictions.

In Mississippi, the Mississippi Act (as defined in "Regulation and Licensing Mississippi Gaming Laws") provides for legalized dockside gaming at the discretion of the fourteen Mississippi counties that border the Gulf Coast or the Mississippi River, but only if the voters in the county have not voted to prohibit gaming in that county. In recent years, anti-gaming groups have proposed for adoption through the initiative and referendum process certain amendments to the Mississippi Constitution which would prohibit gaming in the state. The proposals were declared illegal by Mississippi courts. If another such proposal were to be offered, and if a sufficient number of signatures were to be gathered to place a legal initiative on the ballot, it would be possible for the voters of Mississippi to consider such a proposal in November of 2004. While we are unable to predict whether such an initiative will appear on a ballot or the likelihood of such an initiative being approved by the voters, if such an initiative were passed, it would have a significant adverse effect on us and on our Mississippi gaming operations.

In April 2000, we entered into an agreement with the Saint Regis Mohawk Tribe to develop and manage gaming facilities in the State of New York. In November 2001, we signed comprehensive development and management agreements that will govern the construction and operation of the Tribe's planned $500 million casino and resort complex. In October 2001, the New York State Legislature enacted a bill, which the governor signed, authorizing a total of six Indian casinos in the State of New York three in Western New York and three in the Catskill Region. The legislation also gives the governor the authority to negotiate state compacts with the tribes without further approval by the legislature. The constitutionality of the legislation has been challenged. See also "Business and Properties Legal Proceedings Mohawk Litigation."

The gaming industry is highly regulated and we must adhere to various regulations and maintain our licenses to continue our operations.

Each of our casinos is subject to extensive regulation under the laws, rules and regulations of the jurisdiction where it is located or docked. These laws, rules and regulations generally concern the responsibility, financial stability and character of the owners, managers, and persons with financial interests in the gaming operations. Some jurisdictions, however, empower their regulators to investigate participation by licensees in gaming outside their jurisdiction and require access to and periodic reports concerning the gaming activities. Violations of laws in one jurisdiction could result in disciplinary action in other jurisdictions. For a summary of gaming regulations that affect our business, see "Regulation and Licensing." The regulatory environment in any particular jurisdiction may change in the future and any such change could have a material adverse effect on our results of operations.

Increased state taxation of gaming and hospitality revenues could adversely affect our results of operations.

The general economic downturn has increased the need for state and local governments to fund budget deficits in many of the states where we have operations. In partial response, several state legislatures are currently considering proposals to increase existing taxes and/or enact new taxes on businesses operating within the state, or in some cases by specifically targeting additional tax measures at hotel casinos. These taxes may be significant and could adversely affect our results of operations. For example, we have estimated

that if a new tax measure proposed by the Governor of New Jersey on February 4, 2003 is adopted in its current form, our current New Jersey tax burden of more than $200 million would increase by approximately $45 million a year, an increase of nearly 25 percent. We cannot predict whether this proposal or other tax proposals will be enacted, and if so, what final form such new legislation will take, nor can we predict whether other states will ultimately enact similar proposals.

Energy price increases may adversely affect our costs of operations and our revenues.

Our casino properties use significant amounts of electricity, natural gas and other forms of energy. While no shortages of energy have been experienced, substantial increases in the cost of electricity in the United States will negatively affect our operating results. The extent of the impact is subject to the magnitude and duration of the energy price increases, but this impact could be material. In addition, higher energy and gasoline prices which affect our customers may result in reduced visitation to our properties and a reduction in revenues.

A downturn in general economic conditions may adversely affect our results of operations.

Our business operations are affected by international, national and local economic conditions. A recession or downturn in the general economy, or in a region constituting a significant source of customers for our properties, could result in fewer customers visiting our properties and a reduction in spending by customers who do visit our properties, which would adversely affect our revenues.

Acts of terrorism and the uncertainty of the outcome and duration of the war, as well as other factors affecting discretionary consumer spending, have impacted our industry and may harm our operating results and our ability to insure against certain risks.

The terrorist attacks of September 11, 2001 had a significant impact on the travel and tourism industries in which we operate. The significant reduction in both business and leisure air travel following the event significantly reduced visitation to our Las Vegas properties, with the result that our operating results declined significantly. Our properties in markets outside of Las Vegas, which are not as dependent on air travel, did not experience as much business disruption. These events, the potential for future terrorist attacks, the national and international responses to terrorist attacks and other acts of war or hostility have created many economic and political uncertainties which could adversely affect our business and results of operations. Future acts of terror in the United States or an outbreak of hostilities involving the United States, may again reduce our guests' willingness to travel with the result that our operations will suffer.

On March 19, 2003, the United States and coalition forces commenced a war with Iraq. Due to travel advisories, the increased threat of terrorism both domestically and internationally, and concern of the war's affect on the domestic and international economies, the travel and tourism industries may be affected. The outcome and duration of this war are uncertain and could have a negative impact on our future operating results.

Partly as a consequence of the events of September 11, 2001, and the threat of similar events in the future, premiums for a variety of insurance products have increased sharply, and some types of insurance coverage are simply no longer available. Although we endeavor to obtain and maintain insurance covering extraordinary events that would affect our properties, conditions in the marketplace have made it prohibitive for us to maintain insurance against losses and interruptions caused by terrorist acts and acts of war. If any such event were to affect part or all of one or more of our properties, we would likely suffer a substantial loss.

An active trading market may not develop for these notes.

Prior to this offering, there was no public market for the notes. We have been informed by the initial purchasers that they intend to make a market in the notes after we complete this offering. However, the initial purchasers may cease their market-making activity at any time. In addition, the liquidity of the trading market in these notes, and the market price quoted for these notes, may be adversely affected by changes in the overall market for these types of securities and by changes in our financial performance or prospects or in the prospects for companies in our industry generally. As a result, you cannot be sure that an active trading market will develop for these notes.

USE OF PROCEEDS

We will not receive any proceeds from the exchange of the exchange notes for the old notes pursuant to the exchange offer. We used the aggregate net proceeds from the offering of the old notes, which were approximately $297 million, after deducting fees and expenses associated with the offering, to repay a portion of the outstanding debt under our existing revolving credit facilities. As of December 31, 2002, we had approximately $1.4 billion outstanding under our revolving credit facilities bearing an average interest rate of 2.52%.

CAPITALIZATION

The following table sets forth our cash and equivalents and capitalization at December 31, 2002:

- on a historical basis; and
- as adjusted after giving effect to the offering of the old notes and the application of the aggregate net proceeds therefrom.

You should read this information together with "Use of Proceeds" and the audited consolidated financial statements and related notes appearing elsewhere in this prospectus.

	December 31, 2002	
	Actual	**As Adjusted**
	($ in millions)	

	December 31, 2002	
Cash and Equivalents	$ 351	$ 351
Current Maturities of Long-Term Debt	$ 325	$ 325
Long-Term Debt:		
Revolving credit facilities(a)	$ 1,435	$ 1,138
7.95% senior notes due 2003	300	300
7.0% senior notes due 2004(b)	325	325
8.5% senior notes due 2006	397	397
7.5% senior notes due 2009	425	425
7.0% senior notes due 2013		300
7.875% senior subordinated notes due 2005	400	400
9.375% senior subordinated notes due 2007	500	500
8.875% senior subordinated notes due 2008	400	400
7.875% senior subordinated notes due 2010	375	375
8.125% senior subordinated notes due 2011	348	348
Other	5	5
Total Long-Term Debt	4,910	4,913
Less current maturities of long-term debt		