

CAESARS ENTERTAINMENT Corp

Form S-4

March 13, 2017

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As filed with the Securities and Exchange Commission on March 13, 2017

Registration No. 333-

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM S-4  
REGISTRATION STATEMENT  
*UNDER*  
*THE SECURITIES ACT OF 1933*

CAESARS ENTERTAINMENT CORPORATION  
(Exact Name of Registrant as Specified in Its Charter)

Delaware  
(State or Other Jurisdiction of  
Incorporation or Organization)

7993  
(Primary Standard Industrial  
Classification Code Number)

62-1411755  
(I.R.S. Employer  
Identification Number)

**One Caesars Palace Drive**

**Las Vegas, Nevada 89109**

**(702) 407-6000**

**(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)**

**Scott E. Wiegand, Esq.**

**Senior Vice President, Deputy General Counsel and Corporate Secretary**

**Caesars Entertainment Corporation**

**One Caesars Palace Drive**

**Las Vegas, NV 89109**

**(702) 407-6000**

**(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service)**

*Copies to:*

**Michael Cohen, Esq.**

**Senior Vice President, Corporate Development, General Counsel and Corporate Secretary**

**Caesars Acquisition Company**

**One Caesars Palace Drive**

**Las Vegas, NV 89109**

**(702) 407-6000**

**Approximate date of commencement of proposed sale to the public:** As soon as practicable after this Registration Statement becomes effective and upon completion of the merger described in the enclosed joint proxy

statement/prospectus.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, as amended (the Securities Act), check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Securities Exchange Act of 1934.

Large accelerated filer  Accelerated filer   
 Non-accelerated filer (Do not check if a smaller reporting company)  Smaller reporting company   
 If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Securities Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)

Securities Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

### CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered <sup>(1)</sup>	Proposed	Proposed	Amount of registration fee <sup>(3)</sup>
		maximum offering price per unit	maximum aggregate offering price <sup>(2)</sup>	
Common Stock, par value \$0.01 per share	227,424,537	N/A	\$2,033,525,241.33	\$235,685.58

(1) Represents the maximum number of shares of common stock, par value \$0.01 per share (CEC Common Stock), of Caesars Entertainment Corporation (CEC) estimated to be issued upon the completion of the merger of Caesars Acquisition Company (CAC) with and into CEC (the Merger) based on the product of (x) 139,953,561, the number of shares of Class A common stock, par value \$0.001 per share (CAC Common Stock), of CAC

outstanding and reserved for issuance as of March 10, 2017, and (y) an exchange ratio of 1.625 (which represents the number of shares of CEC Common Stock to be issued for each share of CAC Common Stock).

- (2) Estimated solely for purposes of calculating the registration fee required by Section 6(b) of the Securities Act of 1933, as amended (the Securities Act ) and calculated pursuant to Rules 457(f)(1) and 457(c) under the Securities Act. The proposed maximum aggregate offering price of CEC Common Stock was calculated based upon the market value of shares of CAC Common Stock (the securities to be cancelled in the Merger) in accordance with Rule 457(c) under the Securities Act as follows: the product of (a) \$14.53, the average of the high and low prices per share of CAC Common Stock on March 10, 2017, as quoted on the NASDAQ Global Select Market, multiplied by (b) 139,953,561, the estimated number of shares of CAC Common Stock outstanding and reserved for issuance as of March 10, 2017.
- (3) Determined in accordance with Section 6(b) of the Securities Act at a rate equal to \$115.90 per \$1 million of the proposed maximum aggregate offering price.

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.**

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**Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This joint proxy statement/prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.**

**PRELIMINARY SUBJECT TO COMPLETION DATED MARCH 13, 2017**

[ ], 2017

**Dear Caesars Entertainment Corporation Stockholders and Caesars Acquisition Company Stockholders:**

Caesars Entertainment Corporation ( CEC ) and Caesars Acquisition Company ( CAC ) have entered into the Amended and Restated Agreement and Plan of Merger, dated as of July 9, 2016, as amended by the First Amendment to Amended and Restated Agreement and Plan of Merger, dated as of February 20, 2017 (as amended, the Merger Agreement ), under which CAC will merge with and into CEC, with CEC as the surviving company (the Merger ). If the Merger is completed, each share of Class A common stock, par value \$0.001 per share, of CAC ( CAC Common Stock ) issued and outstanding immediately prior to the effective time of the Merger will be converted into, and become exchangeable for, that number of shares of common stock, par value \$0.01 per share, of CEC ( CEC Common Stock ) equal to 1.625 (the Exchange Ratio ). Based on the number of shares of CEC Common Stock and CAC Common Stock issued and outstanding as of December 31, 2016, CAC stockholders are expected to receive approximately 32.9% of the outstanding shares of CEC Common Stock, after giving effect to the Emergence Stock Issuance (as defined below) and assuming completion of \$1.0 billion of the CEC Common Equity Buyback (as defined below). The shares of CAC Common Stock are traded on the NASDAQ Global Select Market ( NASDAQ ) under the symbol CACQ and the shares of CEC Common Stock are traded on NASDAQ under the symbol CZR.

Each of CEC and CAC will be holding a special meeting for CEC stockholders and CAC stockholders, respectively, to vote on certain matters in connection with the proposed Merger.

CEC stockholders are cordially invited to attend a special meeting of CEC stockholders (the CEC Special Meeting ) to be held on [ ], 2017, in [ ] at Caesars Palace, One Caesars Palace Drive, Las Vegas, Nevada, at [ ] [a.m./ p.m.], Pacific Time. At the CEC Special Meeting, CEC stockholders will be asked to (1) adopt the Merger Agreement and approve the Merger, (2) approve the issuance of shares of CEC Common Stock to CAC stockholders in the Merger (the Merger Stock Issuance ), (3) approve the issuance of shares of CEC Common Stock to creditors of Caesars Entertainment Operating Company, Inc. and certain of its subsidiaries (collectively, the Debtors ) in connection with the emergence (the Emergence ) of the Debtors from Chapter 11 of the United States Bankruptcy Code (the Emergence Stock Issuance ), (4) approve the issuance of shares of CEC Common Stock (the Convertible Notes Stock Issuance and, together with the Merger Stock Issuance and the Emergence Stock Issuance, the Stock Issuances ) under the approximately \$1.1 billion of 5.00% Convertible Senior Notes due 2024 to be issued by CEC to certain creditors of the Debtors in connection with the Emergence (the Convertible Notes ), (5) approve, on a non-binding, advisory basis, the Merger-related compensation for CEC s named executive officers and certain of CAC s named executive officers (the CEC Advisory Compensation Proposal ), (6) approve an amendment to CEC s certificate of incorporation to increase the number of authorized shares of common stock from 1,250,000,000 shares of CEC Common Stock to

2,000,000,000 shares of CEC Common Stock (the Authorized Shares Increase Proposal ), (7) approve the CEC 2017 Performance Incentive Plan (the CEC 2017 PIP ) (the CEC 2017 PIP Proposal ) and (8) approve an adjournment of the CEC Special Meeting if necessary to solicit additional proxies if there are not sufficient votes to approve Proposals 1 through 7.

CAC stockholders are cordially invited to attend a special meeting of CAC stockholders (the CAC Special Meeting ) to be held on [ ], 2017, in [ ] at Caesars Palace, One Caesars Palace Drive, Las Vegas, Nevada, at [ ] [a.m./p.m.], Pacific Time. At the CAC Special Meeting, CAC stockholders will be asked to (1) adopt the Merger Agreement and approve the Merger and (2) approve an adjournment of the CAC Special Meeting if necessary to solicit additional proxies if there are not sufficient votes to approve Proposal 1.

The boards of directors of CEC and CAC unanimously approved the Merger Agreement, the Merger and the transactions contemplated by the Merger Agreement, and declared that the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement are advisable, fair to and in the best interests of CEC and its stockholders and CAC and its stockholders, respectively. **The CEC board of directors unanimously recommends that CEC stockholders vote FOR each of Proposals 1-8, and the CAC board of directors unanimously recommends that CAC stockholders vote FOR each of Proposals 1 and 2, in each case, as described above and beginning on page 223 in the accompanying joint proxy statement/prospectus.**

As of December 31, 2016, approximately 59.6% of the CEC Common Stock was beneficially owned by Hamlet Holdings LLC ( Hamlet Holdings ), the members of which are comprised of three individuals affiliated with affiliates of Apollo Global Management, LLC (collectively with its subsidiaries, Apollo ) and two individuals affiliated with affiliates of TPG Global, LLC (together with its affiliates, TPG, and, together with Apollo, the Sponsors ), and approximately 65.0% of the CAC Common Stock was beneficially owned by Hamlet Holdings, in each case pursuant to an irrevocable proxy that grants Hamlet Holdings sole voting and sole dispositive power of the stock that is held by funds affiliated with and controlled by the Sponsors and their co-investors. Pursuant to the terms and conditions in certain voting agreements, Hamlet Holdings has agreed with CEC and CAC to vote in favor of adopting the Merger Agreement, approving the Merger and approving any other proposal that would reasonably be expected to facilitate the timely completion of the Merger. **As a result, adoption of the Merger Agreement and approval of the Merger, the Stock Issuances, the CEC Advisory Compensation Proposal and the Authorized Shares Increase Proposal by the stockholders of CEC and the stockholders of CAC, as applicable, are expected, subject to the terms of the voting agreements, as described in the accompanying joint proxy statement/prospectus.**

**The accompanying joint proxy statement/prospectus provides important information regarding the special meetings and a detailed description of the Merger Agreement, the Merger and the matters to be presented at the special meetings. We urge you to read the accompanying joint proxy statement/prospectus (and any documents incorporated by reference into the accompanying joint proxy statement/prospectus) carefully and in their entirety. Please pay particular attention to the section entitled Risk Factors, beginning on page 69 of the accompanying joint proxy statement/prospectus, for a discussion of the risks you should consider in evaluating the proposed transactions and how they will affect you.**

We hope to see you at the special meetings and look forward to the successful completion of the Merger.

Sincerely,

Gary Loveman  
Chairman of the Board  
Caesars Entertainment Corporation

Mitch Garber  
President and Chief Executive Officer  
Caesars Acquisition Company

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued under the accompanying joint proxy statement/prospectus or determined that the accompanying joint proxy statement/prospectus is accurate or complete. Any representation to the contrary is a criminal offense.**

The accompanying joint proxy statement/prospectus is dated [ ], 2017, and is first being mailed to CEC stockholders and CAC stockholders on or about [ ], 2017.

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**ADDITIONAL INFORMATION**

The accompanying document is the joint proxy statement/prospectus of CEC and CAC for the CEC Special Meeting and the CAC Special Meeting and the prospectus of CEC for its shares of CEC Common Stock to be issued to CAC stockholders as consideration in the Merger. This joint proxy statement/prospectus does not contain all of the information included in the registration statement or in the exhibits to the registration statement to which the accompanying joint proxy statement/prospectus relates. The accompanying joint proxy statement/prospectus incorporates important business and financial information about CAC from documents that are not included in or delivered with the accompanying joint proxy statement/prospectus. This information is available to you without charge upon your written or oral request. You can obtain documents incorporated by reference into the accompanying joint proxy statement/prospectus (other than certain exhibits or schedules to these documents) by requesting them in writing or by telephone from CAC at the following address and telephone number:

Caesars Acquisition Company

One Caesars Palace Drive

Las Vegas, Nevada 89109

Attention: Corporate Secretary

Telephone: (702) 407-6000

In addition, if you have questions about the Merger or the accompanying joint proxy statement/prospectus or would like additional copies of the accompanying joint proxy statement/prospectus or need to obtain proxy cards or other information related to the proxy solicitation, please contact Innisfree M&A Incorporated, the proxy solicitor for CEC, toll-free (for shareholders) at (888) 750-5834, or collect (for brokers and banks) at (212) 750-5833, if you are a CEC stockholder, or MacKenzie Partners, Inc., the proxy solicitor for CAC, toll-free at (800) 322-2885 or collect (for brokers and banks) at (212) 929-5500, if you are a CAC stockholder. You will not be charged for any of these documents that you request.

**If you would like to request documents, please do so no later than five business days before the date of the CEC Special Meeting and CAC Special Meeting (which meetings are [ ], 2017) to ensure timely delivery.**

See [Where You Can Find More Information](#) in the accompanying joint proxy statement/prospectus for further information regarding the information incorporated by reference in the accompanying joint proxy statement/prospectus and how you may obtain it.



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**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS OF  
CAESARS ENTERTAINMENT CORPORATION**

**TO BE HELD ON [ ], 2017**

To the Stockholders of Caesars Entertainment Corporation:

A special meeting of stockholders of Caesars Entertainment Corporation, a Delaware corporation ( **CEC** ), will be held on [ ], 2017, in [ ] at Caesars Palace, One Caesars Palace Drive, Las Vegas, Nevada, at [ ] [a.m./p.m.], Pacific Time (the **CEC Special Meeting** ), to consider and vote on the following proposals:

1. to adopt the Amended and Restated Agreement and Plan of Merger, dated as of July 9, 2016, between CEC and Caesars Acquisition Company, a Delaware corporation ( **CAC** ), as amended by the First Amendment to Amended and Restated Agreement and Plan of Merger, dated as of February 20, 2017 (as amended, the **Merger Agreement** ), pursuant to which, among other things, CAC will merge with and into CEC (the **Merger** ), with CEC as the surviving company (a copy of the Merger Agreement is attached as Annex A to the joint proxy statement/prospectus accompanying this notice);
2. to approve the issuance of common stock, par value \$0.01 per share, of CEC ( **CEC Common Stock** ) to CAC stockholders as consideration for the Merger contemplated by the Merger Agreement (the **Merger Stock Issuance** );
3. to approve the issuance of CEC Common Stock to creditors of Caesars Entertainment Operating Company, Inc. and certain of its wholly owned subsidiaries (collectively, the **Debtors** ) in connection with the emergence (the **Emergence** ) of the Debtors from Chapter 11 of the United States Bankruptcy Code (the **Emergence Stock Issuance** );
4. to approve the issuance of shares of CEC Common Stock under the approximately \$1.1 billion of 5.00% Convertible Senior Notes due 2024 to be issued by CEC to certain creditors of the Debtors in connection with the Emergence (the **Convertible Notes Stock Issuance** and, together with the Merger Stock Issuance and the Emergence Stock Issuance, the **Stock Issuances** );
5. to approve, on a non-binding, advisory basis, the Merger-related compensation for CEC's named executive officers and certain of CAC's named executive officers (the **CEC Advisory Compensation Proposal** ) as disclosed in the joint proxy statement/prospectus accompanying this notice;
6. to approve an amendment to CEC's certificate of incorporation to increase the number of authorized shares of common stock from 1,250,000,000 shares of CEC Common Stock to 2,000,000,000 shares of CEC Common Stock (the **Authorized Shares Increase Proposal** );

7. to approve the CEC 2017 Performance Incentive Plan (the CEC 2017 PIP ) (the CEC 2017 PIP Proposal );  
and
8. to approve the adjournment of the CEC Special Meeting if necessary to solicit additional proxies if there are not sufficient votes to adopt the Merger Agreement and approve the Merger, the Stock Issuances, the CEC Advisory Compensation Proposal, the Authorized Shares Increase Proposal and the CEC 2017 PIP Proposal at the time of the CEC Special Meeting.

The CEC board of directors has fixed the close of business on [ ], 2017 as the record date for determination of the stockholders entitled to vote at the CEC Special Meeting or any adjournment or postponement of the CEC Special Meeting. Only stockholders of record on the record date are entitled to notice of, and to vote at, the CEC Special Meeting or any adjournment or postponement of the CEC Special Meeting. A complete list of stockholders entitled to vote at the CEC Special Meeting will be available for a period of ten days prior to the CEC Special Meeting at the offices of CEC, located at One Caesars Palace Drive, Las Vegas, Nevada 89109 for inspection by any stockholder, for any purpose germane to the CEC Special Meeting, during usual business hours. The stockholder list will also be available at the CEC Special Meeting for examination by any stockholder present at the CEC Special Meeting. In accordance with CEC's by-laws, if a quorum is not present in person or represented at the CEC Special Meeting, the CEC Special Meeting may be adjourned by the presiding person of the meeting or the holders of a majority of the votes entitled to be cast by the stockholders entitled to vote thereat, present in person or represented by proxy.

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If you hold shares of CEC Common Stock in your name on the record date, you are required to provide valid picture identification, such as a driver's license, to gain admission to the CEC Special Meeting.

If you are a beneficial owner of shares of CEC Common Stock held in street name, meaning that your shares are held by a broker, bank, nominee or other holder of record, at the record date, in addition to valid picture identification, you must provide proof of ownership at the record date to be admitted to the CEC Special Meeting. A brokerage statement or letter from a bank or broker are examples of proof of ownership. If you want to vote your shares of CEC Common Stock held in street name in person at the CEC Special Meeting, you will have to obtain a legal proxy in your name from the broker, bank, nominee or other holder of record who holds your shares.

Adoption of the Merger Agreement and approving the Authorized Shares Increase Proposal requires the affirmative vote of holders of a majority of the outstanding shares of CEC Common Stock entitled to vote at the CEC Special Meeting. Approval of each of the Stock Issuances, the CEC Advisory Compensation Proposal, the CEC 2017 PIP Proposal and an adjournment of the CEC Special Meeting (as specified) requires the affirmative vote of a majority of votes cast at the CEC Special Meeting by holders of the outstanding shares of CEC Common Stock present in person or by proxy at the CEC Special Meeting and entitled to vote thereat. As of the record date, each holder of CEC Common Stock is entitled to one vote per share. **After consideration and consultation with its advisors and considering the recommendation from an independent committee of the CEC board of directors, the CEC board of directors unanimously determined that the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement are fair to and in the best interests of CEC and CEC's stockholders and unanimously approved and declared advisable the Merger Agreement, the Merger, the Stock Issuances and the other transactions contemplated by the Merger Agreement, the CEC Advisory Compensation Proposal, the Authorized Shares Increase Proposal and the CEC 2017 PIP Proposal. The CEC board of directors unanimously recommends that CEC stockholders vote FOR Proposals 1-8 at the time of the CEC Special Meeting.**

As of December 31, 2016, Hamlet Holdings LLC ( Hamlet Holdings ), the members of which are comprised of three individuals affiliated with affiliates of Apollo Global Management, LLC (collectively with its subsidiaries, Apollo ) and two individuals affiliated with affiliates of TPG Global, LLC (together with its affiliates, TPG, and, together with Apollo, the Sponsors ), beneficially owned approximately 59.6% of the CEC Common Stock pursuant to an irrevocable proxy that grants Hamlet Holdings sole voting and sole dispositive power of the stock that is held by funds affiliated with and controlled by the Sponsors and their co-investors. Pursuant to the terms and conditions contained in a voting agreement with CAC, Hamlet Holdings has agreed with CAC to vote its shares of CEC Common Stock in favor of adopting the Merger Agreement, approving the Merger and approving any other proposal that would reasonably be expected to facilitate the timely completion of the Merger. **As a result, adoption of the Merger Agreement and approval of the Merger, the Stock Issuances, the CEC Advisory Compensation Proposal and the Authorized Shares Increase Proposal by the CEC stockholders are expected, subject to the terms and conditions of such voting agreement, as described in the accompanying joint proxy statement/prospectus.**

By order of the Board of Directors,

Scott E. Wiegand

Corporate Secretary

Las Vegas, Nevada

[ ], 2017

WHETHER OR NOT YOU EXPECT TO ATTEND THE CEC SPECIAL MEETING IN PERSON, IT IS IMPORTANT THAT YOUR SHARES BE REPRESENTED. WE URGE YOU TO SUBMIT YOUR PROXY AS PROMPTLY AS POSSIBLE (1) VIA THE INTERNET, (2) BY TELEPHONE OR (3) BY SIGNING, DATING AND MARKING THE ENCLOSED PROXY CARD AND RETURNING IT IN THE POSTAGE-PAID ENVELOPE PROVIDED. IF YOU ATTEND THE CEC SPECIAL MEETING AND WISH TO VOTE YOUR SHARES IN PERSON, YOU MAY DO SO AT ANY TIME PRIOR TO YOUR PROXY BEING

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EXERCISED. YOU MAY REVOKE YOUR PROXY OR CHANGE YOUR VOTE AT ANY TIME BEFORE THE CEC SPECIAL MEETING. IF YOUR SHARES ARE HELD IN THE NAME OF A BANK, BROKER, NOMINEE OR OTHER RECORD HOLDER, PLEASE FOLLOW THE INSTRUCTIONS ON THE VOTING INSTRUCTION FORM FURNISHED TO YOU BY SUCH RECORD HOLDER.

We urge you to read the accompanying joint proxy statement/prospectus, including all documents incorporated by reference into the accompanying joint proxy statement/prospectus, and its annexes carefully and in their entirety. If you have any questions concerning the Merger, the Merger Agreement, the Stock Issuances, the CEC Advisory Compensation Proposal, the Authorized Shares Increase Proposal, the CEC 2017 PIP Proposal, the CEC Special Meeting or the accompanying joint proxy statement/prospectus, would like additional copies of the accompanying joint proxy statement/prospectus or need help voting your shares of CEC Common Stock, please contact:

Innisfree M&A Incorporated

501 Madison Avenue, 20th Floor

New York, New York 10022

Stockholders May Call Toll-Free: (888) 750-5834

Bank and Brokers May Call Collect: (212) 750-5833

or

Caesars Entertainment Corporation

One Caesars Palace Drive

Las Vegas, Nevada 89109

Attn: Corporate Secretary

Telephone: (702) 407-6000

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**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS OF  
CAESARS ACQUISITION COMPANY**

**TO BE HELD ON [ ], 2017**

To the Stockholders of Caesars Acquisition Company:

A special meeting of stockholders of Caesars Acquisition Company, a Delaware corporation ( CAC ), will be held on [ ], 2017, in [ ] at Caesars Palace, One Caesars Palace Drive, Las Vegas, Nevada, at [ ] [a.m./p.m.], Pacific Time (the CAC Special Meeting ) to consider and vote on the following proposals:

1. to adopt the Amended and Restated Agreement and Plan of Merger, dated as of July 9, 2016, between Caesars Entertainment Corporation, a Delaware corporation ( CEC ) and CAC, as amended by the First Amendment to Amended and Restated Agreement and Plan of Merger, dated as of February 20, 2017 (as amended, the Merger Agreement ), pursuant to which, among other things, CAC will merge with and into CEC (the Merger ), with CEC as the surviving company (a copy of the Merger Agreement is attached as Annex A to the joint proxy statement/prospectus accompanying this notice); and
2. to approve the adjournment of the CAC Special Meeting if necessary to solicit additional proxies if there are not sufficient votes to adopt the Merger Agreement and approve the Merger at the time of the CAC Special Meeting.

The CAC board of directors has fixed the close of business on [ ], 2017 as the record date for determination of the stockholders entitled to vote at the CAC Special Meeting or any adjournment or postponement of the CAC Special Meeting. Only stockholders of record on the record date are entitled to notice of, and to vote at, the CAC Special Meeting or any adjournment or postponement of the CAC Special Meeting. A complete list of stockholders entitled to vote at the CAC Special Meeting will be available for a period of ten days prior to the CAC Special Meeting at the offices of CAC, located at One Caesars Palace Drive, Las Vegas, Nevada 89109 for inspection by any stockholder, for any purpose germane to the CAC Special Meeting, during usual business hours. The stockholder list also will be available at the CAC Special Meeting for examination by any stockholder present at the CAC Special Meeting. In accordance with CAC s by-laws, if a quorum is not present in person or represented at the CAC Special Meeting, the CAC Special Meeting may be adjourned by the presiding person of the meeting or the holders of a majority of the votes entitled to be cast by the stockholders entitled to vote thereat, present in person or represented by proxy.

If you hold shares of Class A common stock, par value \$0.001 per share, of CAC ( CAC Common Stock ) in your name on the record date, you are required to provide valid picture identification, such as a driver s license, to gain admission to the CAC Special Meeting.

If you are a beneficial owner of CAC Common Stock held in street name, meaning that your shares are held by a broker, bank, nominee or other holder of record, at the record date, in addition to valid picture identification, you must provide proof of ownership at the record date to be admitted to the CAC Special Meeting. A brokerage statement or letter from a bank or broker are examples of proof of ownership. If you want to vote your shares of CAC Common Stock held in street name in person at the CAC Special Meeting, you will have to obtain a legal proxy in your name from the broker, bank, nominee or other holder of record who holds your shares.

Adoption of the Merger Agreement requires the affirmative vote of holders of a majority of the outstanding shares of CAC Common Stock entitled to vote at the CAC Special Meeting. Approval of the adjournment of the CAC Special Meeting (as specified) requires the affirmative vote of a majority of the votes cast by stockholders present in person or by proxy at the meeting and entitled to vote. As of the record date, each holder of CAC Common Stock is entitled to one vote per share. **After consideration and consultation with its advisors and considering the recommendation from the independent committee of the CAC board of directors, the CAC board of directors unanimously determined that the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement are fair to and in the best interests of CAC's stockholders and unanimously approved and declared advisable the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement. The CAC board of directors unanimously recommends that the CAC stockholders vote FOR Proposals 1 and 2 at the time of the CAC Special Meeting.**

As of December 31, 2016, Hamlet Holdings LLC ( Hamlet Holdings ), the members of which are comprised of three individuals affiliated with affiliates of Apollo Global Management, LLC (collectively with its subsidiaries, Apollo )

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and two individuals affiliated with affiliates of TPG Global, LLC (together with its affiliates, TPG, and, together with Apollo, the Sponsors ), beneficially owned approximately 65.0% of the CAC Common Stock pursuant to an irrevocable proxy that grants Hamlet Holdings sole voting and sole dispositive power of the stock that is held by funds affiliated with and controlled by the Sponsors and their co-investors. Pursuant to the terms and conditions in a voting agreement with CEC, Hamlet Holdings has agreed with CEC to vote its shares of CAC Common Stock in favor of adopting the Merger Agreement, approving the Merger and approving any other proposal that would reasonably be expected to facilitate the timely completion of the Merger. **As a result, adoption of the Merger Agreement and approval of the Merger by the CAC stockholders are expected, subject to the terms and conditions of such voting agreement, as described in the accompanying joint proxy statement/prospectus.**

By order of the Board of Directors,

Michael Cohen

Corporate Secretary

Las Vegas, Nevada

[ ], 2017

WHETHER OR NOT YOU EXPECT TO ATTEND THE CAC SPECIAL MEETING IN PERSON, IT IS IMPORTANT THAT YOUR SHARES BE REPRESENTED. WE URGE YOU TO SUBMIT YOUR PROXY AS PROMPTLY AS POSSIBLE (1) VIA THE INTERNET, (2) BY TELEPHONE OR (3) BY SIGNING, DATING AND MARKING THE ENCLOSED PROXY CARD AND RETURNING IT IN THE POSTAGE-PAID ENVELOPE PROVIDED. IF YOU ATTEND THE CAC SPECIAL MEETING AND WISH TO VOTE YOUR SHARES IN PERSON, YOU MAY DO SO AT ANY TIME PRIOR TO YOUR PROXY BEING EXERCISED. YOU MAY REVOKE YOUR PROXY OR CHANGE YOUR VOTE AT ANY TIME BEFORE THE CEC SPECIAL MEETING. IF YOUR SHARES ARE HELD IN THE NAME OF A BANK, BROKER, NOMINEE OR OTHER RECORD HOLDER, PLEASE FOLLOW THE INSTRUCTIONS ON THE VOTING INSTRUCTION FORM FURNISHED TO YOU BY SUCH RECORD HOLDER.

We urge you to read the accompanying joint proxy statement/prospectus, including all documents incorporated by reference into the accompanying joint proxy statement/prospectus, and its annexes carefully and in their entirety. If you have any questions concerning the Merger Agreement, the Merger, the CAC Special Meeting or the accompanying joint proxy statement/prospectus, would like additional copies of the accompanying joint proxy statement/prospectus or need help voting your shares of CAC Common Stock, please contact:

MacKenzie Partners, Inc.

105 Madison Avenue

New York, New York 10016

Stockholders May Call Toll-Free: (800) 322-2885

Bank and Brokers May Call Collect: (212) 929-5500

or



Caesars Acquisition Company

One Caesars Palace Drive

Las Vegas, Nevada 89109

Attn: Corporate Secretary

Telephone: (702) 407-6000

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**Table of Contents****QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE MATTERS****TO BE ADDRESSED AT THE SPECIAL MEETINGS**

*The following questions and answers are intended to address briefly some commonly asked questions regarding the Merger (as defined below) and the matters to be addressed at the special meetings. These questions and answers may not address all questions that may be important to you as a stockholder. To better understand these matters, and for a description of the terms and conditions governing the Merger, you should carefully read this entire joint proxy statement/prospectus, including the attached annexes, as well as the documents that have been incorporated by reference into this joint proxy statement/prospectus. See the section entitled *Where You Can Find More Information*, beginning on page 385, for additional information. All references in this joint proxy statement/prospectus to *CAC* refer to Caesars Acquisition Company, a Delaware corporation; all references to *CEC* refer to Caesars Entertainment Corporation, a Delaware corporation; all references to *New CEC* or *New Caesars Entertainment Corporation* refer to CEC as the surviving company after giving effect to the Merger and the Restructuring (as defined below); all references to the *Merger Agreement* refer to the Amended and Restated Agreement and Plan of Merger, dated as of July 9, 2016, between CEC and CAC, as amended by the First Amendment to Amended and Restated Agreement and Plan of Merger, dated as of February 20, 2017, a copy of which is attached as Annex A to this joint proxy statement/prospectus; all references to the *Amendment* refer solely to such First Amendment to Amended and Restated Agreement and Plan of Merger, dated as of February 20, 2017; all references to the *A&R Merger Agreement* refer solely to the Amended and Restated Agreement and Plan of Merger, dated as of July 9, 2016, between CEC and CAC; and all references to the *Merger* refer to the merger of CAC with and into CEC, with CEC as the surviving company, pursuant to the Merger Agreement.*

***Q: Why am I receiving this document?***

**A:** Pursuant to the Merger Agreement, CEC and CAC agreed to a stock-for-stock merger, pursuant to which, among other things, CAC will merge with and into CEC, with CEC as the surviving company (which, after giving effect to the Merger and the Restructuring (as defined below), is referred to in this joint proxy statement/prospectus as *New Caesars Entertainment Corporation* or *New CEC* ). In addition, pursuant to the First Amended and Restated Restructuring Support, Settlement and Contribution Agreement, dated July 9, 2016 (the *CEC/CEOC RSA* ), between CEC and Caesars Entertainment Operating Company, Inc., a Delaware corporation ( *CEOC* ), CEC agreed to issue CEC common stock, par value \$0.01 per share ( *CEC Common Stock* ), and approximately \$1.1 billion of 5.00% Convertible Senior Notes due 2024 convertible into CEC Common Stock (the *Convertible Notes* ) to creditors of CEOC and certain of its subsidiaries (collectively, the *Debtors* ) in connection with the Debtors' emergence from Chapter 11 of the United States Bankruptcy Code (the *Emergence* ) and in accordance with the Debtors' Third Amended Joint Plan of Reorganization filed on January 13, 2017, at Docket No. 6318, with all supplements and amendments thereto (as confirmed by the Bankruptcy Court (as defined below), the *Plan* ).

CEC is holding a special meeting of CEC stockholders (the *CEC Special Meeting* ) to obtain the stockholder approval necessary to adopt the Merger Agreement, approve the Merger, approve the issuance of CEC Common Stock to CAC stockholders as consideration in the Merger (the *Merger Stock Issuance* ), approve the issuance of shares of CEC Common Stock to creditors of the Debtors in connection with the Emergence (the *Emergence Stock Issuance* ), approve the issuance of shares of CEC Common Stock under the Convertible Notes to be issued to certain creditors of the Debtors in connection with the Emergence (the *Convertible Notes Stock Issuance* and, together with the Merger Stock Issuance and the Emergence Stock Issuance, the *Stock Issuances* ), approve, on a non-binding, advisory basis,

the Merger-related compensation for CEC's named executive officers and certain of CAC's named executive officers (the CEC Advisory Compensation Proposal), approve an amendment to CEC's certificate of incorporation to increase the number of authorized shares of CEC Common Stock from 1,250,000,000 shares of CEC Common Stock to 2,000,000,000 shares of CEC Common Stock (the Authorized Shares Increase Proposal) and approve the CEC 2017 Performance Incentive Plan (the CEC 2017 PIP) (the CEC 2017 PIP Proposal).

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CAC is holding a special meeting of CAC stockholders (the CAC Special Meeting ) to obtain the stockholder approval necessary to adopt the Merger Agreement and approve the Merger.

This joint proxy statement/prospectus includes important information about the Merger, the Merger Agreement, the Stock Issuances, the Merger-related compensation of CEC's named executive officers and certain of CAC's named executive officers, the amendment to CEC's certificate of incorporation and the CEC 2017 PIP.

### *Q: What will CAC stockholders receive in the Merger?*

A: If the Merger is completed, each share of Class A common stock, par value \$0.001 per share, of CAC ( CAC Common Stock ) issued and outstanding immediately prior to the effective time of the Merger (the Merger Effective Time ) will be converted into, and become exchangeable for, that number of shares of CEC Common Stock equal to 1.625 (the Exchange Ratio ). Based on the number of shares of CEC Common Stock and CAC Common Stock issued and outstanding as of December 31, 2016, CAC stockholders are expected to receive approximately 32.9% of the outstanding shares of CEC Common Stock, after giving effect to the Emergence Stock Issuance and assuming completion of \$1.0 billion of the CEC Common Equity Buyback (as defined below). No fractional shares of CEC Common Stock will be issued in the Merger. In lieu of issuance of any such fractional shares that would otherwise be issuable to a holder of CAC Common Stock (after aggregating all fractional shares of CEC Common Stock which such holder would otherwise receive), such fractional shares will be rounded up (if equal to or greater than one-half of a share) or down (if less than one-half of a share) to the nearest whole number of shares of CEC Common Stock.

Based on the \$9.20 closing price of a share of CEC Common Stock on the NASDAQ Global Select Market ( NASDAQ ) on February 17, 2017, the last trading day before the public announcement of the Amendment, the merger consideration represented approximately \$14.95 in value for each share of CAC Common Stock. Based on the \$[ ] closing price of a share of CEC Common Stock on NASDAQ on [ ], 2017, the most recent practicable trading day prior to the date of this joint proxy statement/prospectus, the merger consideration represented approximately \$[ ] in value for each share of CAC Common Stock. The implied value was calculated by multiplying the closing price of a share of CEC Common Stock on the relevant date by the Exchange Ratio. **Because CEC will issue a fixed number of shares of CEC Common Stock in exchange for each share of CAC Common Stock, the value of the merger consideration that CAC stockholders will receive in the Merger will depend on the market price of shares of CEC Common Stock at the time the Merger is completed. The market price of shares of CEC Common Stock when CAC stockholders receive those shares after the Merger is completed could be greater than, less than or the same as the market price of shares of CEC Common Stock on the date of this joint proxy statement/prospectus or at the time of the CAC Special Meeting.**

### *Q: What are CEC stockholders being asked to vote on?*

A: CEC stockholders are being asked to consider and vote on the following proposals:

1. to adopt the Merger Agreement, pursuant to which, among other things, CAC will merge with and into CEC, with CEC as the surviving company, and approve the Merger;

2. to approve the Merger Stock Issuance;
3. to approve the Emergence Stock Issuance;
4. to approve the Convertible Notes Stock Issuance;
5. to approve the CEC Advisory Compensation Proposal;
6. to approve the Authorized Shares Increase Proposal;
7. to approve the CEC 2017 PIP Proposal; and

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8. to approve the adjournment of the CEC Special Meeting if necessary to solicit additional proxies if there are not sufficient votes to adopt the Merger Agreement and approve the Merger, the Stock Issuances, the CEC Advisory Compensation Proposal, the Authorized Shares Increase Proposal and the CEC 2017 PIP Proposal at the time of the CEC Special Meeting.

As of December 31, 2016, Hamlet Holdings LLC ( Hamlet Holdings ), the members of which are comprised of three individuals affiliated with affiliates of Apollo Global Management, LLC (collectively with its subsidiaries, Apollo ) and two individuals affiliated with affiliates of TPG Global, LLC (together with its affiliates, TPG, and, together with Apollo, the Sponsors ), beneficially owned approximately 59.6% of the CEC Common Stock pursuant to an irrevocable proxy (the CEC Irrevocable Proxy ) that grants Hamlet Holdings sole voting and sole dispositive power of the stock that is held by funds affiliated with and controlled by the Sponsors and their co-investors. Pursuant to the terms and conditions of the CAC Voting Agreement (as defined below), Hamlet Holdings has agreed with CAC to vote its shares of CEC Common Stock in favor of adopting the Merger Agreement, approving the Merger, and approving any other proposal that would reasonably be expected to facilitate the timely completion of the Merger. **As a result, adoption of the Merger Agreement and approval of the Merger, the Stock Issuances, the CEC Advisory Compensation Proposal and the Authorized Shares Increase Proposal by the CEC stockholders are expected, subject to the terms and conditions of the CAC Voting Agreement, as further described in the section entitled The Voting Agreements The CAC Voting Agreement beginning on page 354.**

*Q: What are CAC stockholders being asked to vote on?*

A: CAC stockholders are being asked to consider and vote on the following proposals:

1. to adopt the Merger Agreement, pursuant to which, among other things, CAC will merge with and into CEC, with CEC as the surviving company, and approve the Merger; and
2. to approve the adjournment of the CAC Special Meeting if necessary to solicit additional proxies if there are not sufficient votes to adopt the Merger Agreement and approve the Merger at the time of the CAC Special Meeting.

As of December 31, 2016, Hamlet Holdings beneficially owned approximately 65.0% of the CAC Common Stock pursuant to an irrevocable proxy (the CAC Irrevocable Proxy and, together with the CEC Irrevocable Proxy, the Irrevocable Proxies ) that grants Hamlet Holdings sole voting and sole dispositive power of the stock that is held by funds affiliated with and controlled by the Sponsors and their co-investors. Pursuant to the terms and conditions in the CEC Voting Agreement (as defined below), Hamlet Holdings has agreed with CEC to vote its shares of CAC Common Stock in favor of adopting the Merger Agreement, approving the Merger and approving any other proposal that would reasonably be expected to facilitate the timely completion of the Merger. **As a result, adoption of the Merger Agreement and approval of the Merger are expected, subject to the terms and conditions of the CEC Voting Agreement, as further described in the section entitled The Voting Agreements The CEC Voting Agreement beginning on page 354.**

*Q: What constitutes a quorum for the CEC Special Meeting?*



- A: The presence at the CEC Special Meeting, in person or by proxy of the holders of a majority of the outstanding shares of CEC Common Stock as of the record date constitutes a quorum at the CEC Special Meeting. For the purpose of determining the presence of a quorum, abstentions will be deemed present but broker non-votes will not be deemed present. Pursuant to the terms and conditions in the CAC Voting Agreement, Hamlet Holdings has agreed with CAC to vote its shares of CEC Common Stock in favor of adopting the Merger Agreement, approving the Merger and approving any other proposal that would reasonably be expected to facilitate the timely completion of the Merger. As a result, a quorum is expected.

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***Q: What CEC stockholder vote is required for the approval of each proposal at the CEC Special Meeting, and what happens if I abstain or do not instruct my broker on how to vote my shares?***

A: The following are the vote requirements for the proposals:

1. *Proposals 1 and 6:* The affirmative vote of holders of a majority of the outstanding shares of CEC Common Stock entitled to vote is required to adopt the Merger Agreement and approve the Merger and to approve the Authorized Shares Increase Proposal. Accordingly, a CEC stockholder's abstention from voting, the failure of CEC stockholders who hold their shares in street name through a broker, bank, nominee or other holder of record to give voting instructions to that broker, bank, nominee or other holder of record or a CEC stockholder's other failure to vote will have the same effect as a vote **AGAINST** these proposals.
2. *Proposals 2, 3, 4, 5, 7 and 8:* The affirmative vote of a majority of the votes cast by stockholders present in person or by proxy at the CEC Special Meeting and entitled to vote is required to approve each Stock Issuance, the CEC Advisory Compensation Proposal, the CEC 2017 PIP Proposal or an adjournment of the CEC Special Meeting, if necessary. An abstention is not considered a vote cast. Accordingly, assuming a quorum is present, a CEC stockholder's abstention from voting, the failure of CEC stockholders who hold their shares in street name through a broker, bank, nominee or other holder of record to give voting instructions to that broker, bank, nominee or other holder of record or a CEC stockholder's other failure to vote will have no effect on the outcome of any vote to approve each Stock Issuance, the CEC Advisory Compensation Proposal, the CEC 2017 PIP Proposal or an adjournment of the CEC Special Meeting, if necessary.

Firms that hold shares in street name for beneficial owners may, to the extent that those beneficial owners do not furnish voting instructions with respect to any or all proposals submitted for stockholder action, vote in their discretion upon proposals that are considered routine proposals. This results in broker non-votes on non-discretionary proposals. CEC believes that Proposal 8 regarding adjournment of the meeting (as specified) is routine, and Proposals 1 through 7 are non-discretionary. Member brokerage firms that do not receive instructions from their clients as to non-discretionary proposals cannot vote on the non-discretionary proposals.

***Q: What constitutes a quorum for the CAC Special Meeting?***

A: The presence at the CAC Special Meeting, in person or by proxy of the holders of a majority of the outstanding shares of CAC Common Stock as of the record date constitutes a quorum at the CAC Special Meeting. Abstentions will be deemed present for the purpose of determining the presence of a quorum, but broker non-votes will not be deemed present for such purposes. Pursuant to the terms and conditions in the CEC Voting Agreement, Hamlet Holdings has agreed with CEC to vote its shares of CAC Common Stock in favor of adopting the Merger Agreement, approving the Merger and approving any other proposal that would reasonably be expected to facilitate the timely completion of the Merger. As a result, a quorum is expected.

***Q: What CAC stockholder vote is required for the approval of each proposal at the CAC Special Meeting, and what happens if I abstain or do not instruct my broker on how to vote my shares?***

A: The following are the vote requirements for the proposals:

1. *Proposal 1:* The affirmative vote of holders of a majority of the outstanding shares of CAC Common Stock entitled to vote is required to adopt the Merger Agreement and approve the Merger. Abstentions and broker non-votes on this proposal will have the same effect as votes **AGAINST** this proposal.
2. *Proposal 2:* The affirmative vote of a majority of the votes cast by stockholders present in person or by proxy at the meeting and entitled to vote is required to approve the adjournment of the meeting (as specified). Accordingly, abstentions and broker non-votes will not have any legal effect on this proposal. Brokers are authorized to vote on the adjournment of the meeting (as specified) and thus broker non-votes are not expected to occur on this proposal.

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Firms that hold shares in street name for beneficial owners may, to the extent that those beneficial owners do not furnish voting instructions with respect to any or all proposals submitted for stockholder action, vote in their discretion upon proposals that are considered routine proposals. This results in broker non-votes on non-discretionary proposals. CAC believes that Proposal 2 regarding adjournment of the meeting (as specified) is routine, and Proposal 1 is non-discretionary. Member brokerage firms that do not receive instructions from their clients as to non-discretionary proposals cannot vote on the non-discretionary proposals.

***Q: How does the CEC board of directors recommend that CEC stockholders vote?***

A: The CEC board of directors unanimously determined that the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement are fair to and in the best interests of CEC and CEC's stockholders and unanimously approved and declared advisable the Merger Agreement, the Merger, the Stock Issuances and the other transactions contemplated by the Merger Agreement, the CEC Advisory Compensation Proposal, the Authorized Shares Increase Proposal and the CEC 2017 PIP Proposal. The CEC board of directors unanimously recommends that CEC stockholders vote (i) FOR the adoption of the Merger Agreement and approval of the Merger (Proposal 1), (ii) FOR the Merger Stock Issuance (Proposal 2), (iii) FOR the Emergence Stock Issuance (Proposal 3), (iv) FOR the Convertible Notes Stock Issuance (Proposal 4), (v) FOR the CEC Advisory Compensation Proposal (Proposal 5), (vi) FOR the Authorized Shares Increase Proposal (Proposal 6), (vii) FOR the CEC 2017 PIP Proposal (Proposal 7), and (viii) FOR the adjournment of the CEC Special Meeting if necessary to solicit additional proxies if there are not sufficient votes to adopt the Merger Agreement and approve the Merger, the Stock Issuances, the CEC Advisory Compensation Proposal, the Authorized Shares Increase Proposal and the CEC 2017 PIP at the time of the CEC Special Meeting (Proposal 8).

***Q: How does the CAC board of directors recommend that the CAC stockholders vote?***

A: The CAC board of directors unanimously determined that the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement are fair to and in the best interests of CAC and CAC's stockholders and unanimously approved and declared advisable the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement. The CAC board of directors unanimously recommends that CAC stockholders vote (1) FOR the adoption of the Merger Agreement and approval of the Merger (Proposal 1) and (2) FOR the adjournment of the CAC Special Meeting if necessary to solicit additional proxies if there are not sufficient votes to adopt the Merger Agreement and approve the Merger at the time of the CAC Special Meeting (Proposal 2).

***Q: Who is entitled to vote at the CEC Special Meeting, and how many votes does each holder of CEC Common Stock have?***

A: All holders of CEC Common Stock who held shares at the record date for the CEC Special Meeting, the close of business on [ ], 2017 (the CEC record date ), are entitled to receive notice of, and to vote at, the CEC Special Meeting, provided that those shares remain outstanding on the date of the CEC Special Meeting. As of the close of business on [ ], 2017, there were [ ] shares of CEC Common Stock outstanding. Each holder of CEC Common

Stock is entitled to one vote for each share of CEC Common Stock owned at the record date.

***Q: Who is entitled to vote at the CAC Special Meeting, and how many votes does each holder of CAC Common Stock have?***

A: All holders of CAC Common Stock who held shares at the record date for the CAC Special Meeting, the close of business on [ ], 2017 (the CAC record date, and generally with the CEC record date, the record date ), are entitled to receive notice of, and to vote at, the CAC Special Meeting, provided that those shares remain outstanding on the date of the CAC Special Meeting. As of the close of business on [ ], 2017, there

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were [ ] shares of CAC Common Stock outstanding. Each holder of CAC Common Stock is entitled to one vote for each share of CAC Common Stock owned at the record date.

***Q: What if I hold shares in both CEC and CAC?***

A: If you are both a CEC stockholder and a CAC stockholder, you will receive this joint proxy statement/prospectus from each company. A vote as a CEC stockholder for the adoption of the Merger Agreement or the approval of the Merger, any of the Stock Issuances, the CEC Advisory Compensation Proposal, the Authorized Shares Increase Proposal or the CEC 2017 PIP Proposal will not constitute a vote as a CAC stockholder to adopt the Merger Agreement or approve the Merger or any other matter, and vice versa.

***Q: Who is the exchange agent for the Merger?***

A: Computershare Trust Company, N.A. is the exchange agent for the Merger (together with its affiliates, Computershare ).

***Q: Who is the transfer agent for CEC?***

A: Computershare Trust Company, N.A. is the transfer agent for CEC.

***Q: How do I vote?***

A: *Via the Internet or by Telephone*

If you hold CEC Common Stock or CAC Common Stock directly in your name as a stockholder of record (that is, if your shares of CEC Common Stock or CAC Common Stock are registered in your name with Computershare Trust Company, N.A., the transfer agent), you may vote via the Internet at [www.proxyvote.com](http://www.proxyvote.com) or by telephone by calling the toll-free number on the back of your proxy card. Votes submitted via the Internet or by telephone must be received by 11:59 p.m. (Pacific Time) on [ ], 2017.

If you hold CEC Common Stock or CAC Common Stock shares in street name, meaning through a broker, bank, nominee or other holder of record, you may vote via the Internet or by telephone only if Internet or telephone voting is made available by your broker, bank, nominee or other holder of record. Please follow the voting instructions provided by your broker, bank, nominee or other holder of record with these materials.

*By Mail*

If you hold CEC Common Stock or CAC Common Stock directly in your name as a stockholder of record (that is, if your shares of CEC Common Stock or CAC Common Stock are registered in your name with Computershare Trust Company, N.A., the transfer agent), you will need to sign, date and mark your proxy card and return it using the provided postage-paid return envelope no later than the close of business on [ ], 2017.

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If you hold CEC Common Stock or CAC Common Stock in street name, meaning through a broker, bank, nominee or other holder of record, to vote by mail, you will need to sign, date and mark the voting instruction form provided by your broker, bank, nominee or other holder of record with these materials and return it in the postage-paid return envelope provided. Your broker, bank, nominee or other holder of record must receive your voting instruction form in sufficient time to vote your shares.

*In Person or by Proxy*

If you hold CEC Common Stock or CAC Common Stock directly in your name as a stockholder of record (that is, if your shares of CEC Common Stock or CAC Common Stock are registered in your name with

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Computershare Trust Company, N.A., the transfer agent), you may vote in person at the CEC Special Meeting or CAC Special Meeting, as applicable. Stockholders of record also may be represented by another person at the CEC Special Meeting or CAC Special Meeting, as applicable, by executing a proper proxy designating that person and having that proper proxy be presented to the inspector of election with the applicable ballot at the CEC Special Meeting or CAC Special Meeting, as applicable.

If you hold CEC Common Stock or CAC Common Stock in street name, meaning through a broker, bank, nominee or other holder of record, you must obtain a legal proxy from that institution and present it to the inspector of elections with your ballot to be able to vote in person at the CEC Special Meeting or CAC Special Meeting. To request a legal proxy, please contact your broker, bank, nominee or other holder of record.

**Please carefully consider the information contained in this joint proxy statement/prospectus and, whether or not you plan to attend the CEC Special Meeting or CAC Special Meeting, vote via the Internet, by telephone or by mail so that your shares will be voted in accordance with your wishes even if you later decide not to attend the CEC Special meeting or CAC Special Meeting, as applicable.**

CEC and CAC encourage you to register your vote via the Internet or by telephone. If you attend the CEC Special Meeting or CAC Special Meeting, you may also submit your vote in person, in which case any votes that you previously submitted whether via the Internet, by telephone or by mail will be superseded by the vote that you cast at the CEC Special Meeting or CAC Special Meeting, as applicable. To vote in person at the CEC Special Meeting or CAC Special Meeting, beneficial owners who hold shares in street name through a broker, bank, nominee or other holder of record will need to contact the broker, bank, nominee or other holder of record to obtain a legal proxy to bring to the meeting. Whether your proxy is submitted via the Internet, by telephone or by mail, if it is properly completed and submitted, and if you do not revoke it prior to or at the CEC Special Meeting or CAC Special Meeting, as applicable, your shares will be voted at the CEC Special Meeting or CAC Special Meeting, as applicable, in the manner set forth in this joint proxy statement/prospectus or as otherwise specified by you. Again, you may vote via the Internet or by telephone until 11:59 p.m. (Pacific Time) on [ ], 2017, or CEC's or CAC's agent, as applicable, must receive your paper proxy card by mail no later than the close of business on [ ], 2017.

***Q: If my shares are held in street name, will my broker, bank, nominee or other holder of record automatically vote my shares for me?***

A: No. If your shares are held in street name, you must instruct the broker, bank, nominee or other holder of record on how to vote your shares. Your broker, bank, nominee or other holder of record will vote your shares only if you provide instructions on how to vote by filling out the voting instruction form sent to you by your broker, bank, nominee or other holder of record with this joint proxy statement/prospectus.

***Q: How will my shares be represented at the applicable special meeting, and what will happen if I return my proxy card without indicating how to vote?***

A: If you submit your proxy via the Internet, by telephone or by mail, the officers named on your proxy card will vote your shares in the manner you requested if you correctly submitted your proxy. If you sign your proxy card and return it without indicating how to vote on any particular proposal, the shares of CEC Common Stock or



CAC Common Stock, as applicable, represented by your proxy will be voted in favor of that proposal.

***Q: What happens if one or more of my share certificates is lost, stolen or destroyed?***

**A:** If your share certificate is lost, stolen or destroyed, you must deliver an affidavit of the loss, theft or destruction, and may be required by the exchange agent to post a customary bond as indemnity against any claim that may be made with respect to such certificate prior to receiving the per share merger consideration. See the section entitled *The Merger Agreement Exchange and Payment Procedures*, beginning on page 342, for additional information.

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***Q: When and where are the special meetings?***

A: The CAC Special Meeting will be held on [ ], 2017, in [ ] at Caesars Palace, One Caesars Palace Drive, Las Vegas, Nevada, at [ ] [a.m./p.m.], Pacific Time.

The CEC Special Meeting will be held on [ ], 2017, in [ ] at Caesars Palace, One Caesars Palace Drive, Las Vegas, Nevada, at [ ] [a.m./p.m.], Pacific Time.

***Q: Who may attend the special meetings?***

A: CEC stockholders as of the CEC record date, or their authorized representatives, may attend the CEC Special Meeting. If you hold shares in your name at the CEC record date, you are required to provide valid picture identification, such as a driver's license, to gain admission to the CEC Special Meeting.

If you are a beneficial owner of shares of CEC Common Stock held in street name by a broker, bank, nominee or other holder of record at the CEC record date, in addition to valid picture identification, you must also provide proof of ownership at the CEC record date to be admitted to the CEC Special Meeting. A brokerage statement or letter from a bank or broker are examples of proof of ownership. If you want to vote your shares of CEC Common Stock held in street name in person at the CEC Special Meeting, you will have to obtain a legal proxy in your name from the broker, bank, nominee or other holder of record who holds your shares.

CEC stockholders may contact CEC's Investor Relations Department toll-free at 1-800-318-0047 to obtain directions to the location of the CEC Special Meeting.

CAC stockholders as of the CAC record date, or their authorized representatives, may attend the CAC Special Meeting. If you hold shares in your name at the CAC record date, you are required to provide valid picture identification, such as a driver's license, to gain admission to the CAC Special Meeting.

If you are a beneficial owner of shares of CAC Common Stock held in street name by a broker, bank, nominee or other holder of record at the CAC record date, in addition to valid picture identification, you must also provide proof of ownership at the CAC record date to be admitted to the CAC Special Meeting. A brokerage statement or letter from a bank or broker are examples of proof of ownership. If you want to vote your shares of CAC Common Stock held in street name in person at the CAC Special Meeting, you will have to obtain a legal proxy in your name from the broker, bank, nominee or other holder of record who holds your shares.

CAC stockholders may contact CAC's Investor Relations Department toll-free at 1-800-318-0047 to obtain directions to the location of the CAC Special Meeting.

***Q: Can I revoke my proxy or change my voting instructions?***

A: Yes. You may revoke your proxy or change your vote at any time before your proxy is voted at the applicable special meeting. If you are a stockholder of record at the record date, you can revoke your proxy or change your vote by:

sending a signed notice stating that you revoke your proxy:

if you are a CEC stockholder, to the Corporate Secretary of CEC, at CEC's offices at One Caesars Palace Drive, Las Vegas, Nevada 89109, Attention: Corporate Secretary; or

if you are a CAC stockholder, to the Corporate Secretary of CAC, at CAC's offices at One Caesars Palace Drive, Las Vegas, Nevada 89109, Attention: Corporate Secretary;

in each case, that bears a date later than the date of the proxy you want to revoke and is received prior to the applicable special meeting;

submitting a valid, later-dated proxy by mail that is received prior to the applicable special meeting, or via the Internet or by telephone before 11:59 p.m. (Pacific Time) on [ ], 2017; or

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attending the applicable special meeting (or, if the applicable special meeting is adjourned or postponed, attending the adjourned or postponed meeting) and voting in person, which will automatically cancel any proxy previously given, or revoking your proxy in person, but your attendance alone will not revoke any proxy previously given.

If you hold your shares in street name through a broker, bank, nominee or other holder of record, you must contact your brokerage firm, bank, nominee or other holder of record to change your vote or obtain a legal proxy to vote your shares if you wish to cast your vote in person at the applicable special meeting.

***Q: What happens if I sell my CEC shares or CAC shares after the record date but before the special meetings?***

A: The record date for CEC or CAC stockholders entitled to vote at the relevant special meeting is earlier than both the date of such special meeting and the completion of the Merger. If you transfer your shares of CEC Common Stock or CAC Common Stock after the record date but before the special meeting, you will, unless the transferee requests a proxy, retain your right to vote at the relevant special meeting but will transfer the right to receive merger consideration, if you are a CAC stockholder, to the person to whom you transfer your shares. In order to receive the merger consideration, CAC stockholders must hold their shares through the completion of the Merger.

***Q: What do I do if I receive more than one set of voting materials?***

A: You may receive more than one set of voting materials, including multiple copies of this joint proxy statement/prospectus, the proxy card or the voting instruction form. This can occur if you hold your shares in more than one brokerage account, if you hold shares directly as a record holder and also in street name, or otherwise through another holder of record, and in certain other circumstances. In addition, if you are a holder of shares of both CEC Common Stock and CAC Common Stock, you will receive one or more separate proxy cards or voting instruction cards for each company. If you receive more than one set of voting materials, please vote or return each set separately in order to ensure that all of your shares are voted.

***Q: Where can I find the voting results of the CEC Special Meeting and the CAC Special Meeting?***

A: Preliminary voting results will be announced at the CEC Special Meeting and the CAC Special Meeting and will be set forth in press releases or a joint press release that CEC and CAC intend to issue after the CEC Special Meeting and the CAC Special Meeting, respectively. Final voting results for the CEC Special Meeting and the CAC Special Meeting are expected to be published in Current Reports on Form 8-K to be filed by each of CEC and CAC with the SEC within four business days after the CEC Special Meeting and the CAC Special Meeting, as applicable.

***Q: Is completion of the Merger subject to any conditions?***

A:

Yes. CEC and CAC are not required to complete the Merger unless a number of conditions are satisfied (or, to the extent permitted by applicable law, waived). These conditions include, among others, (1) the Plan containing the Debtor Release, the Third-Party Release and the Exculpation (each as defined below) and being confirmed by the Bankruptcy Court (as defined below), which Confirmation Order (as defined below) was entered on January 17, 2017, with the time at which all conditions to the Plan have been satisfied (the Plan Effective Time ) occurring contemporaneously with the Merger Effective Time, (2) the adoption of the Merger Agreement by the affirmative vote of the holders of at least a majority of all outstanding shares of CEC Common Stock and CAC Common Stock, (3) obtaining any necessary licenses, consents or other approvals from gaming authorities to effect the Merger, (4) no law or order having been adopted, promulgated or issued by any governmental entity that would prohibit, restrain, enjoin or render unlawful the completion of the Merger, (5) the effectiveness of the registration statement covering shares of CEC

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Common Stock to be issued in the Merger, (6) the authorization by NASDAQ for listing of such shares, (7) any waiting period under the Hart-Scott Rodino Antitrust Improvements Act of 1976, as amended (the HSR Act ) with respect to the Merger or any other applicable antitrust laws for which a filing has been made pursuant to the Merger Agreement shall have expired or been terminated, which CEC and CAC have determined that no such antitrust filings will be required, and (8) solely with respect to CAC's obligation to complete the Merger, CEC's receipt of tax rulings regarding certain tax aspects of the Restructuring, which tax rulings were received on January 5, 2017, as well as receipt of tax opinions. Additionally, if conditions to the Merger are not met, CEC and CAC may exercise certain rights to terminate the Merger Agreement. For a more complete summary of the conditions that must be satisfied (or, to the extent permitted by applicable law, waived) prior to completion of the Merger and associated termination rights, see the section entitled The Merger Agreement Conditions to Completion of the Merger beginning on page 350 and the section entitled The Merger Agreement Termination of the Merger Agreement beginning on page 351.

***Q: What happens if the Merger is not completed?***

A: If the Merger is not completed for any reason, CAC stockholders will not receive any consideration for their shares of CAC Common Stock, CAC Common Stock will continue to be listed and traded on the NASDAQ and CAC and CEC will remain separate public companies. Failure to complete the Merger may cause uncertainty or other negative consequences that may materially and adversely affect CEC's and CAC's business, financial performance and operating results and the price per share for CEC Common Stock and CAC Common Stock. The completion of the Merger is a condition to the Plan becoming effective and the completion of the Restructuring. Therefore, the failure to complete the Merger will result in the Plan not becoming effective, the Restructuring not being completed and the inability to achieve the global settlement of claims and comprehensive releases in favor of CEC and its affiliates and CAC and its affiliates provided for in the Plan. See the section entitled Risk Factors Risks Related to the Merger beginning on page 69.

***Q: Are there risks associated with the Merger?***

A: Yes. You should read the section entitled Risk Factors beginning on page 69.

***Q: When do you expect to complete the Merger?***

A: As of the date of this joint proxy statement/prospectus, the completion of the Merger is anticipated to occur in the middle of 2017 based upon current expectations regarding the timing of certain regulatory approvals, as well as satisfaction (or, to the extent permitted by applicable law, waiver) of the conditions to the parties' obligations to complete the Merger. However, no assurance can be given as to when, or if, the Merger will be completed.

***Q: How will I know the Merger has occurred?***

A: If the Merger occurs, CEC and CAC will promptly make a public announcement of this fact.

***Q: Are CEC stockholders entitled to appraisal rights?***

A: No. CEC stockholders are not entitled to appraisal rights under Delaware law in connection with the Merger or the other transactions contemplated by the Merger Agreement.

***Q: Are CAC stockholders entitled to appraisal rights?***

A: No. CAC stockholders are not entitled to appraisal rights under Delaware law in connection with the Merger or the other transactions contemplated by the Merger Agreement.

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***Q: What are the U.S. federal income tax consequences of the Merger to U.S. holders of CAC Common Stock?***

A: The Merger is intended to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the Code). Provided that the Merger qualifies as a reorganization within the meaning of Section 368(a) of the Code, U.S. holders (as defined below) of shares of CAC Common Stock will generally not recognize any gain or loss for U.S. federal income tax purposes as a result of the exchange of their shares of CAC Common Stock for shares of CEC Common Stock in the Merger. The obligations of CEC and CAC to complete the Merger are subject to, among other conditions described in this joint proxy statement/prospectus and the Merger Agreement (which is included as Annex A to this joint proxy statement/prospectus), the receipt by each of CEC and CAC of the opinion of its respective counsel to the effect that the Merger will qualify as a reorganization within the meaning of Section 368(a) of the Code. See the section entitled The Merger Agreement Conditions to Completion of the Merger beginning on page 350.

You should read the section entitled CEC and CAC Proposal 1: Adoption of the Merger Agreement and Approval of the Merger U.S. Federal Income Tax Consequences of the Merger, beginning on page 315, for a more complete discussion of the U.S. federal income tax consequences of the Merger. Tax matters can be complicated and the tax consequences of the Merger to you will depend on your particular tax situation. You should consult your own tax advisor to determine the tax consequences of the Merger to you.

***Q: What do I do now?***

A: Carefully read and consider the information contained in and incorporated by reference into this joint proxy statement/prospectus, including its annexes. Then, please vote your shares of CEC Common Stock or CAC Common Stock, as applicable, which you may do by:

signing, dating, marking and returning the enclosed proxy card in the accompanying postage-paid return envelope;

submitting your proxy via the Internet or by telephone by following the instructions included on your proxy card; or

attending the applicable special meeting and voting by ballot in person.

If you hold shares in street name through a broker, bank, nominee or other holder of record, please instruct your broker, bank, nominee or other holder of record to vote your shares by following the instructions that the broker, bank, nominee or other holder of record provides to you with these materials.

See the section entitled How will my shares be represented at the applicable special meeting, and what will happen if I return my proxy card without indicating how to vote? beginning on page 7.

***Q: Should I send in my CAC stock certificates now?***



A: No. CAC stockholders who own shares of CAC Common Stock in certificated form should not send in their stock certificates at this time. After completion of the Merger, the transfer agent will send you a letter of transmittal and instructions for exchanging your shares of CAC Common Stock for the merger consideration. The shares of CEC Common Stock you receive in the Merger will be issued in book-entry form and physical certificates will not be issued. See the section entitled "The Merger Agreement Exchange and Payment Procedures" beginning on page 342.

***Q: How will the Merger affect my CEC Awards and options issued by CEC to purchase shares of CEC Common Stock?***

A: In connection with the Merger, each outstanding and unvested stock option to acquire shares of CEC Common Stock (a "CEC Stock Option") and each outstanding and unvested right to receive shares or share

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equivalents of CEC Common Stock (other than any CEC Stock Option) (a CEC Award ) will continue to vest in accordance with its terms. However, CEC Stock Options and CEC Awards granted under the CEC 2012 Performance Incentive Plan, as amended (the CEC 2012 PIP ), will be amended as of the Merger Effective Time to provide that such awards will become vested and exercisable (at target performance levels, if applicable) upon the holder's termination of employment without cause (as defined in the CEC 2012 PIP) or for good reason (as defined in the Merger Agreement), in either case within six months following the Merger Effective Time.

See the sections entitled The Merger Agreement Treatment of CAC and CEC Stock Options and Treatment of CAC and CEC Stock Awards beginning on page 341.

On March 8, 2017, the Human Resources Committee of CEC's board of directors (the CEC HRC ) approved an additional retention program designed to mitigate the effect of the Chapter 11 Cases on CEC's turnover ratios, which CEC refers to as CEC Retention Program Number Three . The CEC Retention Program Number Three consists of (1) a one-time stock option re-pricing and (2) amendments to certain executive officers' employment agreements to provide for double trigger accelerated vesting of CEC Stock Options and other CEC Awards granted pursuant to the CEC 2012 PIP, or any other CEC long-term incentive awards, in the event the applicable executive's employment is terminated by CEC or any of its subsidiaries without cause, for good reason or by reason of the executive's death or disability (as such terms are defined in the CEC executive's employment agreement), in each case, at any time prior to the second anniversary of the Plan Effective Time. See the section entitled Interests of Certain Persons in the Merger Interests of Directors and Executive Officers of CEC in the Merger CEC Retention Program Number Three beginning on page 360.

***Q: As a holder of options issued by CAC to purchase shares of CAC Common Stock, or a holder of CAC Awards, what will I receive in the Merger?***

**A:** At the Merger Effective Time, and subject to the requirements of Section 424 and 409A of the Code, each outstanding and unexercised option to purchase CAC Common Stock ( CAC Option ) will be cancelled and converted automatically into an option to purchase a number of shares of CEC Common Stock equal to the product (rounded down to the nearest whole share) of (1) the number of shares of CAC Common Stock subject to such CAC Option and (2) the Exchange Ratio, at an exercise price per share (rounded up to the nearest whole cent) equal to (x) the exercise price of such CAC Option divided by (y) the Exchange Ratio. Each converted CAC Option will continue to vest and be governed by the same terms and conditions as applicable under the CAC Stock Plan (as defined in the Merger Agreement) prior to the Merger Effective Time. In addition, the Merger Agreement provides that each unvested CAC Option granted pursuant to the CAC 2014 Performance Incentive Plan (the CAC 2014 PIP ) will be amended to provide that it will become fully vested and exercisable (at target performance levels for performance options) in the event the optionee's employment is terminated by New CEC or any of its subsidiaries without cause (as defined in the CAC 2014 PIP) or for good reason (as defined in the Merger Agreement), in either case, within six months following the Merger Effective Time; however, each unvested CAC Option granted pursuant to the CAC 2014 PIP held by a CAC employee has already been amended to provide for the foregoing acceleration.

In addition, at the Merger Effective Time, each right to receive shares or share equivalents of CAC Common Stock granted under any CAC Stock Plan (other than CAC Options) (each a CAC Award ) will be cancelled and converted automatically into a right to receive shares (or shares equivalent, as applicable) of CEC Common Stock. In the case of CAC Awards denominated in shares, the number of shares of CEC Common Stock subject to the converted CAC Awards will be equal to the product (rounded down to the nearest whole share) of (1) the number of shares of CAC Common Stock subject to such CAC Award and (2) the Exchange Ratio. In the case of CAC Awards denominated in

cash, the number of shares of CEC Common Stock, or other securities, property or cash that may be delivered in settlement thereof, will be determined pursuant to the terms of the particular CAC Stock Plan on the relevant settlement date(s) for such CAC Award. Each outstanding CAC Award held by the CAC named executive officers will vest in full immediately prior to the Merger Effective Time. For all other CAC employees, each unvested converted

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CAC Award will continue to vest in accordance with its existing terms, In addition, the Merger Agreement provides that, each unvested CAC Award granted pursuant to the CAC 2014 PIP will be amended to provide that it will become vested and exercisable (at target performance levels, if applicable ) in the event the awardee s employment is terminated by New CEC or any of its subsidiaries without cause (as defined in the CAC 2014 PIP) or for good reason (as defined in the Merger Agreement), in either case, within six months following the Merger Effective Time; however, each unvested CAC Award granted pursuant to the CAC 2014 PIP and held by a CAC employee other than the CAC named executive officers has already been amended to provide for the foregoing acceleration.

The foregoing acceleration provisions are in addition to any acceleration provisions in the existing award agreements governing CAC Options or CAC Awards or employment agreements with any holder of CAC Options or CAC Awards.

See the sections entitled The Merger Agreement Treatment of CAC and CEC Stock Options and Treatment of CAC and CEC Stock Awards beginning on page 341.

***Q: Where can I find more information about CAC and CEC?***

A: You can find more information about CAC and CEC from the various sources described in the section entitled Where You Can Find More Information beginning on page 385.

***Q: Who will solicit and pay the cost of soliciting proxies for the CEC Special Meeting?***

A: CEC has engaged Innisfree M&A Incorporated to assist in the solicitation of proxies for the CEC Special Meeting and provide related advice and informational support, for a services fee and the reimbursement of customary disbursements. The cost of this solicitation will be borne by CEC. CEC will pay a base fee to Innisfree M&A Incorporated of approximately \$20,000, plus reimbursement for out-of-pocket expenses. CEC may also reimburse brokers, banks and other custodians, nominees and fiduciaries representing beneficial owners of shares of CEC Common Stock for their expenses in forwarding soliciting materials to beneficial owners of CEC Common Stock and in obtaining voting instructions from those owners. They will not be paid any additional amounts for soliciting proxies. CEC s directors, officers and employees may also solicit proxies by telephone, by facsimile, by mail, on the Internet or in person.

***Q: Who will solicit and pay the cost of soliciting proxies for the CAC Special Meeting?***

A: CAC has engaged MacKenzie Partners, Inc. to assist in the solicitation of proxies for the CAC Special Meeting and provide related advice and informational support, for a services fee and the reimbursement of customary disbursements. The cost of this solicitation will be borne by CAC. CAC will pay a base fee to MacKenzie Partners, Inc. not to exceed \$25,000, plus reimbursement for out-of-pocket expenses. CAC may also reimburse brokers, banks and other custodians, nominees and fiduciaries representing beneficial owners of shares of CAC Common Stock for their expenses in forwarding soliciting materials to beneficial owners of CAC Common Stock and in obtaining voting instructions from those owners. They will not be paid any additional amounts for

soliciting proxies. CAC's directors, officers and employees may also solicit proxies by telephone, by facsimile, by mail, on the Internet or in person.

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***Q: If I am a CEC stockholder, whom should I call with questions?***

A: If you have any questions about the Merger, the CEC Special Meeting or desire additional copies of this joint proxy statement/prospectus, you should contact:

Innisfree M&A Incorporated

501 Madison Avenue, 20th Floor

New York, New York 10022

Stockholders May Call Toll-Free: (888) 750-5834

Bank and Brokers May Call Collect: (212) 750-5833

or

Caesars Entertainment Corporation

One Caesars Palace Drive

Las Vegas, Nevada 89109

Attn: Corporate Secretary

Telephone: (702) 407-6000

***Q: If I am a CAC stockholder, whom should I call with questions?***

A: If you have any questions about the Merger, the CAC Special Meeting or desire additional copies of this joint proxy statement/prospectus, you should contact:

MacKenzie Partners, Inc.

105 Madison Avenue

New York, New York 10016

Stockholders May Call Toll-Free: (800) 322-2885

Bank and Brokers May Call Collect: (212) 929-5500

or

Caesars Acquisition Company

Edgar Filing: CAESARS ENTERTAINMENT Corp - Form S-4

One Caesars Palace Drive

Las Vegas, Nevada 89109

Attn: Corporate Secretary

Telephone: (702) 407-6000

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**SUMMARY**

*This summary highlights selected information from this joint proxy statement/prospectus. It may not contain all of the information that is important to you. You are urged to read carefully the entire joint proxy statement/prospectus and the other documents referred to or incorporated by reference into this joint proxy statement/prospectus in order to fully understand the Merger Agreement and the proposed Merger. See Where You Can Find More Information beginning on page 385 in this joint proxy statement/prospectus. Each item in this summary refers to the page of this joint proxy statement/prospectus on which that subject is discussed in more detail.*

**The Companies (See Page 105)**

**Caesars Entertainment Corporation**

CEC is one of the largest global gaming and hospitality companies, with a world-class portfolio of properties offering gaming, lodging, entertainment, food and beverage, convention space and retail. CEC has established a rich history of industry-leading growth and expansion since it commenced operations in 1937. In addition to its brick and mortar assets, CEC, through certain of its subsidiaries, operates an online gaming business that provides real money games in certain jurisdictions. As of December 31, 2016, through CEC's consolidated entities, CEC owned 12 casinos in the United States, with over one million square feet of gaming space and approximately 24,000 hotel rooms. CEC's properties are concentrated in Las Vegas, where 8 of the 12 casinos are located. CEC is primarily a holding company with no independent operations of its own and operates its business through various subsidiaries, including through Caesars Entertainment Resort Properties, LLC ( CERP ), Caesars Growth Partners, LLC ( CGP ), and Caesars Enterprise Services, LLC ( CES ), which are further described below.

In addition to the consolidated subsidiaries listed above, CEC owns a majority interest in CEOC, which owns and manages a total of 35 casinos. On January 15, 2015, CEOC and the other Debtors filed voluntary petitions (the Bankruptcy Petitions ) for reorganization under Chapter 11 (the Chapter 11 Cases ) of the United States Bankruptcy Code (the Bankruptcy Code ) in the United States Bankruptcy Court for the Northern District of Illinois in Chicago (the Bankruptcy Court ). Due to the commencement of the Chapter 11 Cases, the operations and affairs of the Debtors are subject to the supervision and jurisdiction of the Bankruptcy Court, as provided under the Bankruptcy Code. Accordingly, CEC deconsolidated CEOC and its subsidiaries from CEC's financial results, effective as of January 15, 2015.

On January 13, 2017, the Debtors filed the Plan with the Bankruptcy Court that replaced all previously filed plans. CEC, CAC, the Debtors, and the Debtors' major creditor groups have agreed to support the Plan, which was confirmed by the Bankruptcy Court on January 17, 2017. The Plan (a) provides for, among other things, (1) a global settlement of all claims the Debtors may have against, and comprehensive releases for, CEC and its affiliates and CAC and its affiliates, as discussed below and (2) CEOC to be divided into two companies, OpCo and PropCo, whereby OpCo would operate CEOC's properties and facilities and PropCo would hold certain of CEOC's real property assets and related fixtures and would lease those assets to OpCo and (b) is conditioned upon, among other things, completion of the Merger of CAC with and into CEC, with CEC as the surviving company (the surviving company which, after giving effect to the Merger and the Restructuring, is referred to herein as New Caesars Entertainment Corporation or New CEC ). Pursuant to the Plan, it is anticipated that OpCo (which is also referred to herein as New Caesars Entertainment Operating Company or New CEOC ) will be a consolidated, wholly owned subsidiary of New CEC. See the section entitled Summary The CEOC Restructuring beginning on page 26 for additional information. The Restructuring will significantly de-lever the Debtors' capital structure, leaving New CEOC and its subsidiaries with approximately \$1.6 billion in outstanding debt at the Plan Effective Time. Additionally, pursuant to the Merger Agreement,





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CAC will merge with and into CEC, with CEC as the surviving company, and CAC stockholders will receive in exchange for each share of CAC Common Stock a number of shares of CEC Common Stock equal to the Exchange Ratio.

CEC Common Stock trades on the NASDAQ under the symbol CZR. Hamlet Holdings currently beneficially owns a majority of CEC's voting common stock, as discussed below. As a result, CEC is a controlled company within the meaning of NASDAQ corporate governance standards. The principal executive offices of CEC are located at One Caesars Palace Drive, Las Vegas, Nevada 89109; its telephone number is (702) 407-6000; and its website is [www.caesarscorporate.com](http://www.caesarscorporate.com).

### **Caesars Acquisition Company**

CAC was formed on February 25, 2013 to make an equity investment in CGP, a joint venture between CAC and certain subsidiaries of CEC, and directly owns 100% of the voting membership units of CGP and serves as CGP's managing member. Certain subsidiaries of CEC hold 100% of the non-voting membership units of CGP. Additionally, under the CGP structure, as of December 31, 2016, CAC and CEC owned 39% and 61% of the economic interests in CGP, respectively. CGP was formed on July 16, 2013 to pursue high-growth operating acquisitions and investments in the gaming and interactive entertainment industries. Through its relationship with CEC, CGP has the ability to access CEC's proven management expertise, brand equity, Total Rewards loyalty program and structural synergies. CAC does not own any other material assets or have any operations other than through its interest in CGP.

CAC Common Stock trades on NASDAQ under the symbol CACQ. Hamlet Holdings currently beneficially owns a majority of CAC's voting common stock, as discussed below. As a result, CAC is a controlled company within the meaning of NASDAQ corporate governance standards. The principal executive offices of CAC are located at One Caesars Palace Drive, Las Vegas, Nevada 89109; its telephone number is (702) 407-6000; and its website is [www.caesarsacquisitioncompany.com](http://www.caesarsacquisitioncompany.com).

### **New Caesars Entertainment Corporation**

#### ***Overview***

At the Merger Effective Time, CAC will merge with and into CEC, with CEC as the surviving company (which, after giving effect to the Merger and the Restructuring, is referred to herein as "New Caesars Entertainment Corporation" or "New CEC"). Upon completion of the Merger and the Restructuring, CGP and New CEOC will become wholly owned subsidiaries of New CEC. Based on operational and business information as of December 31, 2016, New CEC will operate 47 properties in 13 U.S. states and five countries. The facilities at the properties will comprise an aggregate of over 2.8 million square feet of gaming offerings, 39,000 hotel rooms and 1.6 million square feet of convention space, retail stores, restaurant outlets, and entertainment venues. Of the 47 properties, 35 properties are in the United States, while 12 properties are internationally operated, eight of which are located in the United Kingdom. New CEC will also own a strong portfolio of widely recognized brands and run the industry's first and award-winning loyalty program, Total Rewards.

New CEC's strategic objectives are intended to be as follows:

Invigorate hospitality and loyalty marketing programs.

Invest in the business infrastructure to enhance long-term value.

Institute a continuous improvement-focus operating model.

Inspire a sales and service culture.

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Optimize the CEC network through expansion and licensing.

Create the customer experience of the future.

The chart below summarizes the anticipated corporate structure of New CEC:

- (1) Represents New CEC after giving effect to the Merger and the Restructuring.
- (2) CEOC will be divided into two companies in connection with the Restructuring: OpCo and PropCo. OpCo, or New CEOC, as CEOC's successor and a wholly owned subsidiary of New CEC, will operate CEOC's properties and facilities. PropCo, as a subsidiary of a real estate investment trust intended to be wholly owned by certain creditors of the Debtors and to be independent from New CEC, will own certain of CEOC's real property assets and related fixtures previously owned by CEOC or otherwise transferred to it pursuant to the Restructuring, and will lease those assets to OpCo.
- (3) CES will provide certain corporate and administrative services for the New CEOC, CERP and CGP properties, among others. CES will also manage certain enterprise assets and other assets it owns, licenses or controls, and employ certain of the corresponding employees.

New CEC will primarily be a holding company with no independent operations of its own, and will operate the business through the following entities (with operations below as of December 31, 2016):

CERP. CERP will own six casinos in the United States and The LINQ promenade, as well as lease the Octavius Tower at Caesars Palace Las Vegas ( Octavius Tower ) to New CEOC and gaming space at The LINQ promenade to CGP.

CGP. CGP will own six casinos in the United States and, through its indirect subsidiary Caesars Interactive Entertainment, LLC ( CIE ), will own and operate a regulated online real money gaming business and own the World Series of Poker ( WSOP ) tournaments and brand. On September 23, 2016, CIE sold its social and mobile games business (the SMG Business ) as it existed at that time, including Playtika, Ltd., to Alpha Frontier Limited for approximately \$4.4 billion in cash.

New CEOC. New CEOC will lease and operate 18 casinos in the United States, own and operate one casino in the United States and nine internationally, most of which will be located in the United Kingdom, and manage seven casinos owned by unrelated third parties.

CES. CES will continue to be a joint venture by and among CERP, New CEOC and Caesars Growth Properties Holdings, LLC ( CGPH ), an indirect subsidiary of CGP, that will provide certain corporate, administrative and management services for their casino properties and related entities.



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***Business Operations***

New CEC's business will be composed of four complementary businesses that reinforce, cross-promote, and build upon each other: casino entertainment operations, food and beverage operations, rooms and hotel operations, and entertainment and other business operations. The following describes these businesses based on operational and business information as of December 31, 2016, after giving effect to the Merger and the Restructuring.

***Casino Entertainment Operations***

New CEC's casino entertainment operations will include revenues from over 49,000 slot machines and nearly 3,300 table games, all of which would have compromised approximately 58% of New CEC's total net revenues.

***Food and Beverage Operations***

New CEC's food and beverage operations will generate revenues from over 160 buffets, restaurants, bars, nightclubs, and lounges located throughout its casinos, as well as banquets and room service, and would have represented approximately 16% of New CEC's total net revenues. Many of New CEC's properties will include several dining options, ranging from upscale dining experiences to moderately-priced restaurants and buffets.

***Rooms and Hotel Operations***

Rooms and hotel revenue would have compromised approximately 15% of New CEC's total net revenues and will be primarily generated from hotel stays at the casino properties and more than 39,000 guest rooms and suites.

New CEC's properties will operate at various price and service points, which will allow New CEC to host a variety of casino guests who are visiting the properties for gaming and other casino entertainment options and non-casino guests who are visiting the properties for other purposes, such as vacation travel or conventions.

***Entertainment and Other Business Operations***

New CEC will operate several entertainment venues across the United States, and when combined with revenues from other business operations, would have comprised approximately 11% of New CEC's total revenues. Entertainment venues include, among others, the Colosseum at Caesars Palace Las Vegas and The AXIS at Planet Hollywood, both of which were ranked among the top theater venues in the United States in 2016. These award winning theaters have hosted prominent headliners, such as Celine Dion, Britney Spears, Jennifer Lopez, Elton John, Reba and Brooks & Dunn. New CEC intends for these theaters to continue hosting such prominent headliners.

The LINQ promenade and New CEC's retail stores will offer guests a wide range of options from high-end brands and accessories to souvenirs and decorative items. The LINQ promenade is an open-air dining, entertainment, and retail development located between The LINQ Hotel and the Flamingo Las Vegas, and also features The High Roller, a 550-foot observation wheel.

In addition, New CEC, through CIE, will (1) operate its regulated online real money gaming business in Nevada and New Jersey, (2) own the WSOP tournaments and brand, and (3) license WSOP trademarks for a variety of products and businesses related to this brand.



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### ***New Investments***

#### ***Casino Entertainment Operations***

New CEC will continue investing in gaming products to appeal to all demographics, as CEC was the first casino operator in the United States to offer skill based games on its slot floor at Caesars, Harrah's and Bally's in Atlantic City. After obtaining the proper regulatory approvals, these games are expected to be placed in trial locations in Las Vegas and in California at Harrah's Resort Southern California.

#### ***Food and Beverage Operations***

Over the last several years, a number of new food and beverage offerings have been opened, including Mr. Chow, Montecristo Cigar Bar, Brioche and Alto Bar at Caesars Palace Las Vegas, Gordon Ramsay Fish & Chips, In-N-Out Burger and Virgil's Real Barbecue at The LINQ promenade, Guy Fieri's Philly Kitchen and Bar at Harrah's Philadelphia, The Eatery at Horseshoe Hammond and the Blind Tiger at Harrah's Gulf Coast. Various new restaurants are expected at The LINQ promenade, including Canter's Deli. New CEC expects to continue updating the food and beverage offerings at its properties.

#### ***Rooms and Hotel Operations***

New CEC will continue with the large capital reinvestment plan previously commenced during 2015 and 2016, focusing primarily on room product across the United States. Over 10,000 rooms in Las Vegas will have been renovated from 2014 through the middle of 2017, across properties such as Caesars Palace Las Vegas, Planet Hollywood Las Vegas, The LINQ Hotel & Casino and Paris Las Vegas. These renovations are estimated to result in a hotel average daily rate (ADR) uplift, based on historical project results such as the Jubilee Tower at Bally's Las Vegas and the rebranding of The LINQ Hotel & Casino. In addition, New CEC plans to continue expanding the roll out of self-check-in kiosks in Las Vegas in order to help reduce customer wait times and improve labor efficiencies.

#### ***Entertainment and Other Business Operations***

New CEC expects to expand its entertainment offerings over the next several years, including with the addition of an entertainment venue at Harrah's New Orleans and expansion of the entertainment area at Harrah's Philadelphia along with new talent, such as the recently announced Backstreet Boys at Planet Hollywood.

#### ***Summary Financial Overview of New CEC***

New CEC will offer a diverse revenue base by product offering and region. CEC, with CEOC, has maintained a top two market position in key domestic markets over the last several years and has also improved revenue and EBITDA since 2015 by executing on its various growth initiatives and focusing on the top line through improved amenities and continued investment.





**Table of Contents****Revenue by Region****Revenue By Business Operations****CEC**

\$ millions

	<b>\$ Change Year-Over-Year</b>		<b>\$ Change Year-Over-Year</b>		
	<b>FY 2016</b>	<b>Favorable/(Unfavorable)</b>	<b>FY 2015<sup>(1)</sup></b>	<b>Favorable/(Unfavorable)</b>	<b>FY 2014<sup>(2)</sup></b>
Net Revenue	\$ 3,877	\$ (52)	\$ 3,929	\$ (4,038)	\$ 7,967
Adjusted EBITDA	1,070	51	1,019	(472)	1,491

**CEOC**

\$ millions

	<b>\$ Change Year-Over-Year</b>		<b>\$ Change Year-Over-Year</b>		
	<b>FY 2016</b>	<b>Favorable/(Unfavorable)</b>	<b>FY 2015</b>	<b>Favorable/(Unfavorable)</b>	<b>FY 2014</b>
Net Revenue	\$ 4,702	\$ (13)	\$ 4,715	\$ (378)	\$ 5,093
Adjusted EBITDA	1,167	37	1,130	239	891

(1) Includes 15 days of CEOC financials, for a total impact of approximately \$158 million on net revenue and \$34 million on adjusted EBITDA.

(2) Includes CEOC, as it was consolidated during the entire reporting period.

For purposes of the calculations above and the reconciliation tables below, Adjusted EBITDA is defined as property earnings before interested, taxes, depreciation and amortization, or Property EBITDA, further adjusted to exclude certain non-cash and other items as exhibited in the reconciliation tables below. Property EBITDA is calculated as revenue less property operating expenses and is comprised of net income/(loss) before (i) interest expense, net of interest capitalized and interest income, (ii) income tax provision, (iii) depreciation and amortization, (iv) corporate expenses, and (v) certain items that are not considered indicative of ongoing operating performance at an operating property level. Adjusted EBITDA is a non-GAAP financial measure and should not be construed as an alternative to net income/(loss) as an indicator of operating performance or as an alternative to cash flow provided by operating activities as a measure of liquidity (as determined in accordance with GAAP).

Adjusted EBITDA may not be comparable to similarly titled measures reported by other companies within the industry. Adjusted EBITDA is included because management uses Adjusted EBITDA to measure performance and allocate resources, and believes that Adjusted EBITDA provides investors with additional



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information consistent with that used by management. CEC believes that Adjusted EBITDA provides investors with additional information and allows a better understanding of the results of operational activities separate from the financial impact of decisions made for the long-term benefit of the CEC and CEOC. In addition, compensation of management is in part determined by reference to certain of such financial information. As a result, CEC believes this supplemental information is useful to investors who are trying to understand the results of CEC and CEOC.

In evaluating Adjusted EBITDA, investors should be aware that, in the future, CEC and CEOC may incur expenses that are the same or similar to some of the adjustments in this presentation. The presentation of Adjusted EBITDA should not be interpreted as an inference that future results will be unaffected by unusual or unexpected items.

The following tables reconcile net income/(loss) attributable to CEC and CEOC to Adjusted EBITDA for the years indicated:

**Reconciliation of Net Income/(Loss) Attributable to CEC to Adjusted EBITDA**

<i>(In millions)</i>	<b>Years Ended December 31,</b>		
	<b>2016</b>	<b>2015</b>	<b>2014</b>
Net income/(loss) attributable to CEC	\$ (3,569)	\$ 5,920	\$ (2,783)
Net income/(loss) attributable to non-controlling interests	822	132	(83)
Net (income)/loss from discontinued operations	(3,380)	(155)	143
Income tax (benefit)/provision	27	(119)	(596)
Deconsolidation and restructuring and other <sup>(1)</sup>	5,758	(6,115)	95
Interest expense	599	683	2,669
<b>Income/(loss) from operations</b>	<b>257</b>	<b>346</b>	<b>(555)</b>
Depreciation and amortization	\$ 439	\$ 374	\$ 658
Impairments of goodwill			695
Impairments of tangible and intangible assets		1	299
Other operating costs <sup>(2)</sup>	89	152	203
Corporate expense	166	174	232
CIE stock-based compensation	189	31	49
EBITDA attributable to discontinued operations			(7)
<b>Property EBITDA</b>	<b>1,140</b>	<b>1,078</b>	<b>1,574</b>
Corporate expense	\$ (166)	\$ (174)	\$ (232)
Stock-based compensation expense <sup>(3)</sup>	40	62	45
Adjustments to include 100% of Baluma S.A. s adjusted EBITDA <sup>(4)</sup>		3	29
Other items <sup>(5)</sup>	56	50	75
<b>Adjusted EBITDA</b>	<b>\$ 1,070</b>	<b>\$ 1,019</b>	<b>\$ 1,491</b>

(1)

Amounts during 2016 primarily represent CEC's estimated costs in connection with the Restructuring. Amounts during 2015 primarily represent CEC's gain recognized upon the deconsolidation of CEOC.

- (2) Amounts primarily represent pre-opening costs incurred in connection with property openings and expansion projects at existing properties and costs associated with the acquisition and development activities and reorganization activities.
- (3) Amounts represent stock-based compensation expense related to shares, stock options, and restricted stock units granted to the CEC employees.

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- (4) Amounts represent adjustments to include 100% of Baluma S.A. (Conrad Punta del Este) adjusted EBITDA as permitted under the indentures governing CEOC's existing notes and the credit agreement governing CEOC's senior secured credit facilities.
- (5) Amounts represent add-backs and deductions from EBITDA, permitted under certain indentures. Such add-backs and deductions include litigation awards and settlements, costs associated with the Restructuring and related litigation, severance and relocation costs, sign-on and retention bonuses, permit remediation costs, and business optimization expenses.

**Reconciliation of Net Income/(Loss) Attributable to CEOC to Adjusted EBITDA**

<i>(In millions)</i>	Years Ended December 31,		
	2016	2015 <sup>(1)</sup>	2014 <sup>(1)</sup>
Net income/(loss)	\$ 337.1	\$ (2,433.5)	\$ (2,260.1)
Loss from discontinued operations, net of income taxes	4.3	13.2	172.4
Income tax provision/(benefit)	13.7	(25.9)	(493.6)
Other income, including interest income	(46.9)	(7.9)	(18.2)
Reorganization items	223.0	2,615.2	
Loss on early extinguishment of debt			114.6
Loss on partial sale of subsidiary			3.1
Interest expense	260.2	343.5	2,216.0
<b>Income/(loss) from operations</b>	<b>791.4</b>	<b>504.6</b>	<b>(265.8)</b>
Depreciation and amortization	\$ 379.3	\$ 347.2	\$ 355.8
Write-downs, reserves, and project opening costs, net of recoveries	9.3	81.0	56.6
Impairment of intangible assets		130.4	532.3
(Gain)/loss on interests in non-consolidated affiliates	(1.8)	(0.7)	13.7
Corporate expense	72.1	66.7	135.4
Acquisition and integration costs	1.1	6.2	37.9
Amortization of intangible assets	28.5	39.1	49.0
Impact of consolidating The LINQ and Octavius Tower	(13.9)	(14.0)	(23.8)
EBITDA attributable to discontinued operations	(0.2)	0.4	(5.9)
<b>Property EBITDA</b>	<b>1,265.8</b>	<b>1,160.9</b>	<b>885.2</b>
Corporate expense	\$ (72.1)	\$ (66.7)	\$ (135.4)
Stock-based compensation expense	0.2	1.2	41.4
Adjustments to include 100% of Baluma S.A.'s adjusted EBITDA	21.0	25.8	29.4
Other	(47.5)	8.4	70.4
<b>Adjusted EBITDA</b>	<b>\$ 1,167.4</b>	<b>\$ 1,129.6</b>	<b>\$ 891.0</b>

- (1) Certain prior year amounts have been reclassified to conform to the current year's presentation. For the years ended December 31, 2015 and 2014, \$51.8 million and \$49.7 million, respectively, of depreciation expense previously reported as corporate expense was reclassified to depreciation and amortization expense.



**Table of Contents****Capital Structure**

New CEC will have a significantly decreased debt exposure post-Emergence compared to CEC, with total debt decreasing from approximately \$25 billion as of January 15, 2015 to approximately \$9.7 billion. After giving effect to the Merger and the Restructuring, New CEC's capital structure will be as follows:

<b><u>New CEC Equity</u><sup>(1)</sup></b>			<b><u>New CEC Consolidated Debt</u></b>		
<b>As of December 31, 2016, pro forma for the Merger and the Restructuring</b>			<b>As of December 31, 2016, pro forma for the Merger and the Restructuring</b>		
<b>(in millions)</b>	<b>Amount</b>	<b>Total Equity %</b>	<b>(in millions)</b>	<b>Amount</b>	<b>Maturity</b>
CEC Stockholders	\$ [ ]	8.7%			
CAC Stockholders	\$ [ ]	32.9%	<b>New CEC</b>		
CEOC Creditors	\$ [ ]	58.4%	Convertible Notes	\$ 1,119	2024
<b>Total Equity</b>	<b>\$ [ ]</b>	<b>100%</b>	<b>Total New CEC Debt</b>	<b>\$ 1,119</b>	
<b><u>New CEC Enterprise Value</u><sup>(1)</sup></b>			<b><u>New CEOC</u></b>		
<b>(in millions)</b>	<b>Amount</b>	<b>Total EV %</b>			
Total Equity	\$ [ ]	[ ]%	Revolving Credit Facility	\$	2022
Total Net Debt	\$ 8,320	[ ]%	Term Loan	\$ 1,235	2024
<b>Total Enterprise Value</b>	<b>[ ]</b>	<b>100%</b>	Senior Secured Notes <sup>(2)</sup>	\$ 330	2020
			Other Debt	\$ 45	2037
			<b>Total New CEOC Debt</b>	<b>\$ 1,610</b>	
			<b><u>CERP</u></b>		
			Revolving Credit Facility	\$ 40	2018
			Term Loan	\$ 2,425	2020
			First Lien Bonds	\$ 1,000	2020
			Second Lien Bonds	\$ 1,150	2021
			Other Debt	\$ 3	
			<b>Total CERP Debt</b>	<b>\$ 4,618</b>	
			<b><u>CGP</u></b>		
			CGPH Revolving Credit Facility	\$	2019
			CGPH Term Loan <sup>(3)</sup>	\$ 1,146	2021
			CGPH Second Lien Bonds <sup>(3)</sup>	\$ 675	2022
			Cromwell Credit Facility <sup>(4)</sup>	\$ 171	2019
				\$ 297	2020



	Baltimore Credit Facility <sup>(5)</sup>	
	Other Debt	\$ 41
	<i>Total CGP Debt</i>	\$ 2,330
	<b>Total Consolidated Debt<sup>(6)</sup></b>	<b>\$ 9,677</b>
	Cash and Cash Equivalents <sup>(7)</sup>	\$ 1,357
	<b>Total Net Debt</b>	<b>\$ 8,320</b>

- (1) Calculated based on the \$[ ] closing price of a share of CEC Common Stock on NASDAQ on [ ], 2017, the most recent practicable trading day prior to the date of this joint proxy statement/prospectus, and after giving effect to the Emergence Stock Issuance and assuming completion of \$1.0 billion of the CEC Common Equity Buyback.
- (2) Notes relating to Harrah's Philadelphia Casino and Racetrack, a casino and racetrack property based in Chester, Pennsylvania owned by Chester Downs & Marina LLC (Chester Downs), an indirect subsidiary of CEOC.
- (3) Credit facility and notes relating to CGPH, an indirect wholly owned subsidiary of CGP that serves as a holding company for various properties, including The Cromwell, The LINQ Hotel & Casino, and Bally's Las Vegas.
- (4) Credit facility relating to certain indirect subsidiaries of CGP that are collectively known as The Cromwell, which operate a boutique lifestyle hotel and casino on the Las Vegas strip.
- (5) Credit facility relating to the Horseshoe Baltimore Casino in Maryland, a licensed casino that opened in August 2014. The Horseshoe Baltimore Casino is a joint venture for which certain indirect subsidiaries of CGP hold an approximate 40.9% interest.
- (6) Excludes the finance obligations of approximately \$5.03 billion primarily related to the real estate assets that will be transferred to PropCo and leased back to New CEOC. See section entitled The CEOC Restructuring The Plan Master Lease Agreements, Golf Course Use Agreement beginning on page 206 for additional information.

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(7) Cash and Cash Equivalents balance is pro forma as of December 31, 2016, and will not be representative of final cash balance once the Merger and Restructuring are complete, as additional cash flows are expected to be generated by operations during the period leading up to the Emergence.

See the section entitled "The Companies' New Caesars Entertainment Corporation Capital Structure" beginning on page 112 for additional information regarding these entities and related debt.

### ***Competitive Strengths***

CEC attributes its operating success and historical industry performance in part to certain key strengths. New CEC expects to carry out its intended strategic objectives by leveraging these key strengths as follows:

#### ***Total Rewards Database and Loyalty Programs***

The Total Rewards and loyalty programs database system of New CEC will include over 50 million program members. New CEC plans to leverage this system to stimulate cross-market play as well as target marketing efforts and expenditures on areas and customer segments that generate the highest return. Additionally, through this system, New CEC will continue presenting an advantaged value proposition to loyal players with its ability to offer attentive and customized services in destination markets as a reward for their loyalty. New CEC's plan to leverage this system is anticipated, in turn, to result in further expansion of the Total Rewards and other loyalty programs' membership, and accordingly, build customer and operational analytics to promote operational efficiencies and advance New CEC's plan for driving a sales and service culture.

#### ***Leading Market Position and Brand Recognition***

New CEC intends to use its anticipated market leading position and brand recognition, in combination with proprietary marketing technology and customer loyalty programs, to foster revenue growth by encouraging both repeat and new business. New CEC will be one of the world's largest gaming companies (as measured by net revenues and individual casinos) and the most geographically diverse United States casino operator. As of December 31, 2016, New CEC would have operated 47 casinos in 13 U.S. states and five countries. Additionally, New CEC will own, operate or manage casinos that bear many of the most highly recognized brand names in the gaming industry, including Caesars, Harrah's, Horseshoe, Rio, Paris, Bally's, Flamingo, The LINQ, High Roller, Nobu Hotel and Planet Hollywood. New CEC will also own the Total Rewards loyalty program and the WSOP brand. Many of these brands have a strong identity and enjoy widespread customer recognition. This market leading position and brand recognition is expected to allow New CEC to appeal to a wide range of customer preferences and capture multiple visits by offering differentiated gaming experiences.

Additionally, this anticipated market leading position and brand recognition, coupled with the power of the Total Rewards loyalty program, is expected to position New CEC to expand into underdeveloped regional markets and pursue attractive asset acquisition, management or licensing opportunities. New CEC intends to pursue such opportunities from time to time post-Emergence. New CEC's operating expertise and network synergies are expected to assist New CEC in creating value. The geographically broad-based experience of New CEC's management team is expected to provide New CEC with a strong understanding of a property's revenue potential and enable New CEC to be a purchaser or partner for select assets. Continued legalization of gaming in new jurisdictions may result in newly created United States regional markets and expansion opportunities, for which New CEC is expected to be positioned to pursue and develop. New CEC is also projected to be well-positioned for international gaming growth and legalization in Asia, South America and Europe. The Caesars brand remains one of the most recognized casino brands in the world, and New CEC plans to leverage the power of this brand, along with other brands, to expand into international markets and continue investigating various opportunities to own, operate or manage international resorts

and casinos. In addition to international gaming opportunities, New CEC intends to pursue non-gaming management, branding, and development opportunities where brands and reputation are already well-recognized assets.

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### *Scalable Business Model*

New CEC will own a scalable business of facilities comprising an aggregate of over 2.8 million square feet of gaming offerings, 39,000 hotel rooms and 1.6 million square feet of convention space, retail stores, restaurant outlets, and entertainment venues. These facilities produced over 100 million guest visits in 2016. The facilities' breadth and scope of existing gaming, hospitality and leisure offerings will allow New CEC to boost sales and guest visits without proportionate increases in variable operational costs to accommodate additional visitor traffic. New CEC intends to continue modernizing and developing its facilities and gaming, hospitality and leisure offerings to leverage this scalability, which is expected to enhance long-term value. New CEC also plans to leverage this scalability by increasing investment in its information technology infrastructure to maximize existing marketing tools and analytics and reshape customer experiences. This effort is expected to enable New CEC to more efficiently market its products to a large recurring customer base as well as to untapped consumer segments. New CEC will also seek to expand its marketing approach through information technology infrastructure by continuing to employ and refine mobile applications that allow customers to see hospitality and gaming offers and receive information on events at properties across the entire network.

### *Efficient Operating Model Culture*

New CEC will inherit a corporate culture focused on cultivating an efficient operating model. With an emphasis on analytics to drive this efficient operating model culture, CEC has consolidated activities, refined target marketing strategies and driven procurement efficiencies. Most recently, CEC implemented a Six Sigma black belt training and certification to property site leaders designed to create a sustainable platform and culture to continuously drive process improvement and efficiency gains as well as enhance customer experience, particularly at the property level. In 2015, CEC implemented efficiency initiatives that resulted in incremental EBITDA that exceeded CEC's original \$300 million cost-saving objective. New CEC expects to build upon such efforts using this analytical emphasis to facilitate a continuous improvement-focused operating model for delineating further efficiencies in the business and promoting a lower cost operating structure, quality performance from employees and improved service to customers.

This efficient operating model culture has also led to an established marketing organization that adheres to the scientific method of test and control. The structure and procedures embedded in such marketing organization will enable New CEC to conduct impartial evaluations and the rapid transfer of best practices while ensuring that individual creativity flourishes. The evolution of CEC's structure combined with the use of analytics has enabled CEC to respond more quickly to changes in customer elasticity and to have confidence in the marketing approach with respect to its offerings and incentives, from which New CEC expects to continue benefitting. The historical knowledge and refined decision modeling procedures will enable New CEC to utilize best practices to ensure expenditures are being used most efficiently. Combined with the historical investments in information technology infrastructure and the anticipated broad geographic footprint of New CEC, New CEC's efficient operating model culture is projected to provide a competitive advantage with respect to stimulating revenues.

## **The Sponsors**

### *Apollo*

Apollo is a leading global alternative investment manager with offices in New York, Los Angeles, Houston, Chicago, Ballwin, Bethesda, Toronto, London, Frankfurt, Madrid, Luxembourg, Mumbai, Delhi, Singapore, Hong Kong and Shanghai. Apollo had assets under management of approximately \$192 billion as of December 31, 2016 in private equity, credit and real estate funds invested across a core group of nine industries where Apollo has considerable knowledge and resources.



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**Table of Contents*****TPG***

TPG is a leading global alternative asset firm founded in 1992 with over \$74 billion of assets under management as of December 31, 2016 and offices in Austin, Beijing, Boston, Dallas, Fort Worth, Hong Kong, Houston, Istanbul, London, Luxembourg, Melbourne, Moscow, Mumbai, New York, San Francisco, São Paulo and Singapore. TPG's investment platforms are across a wide range of asset classes, including private equity, growth venture, real estate, credit and public equity.

***Hamlet Holdings***

As of December 31, 2016, affiliates of the Sponsors, through Hamlet Holdings, beneficially owned approximately 59.6% of the CEC Common Stock and 65.0% of the CAC Common Stock, in each case, pursuant to the applicable Irrevocable Proxy providing Hamlet Holdings with sole voting and sole dispositive power over those shares.

As part of the Restructuring, affiliates of the Sponsors that granted a proxy to Hamlet Holdings will contribute the shares of CEC Common Stock they currently own to CEC, and accordingly, will not have any interests in New CEC after completion of the Merger and the Restructuring other than through their former interests in CAC. Additionally, upon completion of the Merger and the Restructuring, each Irrevocable Proxy will terminate in accordance with its terms, and as a result the Sponsors will each have direct control over the CEC Common Stock they hold directly. The Sponsors' co-investors' interests in New CEC will be controlled in accordance with the existing applicable governance agreement of the applicable co-investor, each of which vests management of the co-investor in one affiliate of Apollo and one affiliate of TPG, who generally must manage by unanimous decision, and, as a result, the shares held by the Sponsors' co-investors will be beneficially owned by Apollo and also by TPG. Upon completion of the Merger and the Restructuring (based upon beneficial ownership as of March 1, 2017 and assuming completion of \$1.0 billion of the CEC Common Equity Buyback), affiliates of Apollo will beneficially own approximately 15.4% of New CEC (including shares managed on behalf of the Sponsors' co-investors and shares received in connection with claims relating to the Restructuring), affiliates of TPG will beneficially own approximately 14.7% of New CEC (including shares managed on behalf of the Sponsors' co-investors) and the Sponsors' co-investors will beneficially own approximately 8.1% of New CEC, all of which will also be deemed to be beneficially owned by both Apollo and TPG. Therefore, unlike CEC and CAC, New CEC will not be a controlled company within the meaning of NASDAQ corporate governance standards.

**The CEOC Restructuring (See Page 198)*****Structure***

As a result of CEOC's highly leveraged capital structure and the general decline in earnings from its gaming operations between 2007 and 2014, CEOC became unable to comply with certain obligations contained in its indebtedness agreements. CEC and CEOC engaged in numerous negotiations starting in 2014 with certain holders of CEOC's indebtedness in an effort to reach a mutual agreement regarding a restructuring of CEOC's debt. On January 15, 2015, CEOC and the other Debtors filed the Chapter 11 Cases in the Bankruptcy Court.

Following January 15, 2015, the Debtors continued to negotiate with their creditors throughout the Chapter 11 Cases. These negotiations led to the entry into restructuring and support agreements among CEC, CEOC and certain creditors of CEOC (such agreements, collectively, the Creditor RSAs) as well as among CEC, CAC and CEOC (such agreements, collectively, the Caesars RSAs and, together with the Creditor RSAs, the RSAs). Pursuant to the RSAs, the parties thereto agreed, among other things, to support the Plan. On January 17, 2017, the Bankruptcy Court issued an order under section 1129 of the Bankruptcy code confirming the terms of the Plan, at Docket No. 6334 (the

Confirmation Order ), which provides for, among other things, the

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implementation of a restructuring of CEOC and the other Debtors (such restructuring pursuant to the Plan, the RSAs and the Restructuring Documents (as defined below), the Restructuring ).

To effectuate the Plan, certain Debtors will, among other things, convert their prepetition corporate structure into two companies OpCo and PropCo. The primary features of the OpCo / PropCo structure contemplated by the Plan are as follows:

OpCo, or New CEOC, will be CEOC's successor and a wholly owned operating subsidiary of New CEC. OpCo will continue to own substantially all operations, gaming licenses, personal property and other related interests of the Debtors upon completion of the Merger and the Restructuring. Other than with respect to certain domestic properties and non-gaming fixtures contributed to a subsidiary of a newly created real estate investment trust to be wholly owned by certain creditors of the Debtors (the REIT or REIT Entity ), OpCo will lease the real property assets and related fixtures owned by PropCo pursuant to two master lease agreements (each, a Master Lease Agreement, and together, the Master Lease Agreements ), one relating to the Caesars Palace Las Vegas property and the other relating to the remaining U.S. properties owned by PropCo, and will operate New CEOC's properties and facilities on an ongoing basis.

PropCo will be a subsidiary of the REIT Entity. Upon completion of the Merger and the Restructuring, PropCo will receive, and directly or indirectly own, substantially all of the Debtors' domestic real property assets and related fixtures. The real property, assets and related fixtures of Caesars Palace Las Vegas will be owned separately by a newly formed, wholly owned subsidiary of PropCo. CEC will not own any equity interests in PropCo.

The reorganized Debtors (other than PropCo) will remain part of the overall New CEC enterprise, and New CEC will guarantee (1) OpCo's payments under the two Master Lease Agreements and the Golf Course Use Agreement (as defined below) and (2) if necessary, the OpCo debt issued in connection with the Plan.

The distributions contemplated by the Plan will be made from a combination of cash, convertible debt securities and direct equity issued by CEC as well as from a combination of cash, new debt, preferred shares and common shares issued by OpCo, the REIT Entity, PropCo and the other entities that will own the real property assets and related fixtures of Caesars Palace Las Vegas, as applicable. To the extent that the Debtors are unable to syndicate new debt of OpCo as described below, the Plan contemplates OpCo issuing new debt, for which CEC will provide a modified guarantee of collection, directly to the Debtor's creditors.



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Below is a chart representing the anticipated structure of New CEC after the completion of the Merger and the Restructuring (based solely on the number of shares of CEC Common Stock and CAC Common Stock issued and outstanding as of December 31, 2016):

- (1) As part of the Restructuring, affiliates of the Sponsors that granted a proxy to Hamlet Holdings will contribute the shares of CEC Common Stock they currently own to CEC and, accordingly, will not have any interests in New CEC after completion of the Merger and the Restructuring other than through their former interests in CAC.
- (2) Affiliates of the Sponsors that granted a proxy to Hamlet Holdings will beneficially own approximately 21.4% of New CEC through their former interests in CAC, while former CAC public stockholders will own approximately 11.5% of New CEC through their former interests in CAC, in each case calculated after giving effect to the Emergence Stock Issuance and assuming completion of \$1.0 billion of the CEC Common Equity Buyback.
- (3) Calculated after giving effect to the Emergence Stock Issuance and assuming completion of at least \$1.0 billion of the CEC Common Equity Buyback (which may be up to \$1.2 billion under certain circumstances). In the event that \$1.2 billion of CEC Common Stock is repurchased in the CEC Common Equity Buyback, CEC Stockholders would own 9.1% of New CEC, CAC stockholders would own 34.3% of New CEC, including approximately 22.3% beneficially owned by affiliates of the Sponsors that granted a proxy to Hamlet Holdings, and CEC's creditors would own 56.6% of New CEC, in each case, after giving effect to the Emergence Stock Issuance.

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- (4) CERP owns six casinos in the United States and The LINQ promenade along with leasing Octavius Tower to OpCo and gaming space at The LINQ promenade to CGP.
- (5) CGP owns six casinos in the United States and, through its indirect subsidiary CIE, owns and operates a regulated online real money gaming business and owns the WSOP tournaments and brand. As discussed above, on September 23, 2016, CIE sold the SMG Business as it existed at that time, including Playtika, Ltd., to Alpha Frontier Limited for approximately \$4.4 billion in cash.
- (6) Managers will be newly formed subsidiaries that will provide management services to OpCo, or New CEOC, with respect to properties leased from PropCo pursuant to the MLSAs (as defined below). See the section entitled The CEOC Restructuring The Plan Shared Services beginning on page 206 for additional information.
- (7) Consists primarily of captive insurance subsidiaries and certain international development companies.
- (8) OpCo or New CEOC, as CEOC's successor, is expected to lease and operate 18 casinos in the United States, own and operate one casino in the United States and nine internationally, most of which are located in the United Kingdom, and manage seven casinos owned by unrelated third parties.
- (9) CES provides certain corporate, administrative and management services for the CERP, New CEOC and CGPH casino properties and casinos owned by unrelated third parties. CES also manages certain enterprise assets and the other assets it owns, licenses or controls, and employs certain of the corresponding employees.

In order to support distributions under the Plan, the Plan is conditioned upon CEC making significant cash and non-cash contributions to the Debtors' reorganization. Specifically, the Plan contemplates CEC, on behalf of itself and its non-Debtor affiliates, making the following cash and non-cash contributions, which contributions will be funded in part from cash currently held by CAC or its subsidiaries that will become available upon the completion of the Merger, which will occur contemporaneously with the Plan Effective Time:

approximately \$925.2 million (less forbearance fees already paid) in cash to fund Plan distributions, other restructuring transactions contemplated by the Plan, and general corporate purposes, and up to an additional \$19.2 million to fund distributions to certain classes of the Debtors' unsecured creditors;

RSA Forbearance Fees (as defined below);

the Bank Guaranty Settlement Purchase Price (as defined below) to the Debtors for the benefit of CEOC's first lien bank lenders;

\$700 million commitment (with no associated fee) to purchase 100% of New CEOC Common Stock (as defined below);

call rights to PropCo to purchase the real property and the related fixtures associated with the Harrah's Laughlin, Harrah's Atlantic City and Harrah's New Orleans properties;

a guarantee of New CEOC's monetary obligations under the Master Lease Agreements and, if necessary, the \$1,235 million of New CEOC debt (as defined below) to be issued at the Plan Effective Time;

approximately \$1.1 billion of the Convertible Notes issued by CEC;

at least \$1.0 billion and up to \$1.2 billion in cash to repurchase shares of CEC Common Stock from certain creditors of the Debtors;

\$60 million for the Additional CEC Bank Consideration (as defined below) and \$80 million for the Additional CEC Bond Consideration (as defined below), each of which may be paid in cash or in CEC Common Stock at CEC's sole discretion (subject to CAC's prior written consent if CEC Common Stock is issued) and, for accounting and financial reporting purposes, assuming a Plan Effective Time as of August 31, 2017; and

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issuance of up to 58.4% of CEC Common Stock to creditors of CEOC and the other Debtors (after giving effect to the Merger Stock Issuance and assuming completion of \$1.0 billion of the CEC Common Equity Buyback), the issuance of which is the subject of approval at the CEC Special Meeting and will be provided upon exchange of New CEOC Preferred Stock (as defined below) in connection with the CEOC Merger (as defined below).

After the Emergence, New CEC will be responsible for CEC's ongoing obligations arising from these contributions, including with respect to any guarantees.

Additionally, under the Plan, CAC will waive its recoveries on approximately \$293 million (including accrued and unpaid interest) of CEOC's 6.50% Senior Notes due 2016 and 5.75% Senior Notes due 2017 (collectively, the Senior Unsecured Notes).

The following table sets forth the estimated sources and uses of cash for CEC in connection with the Plan, which, for accounting and financial reporting purposes, assumes a Plan Effective Time as of August 31, 2017. See the section entitled "The CEOC Restructuring" beginning on page 198 for additional detail regarding CEC's obligations in connection with the Restructuring.

Sources of Funds	(in millions)		Uses of Funds
CIE cash <sup>(1)</sup>	\$ 2,950	Cash to CEOC creditors <sup>(4)</sup>	\$ 3,719
CEC insurance proceeds <sup>(2)</sup>	126	Purchase of New CEOC Equity	700
New CEOC Debt proceeds	1,235	CEC Common Equity Buyback <sup>(5)</sup>	1,000
CEOC and CGP cash <sup>(3)</sup>	1,353	Capitalization of PropCo <sup>(6)</sup>	45
		Financing, professional and other fees <sup>(7)</sup>	200
Total sources of funds	\$ 5,664	Total uses of funds	\$ 5,664

- (1) This includes all cash expected to be remaining at CIE after the sale of the SMG Business, less (i) \$260 million of cash held in escrow related to the sale, approximately \$196 million of which is expected to be released to New CEC in September 2017, subject to certain conditions and any indemnity claims made by the buyers of the SMG Business, and (ii) \$15 million of minimum cash.
- (2) Reflects cash proceeds from the settlement of certain claims under director and officer insurance policies.
- (3) Assumes remaining funding requirements are funded using cash held at CEOC and CGP.
- (4) Includes the (i) \$925 million CEC Cash Contribution under the Plan, net of \$94 million of forbearance fees already paid prior to the Plan Effective Time, (ii) \$801 million Bank Guaranty Settlement, net of \$61 million for an upfront payment paid prior to the Plan Effective Time, (iii) \$140 million of ticking fees, which consists of \$60 million to be paid for the Additional CEC Bank Consideration and \$80 million to be paid for the Additional CEC Bond Consideration and (iv) \$2,006 million of other cash distributions to CEOC creditors pursuant to the Plan. Does not include cash to CEOC creditors from the issuance of marketed debt for Caesars Palace Las Vegas (the CPLV Market Debt) or issuance of preferred equity of PropCo (the PropCo Preferred Equity), in each case, pursuant to the Plan.
- (5) May be increased to \$1,200 million depending on the elections of certain creditors of the Debtors and an evaluation of the potential tax consequences of the buyback.
- (6) Represents cash from CEOC that will be transferred to PropCo to fund PropCo at the Plan Effective Time.

- (7) Includes estimates for financing fees and professional fees related to the CPLV Market Debt and New CEOC Debt, backstop fees related to the PropCo Preferred Equity, professional fees for financial advisors related to the Restructuring and Merger, and other fees due pursuant to the RSAs.

Because certain of CEC's contributions to the Debtors under the Plan take the form of direct credit support, such as the guarantee of New CEOC's Master Lease Agreements, the Plan provides for, among other things, (1) a

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global settlement of all claims the Debtors may have against CEC and its affiliates and CAC and its affiliates and (2) comprehensive releases for CEC and its affiliates and CAC and its affiliates for claims or causes of action that the Debtors' creditors may have against CEC and its affiliates and CAC and its affiliates, including with respect to any obligations CEC may have related to guarantees of CEOC's debt as well as the disputes affecting CAC related to various transactions that CGP and CIE completed with CEOC since 2009 described below. Please refer to the section entitled "The CEOC Restructuring: The Plan" beginning on page 199 for a more detailed summary of the Plan.

At the Plan Effective Time, the terms of the Plan confirmed by the Confirmation Order will be binding upon the Debtors and all other parties affected by the Plan.

The Restructuring will significantly de-lever the Debtors' capital structure, leaving New CEOC and its subsidiaries with approximately \$1.6 billion in outstanding debt at the Plan Effective Time.

## ***Material Commitments and Obligations***

As a part of the Plan, CEC and its subsidiaries anticipate entering into a series of agreements with third parties in connection with the Restructuring (the "Restructuring Documents"). The Restructuring Documents will create certain material commitments for, and impose ongoing obligations on, the business of New CEC after the Emergence. The Restructuring Documents will include the proposed Master Lease Agreement between New CEOC and PropCo (and/or its applicable subsidiaries) with respect to Caesars Palace Las Vegas, the proposed Master Lease Agreement between New CEOC and PropCo (and/or its applicable subsidiaries) with respect to all other PropCo properties, the proposed management and lease support agreements, the proposed New CEOC debt documents, the proposed CEC guarantees, and the indenture governing the Convertible Notes, among other documents. After the Emergence, New CEC will be responsible for CEC's obligations arising from the Restructuring Documents. See the section entitled "The CEOC Restructuring: The Plan" beginning on page 199 for a more detailed summary of these material commitments and obligations.

## ***Litigation***

CEC is subject to a number of disputes related to various transactions that CEOC has completed since 2010 (the "Noteholder Disputes"), all of which are currently stayed consensually or by order of the Bankruptcy Court, including the Parent Guarantee Lawsuits (as defined below). Because the Plan Effective Time and the corresponding resolution of the litigation are conditions precedent to the completion of the Merger, the Merger will not be completed if the appeal is successful and the stay of the Parent Guarantee Lawsuits, or any of them, is lifted, or the conditions precedent to the effectiveness of the Plan are not satisfied or waived, and the Parent Guarantee Lawsuits proceed to judgment. Given the inherent uncertainties of litigation, CEC has concluded that these matters raise substantial doubt about CEC's ability to continue as a going concern. See the section entitled "Risk Factors: Risks Related to CEC's Business" beginning on page 81. See also "The Companies' Management's Discussion and Analysis of Financial Condition and Results of Operations of Caesars Entertainment Corporation" beginning on page 140.

CAC and CGP are subject to several of the Noteholder Disputes related to various transactions that CGP and CIE completed with CEOC since 2009. Because the Plan Effective Time and the corresponding resolution of the litigation are conditions precedent to the completion of the Merger, the Merger will not be completed if the stays are lifted or the conditions precedent to the effectiveness of the Plan are not satisfied or waived, and the Noteholder Disputes proceed to judgment. Given the inherent uncertainties of litigation, CAC and CGP cannot provide assurance as to the outcome of these matters or of the range of reasonably possible losses should these matters ultimately be resolved against them. Should these matters ultimately be resolved through litigation outside the Restructuring against CAC and CGP, such determination could have a material adverse effect on



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CAC's and CGP's businesses, financial condition, results of operations, and cash flows. See the section entitled "Risk Factors" in Part I, Item 1A in CAC's Annual Report on Form 10-K for the year ended December 31, 2016, filed on February 15, 2017 (the "CAC 2016 10-K").

### **The Merger (See Page 340)**

On December 22, 2014, CAC and CEC entered into a merger agreement (the "Original Merger Agreement"). The Original Merger Agreement was superseded on July 9, 2016 when CAC and CEC entered into the A&R Merger Agreement, which was amended on February 20, 2017 by the Amendment (which, as amended, is referred to in this joint proxy statements/prospectus as the "Merger Agreement"). Pursuant to the Merger Agreement, CAC will merge with and into CEC, with CEC as the surviving company. Upon completion of the Merger, CAC Common Stock will be delisted from NASDAQ and deregistered under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

A copy of the Merger Agreement is attached as Annex A to this joint proxy statement/prospectus. **You should read the Merger Agreement carefully because it is the legal document that governs the Merger.**

### **Consideration to CAC Stockholders (See Page 223)**

Subject to the terms and conditions of the Merger Agreement, upon completion of the Merger, each share of CAC Common Stock issued and outstanding immediately prior to the Merger Effective Time will be converted into, and become exchangeable for, that number of shares of CEC Common Stock equal to the Exchange Ratio. Based on the number of shares of CEC Common Stock and CAC Common Stock issued and outstanding as of December 31, 2016, CAC stockholders are expected to receive approximately 32.9% of the outstanding shares of CEC Common Stock, after giving effect to the Emergence Stock Issuance and assuming completion of \$1.0 billion of the CEC Common Equity Buyback. No fractional shares of CEC Common Stock will be issued in the Merger. In lieu of issuance of any such fractional shares that would otherwise be issuable to a holder of CAC Common Stock (after aggregating all fractional shares of CEC Common Stock which such holder would otherwise receive), such fractional shares will be rounded up (if equal to or greater than one-half of a share) or down (if less than one-half of a share) to the nearest whole number of shares of CEC Common Stock.

Based on the \$9.20 closing price of a share of CEC Common Stock on NASDAQ on February 17, 2017, the last trading day before the public announcement of the Amendment, the merger consideration represented approximately \$14.95 in value for each share of CAC Common Stock. Based on the \$[ ] closing price of a share of CEC Common Stock on NASDAQ on [ ], 2017, the most recent practicable trading day prior to the date of this joint proxy statement/prospectus, the merger consideration represented approximately \$[ ] in value for each share of CAC Common Stock. The implied value was calculated by multiplying the closing price of a share of CEC Common Stock on the relevant date by the Exchange Ratio. **Because CEC will issue a fixed number of shares of CEC Common Stock in exchange for each share of CAC Common Stock, the value of the merger consideration that CAC stockholders will receive in the Merger will depend on the market price of shares of CEC Common Stock at the time the Merger is completed. The market price of shares of CEC Common Stock when CAC stockholders receive those shares after the Merger is completed could be greater than, less than or the same as the market price of shares of CEC Common Stock on the date of this joint proxy statement/prospectus or at the time of the CAC Special Meeting.**

### **Comparative Per Share Market Price and Dividend Information (See Page 49)**

#### *Market Prices*



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CEC Common Stock is listed on NASDAQ under the symbol CZR and CAC Common Stock is listed on NASDAQ under the symbol CACQ. The following table sets forth the closing price per share of CEC

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Common Stock and of CAC Common Stock as of February 17, 2017, the last trading day before the public announcement of the Amendment, and as of [ ], 2017, the most recent practicable trading day prior to the date of this joint proxy statement/prospectus. The table also shows the implied value of the merger consideration proposed for each share of CAC Common Stock as of the same two dates. This implied value was calculated by multiplying the closing price of a share of CEC Common Stock on the relevant date by the Exchange Ratio.

	Closing Price per Share	
	February 17, 2017	[ ], 2017
CEC Common Stock	\$ 9.20	\$ [ ]
CAC Common Stock	\$ 14.75	\$ [ ]
Implied per Share Value of Merger Consideration	\$ 14.95	\$ [ ]

**Dividends**

To date, neither CEC nor CAC has paid a cash dividend. Neither CEC nor CAC has any present plans to pay cash dividends to its respective stockholders and, for the foreseeable future, CEC and CAC intend to retain all of their earnings for use in their respective businesses.

**Special Meeting of Stockholders of CEC (See Page 211)**

**Meeting.** The CEC Special Meeting will be held on [ ], 2017, in [ ] at Caesars Palace, One Caesars Palace Drive, Las Vegas, Nevada, at [ ] [a.m./p.m.], Pacific Time. At the CEC Special Meeting, CEC stockholders will be asked to consider and vote on the following proposals:

1. to adopt the Merger Agreement and approve the Merger;
2. to approve the Merger Stock Issuance;
3. to approve the Emergence Stock Issuance;
4. to approve the Convertible Notes Stock Issuance;
5. to approve the CEC Advisory Compensation Proposal;
6. to approve the Authorized Shares Increase Proposal;
7. to approve the CEC 2017 PIP Proposal; and

8. to approve the adjournment of the CEC Special Meeting if necessary to solicit additional proxies if there are not sufficient votes to adopt the Merger Agreement and approve the Merger, the Stock Issuances, the CEC Advisory Compensation Proposal, the Authorized Shares Increase Proposal and the CEC 2017 PIP Proposal at the time of the CEC Special Meeting.

**Record Date.** The CEC board of directors has fixed the close of business on [ ], 2017 as the record date for determination of the stockholders entitled to vote at the CEC Special Meeting or any adjournment or postponement thereof. Only CEC stockholders of record at the record date are entitled to receive notice of, and to vote at, the CEC Special Meeting or any adjournment or postponement of the CEC Special Meeting. As of the close of business on [ ], 2017, there were [ ] shares of CEC Common Stock outstanding. Each holder of CEC Common Stock is entitled to one vote for each share of CEC Common Stock owned at the record date.

**Quorum.** The presence at the CEC Special Meeting, in person or by proxy, of the holders of a majority of votes entitled to be cast for each proposal at the record date (the close of business on [ ], 2017) will constitute a quorum for such proposal. Shares of CEC Common Stock held in street name with respect to which the beneficial owner fails to give voting instructions to the broker, bank, nominee or other holder of record will not

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be deemed present for the purpose of determining the presence of a quorum. There must be a quorum for business to be conducted at the CEC Special Meeting. Failure of a quorum to be represented at the CEC Special Meeting will necessitate an adjournment or postponement and will subject CEC to additional expense.

**Adjournment.** In accordance with CEC's by-laws, if a quorum is not present in person or represented at the CEC Special Meeting, the CEC Special Meeting may be adjourned by the presiding person of the meeting or the holders of a majority of the votes entitled to be cast by the stockholders entitled to vote thereat, present in person or represented by proxy.

**Required Vote.** To adopt the Merger Agreement and approve the Merger and the Authorized Shares Increase Proposal, the affirmative vote of holders of a majority of the outstanding shares of CEC Common Stock entitled to vote is required. **CEC cannot complete the Merger unless its stockholders adopt the Merger Agreement.** Because adoption requires the affirmative vote of holders of a majority of the outstanding shares of CEC Common Stock, **a CEC stockholder's abstention from voting, the failure of CEC stockholders who hold their shares in street name through a broker, bank, nominee or other holder of record to give voting instructions to that broker, bank, nominee or other holder of record or a CEC stockholder's other failure to vote will have the same effect as a vote AGAINST the adoption of the Merger Agreement and approval of the Merger and the approval of the Authorized Shares Increase Proposal.**

To approve the Stock Issuances, the CEC Advisory Compensation Proposal, the CEC 2017 PIP Proposal and an adjournment of the CEC Special Meeting (as specified), the affirmative vote of a majority of the votes cast by stockholders present in person or by proxy at the CEC Special Meeting and entitled to vote is required. **CEC cannot complete the Merger unless its stockholders approve the Stock Issuances.** An abstention is not considered a vote cast. Accordingly, assuming a quorum is present, a CEC stockholder's abstention from voting, the failure of CEC stockholders who hold their shares in street name through a broker, bank, nominee or other holder of record to give voting instructions to that broker, bank, nominee or other holder of record or a CEC stockholder's other failure to vote will have no effect on the outcome of any vote to approve the Stock Issuances, the CEC Advisory Compensation Proposal, the CEC 2017 PIP Proposal or an adjournment.

Pursuant to the terms and conditions of the CAC Voting Agreement, Hamlet Holdings has agreed with CAC to vote its shares of CEC Common Stock in favor of adopting the Merger Agreement, approving the Merger and approving any other proposal that would reasonably be expected to facilitate the timely completion of the Merger. As a result, adoption of the Merger Agreement and approval of the Merger, the Stock Issuances, the CEC Advisory Compensation Proposal and the Authorized Shares Increase Proposal by the CEC stockholders are expected, subject to the terms of the CAC Voting Agreement, as described in The Voting Agreements beginning on page 354.

**Stock Ownership of and Voting by CEC Directors and Executive Officers.** At the record date for the CEC Special Meeting (the close of business on [ ], 2017), CEC's directors and executive officers and their affiliates beneficially owned and had the right to vote [ ] shares of CEC Common Stock at the CEC Special Meeting, which represents approximately [ ]% of the shares of CEC Common Stock entitled to vote at the CEC Special Meeting.

It is expected that the CEC directors and executive officers will vote their shares **FOR** each of Proposals 1-8, although none of these other CEC directors and executive officers has entered into any agreement requiring them to do so.



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**Special Meeting of Stockholders of CAC (See Page 217)**

**Meeting.** The CAC Special Meeting will be held on [ ], 2017, in [ ] at Caesars Palace, One Caesars Palace Drive, Las Vegas, Nevada, at [ ] [a.m./p.m.], Pacific Time. At the CAC Special Meeting, CAC stockholders will be asked to consider and vote on the following proposals:

1. to adopt the Merger Agreement, pursuant to which, among other things, CAC will merge with and into CEC, with CEC as the surviving company and approve the Merger; and
2. to approve the adjournment of the CAC Special Meeting if necessary to solicit additional proxies if there are not sufficient votes to adopt the Merger Agreement and approve the Merger, at the time of the CAC Special Meeting.

**Record Date.** The CAC board of directors has fixed the close of business on [ ], 2017 as the record date for determination of the stockholders entitled to vote at the CAC Special Meeting or any adjournment or postponement of the CAC Special Meeting. Only CAC stockholders of record at the record date are entitled to receive notice of, and to vote at, the CAC Special Meeting or any adjournment or postponement of the CAC Special Meeting. As of the close of business on [ ], 2017, there were [ ] shares of CAC Common Stock outstanding. Each holder of CAC Common Stock is entitled to one vote for each share of CAC Common Stock owned at the record date.

**Quorum.** The presence at the CAC Special Meeting, in person or by proxy, of the holders of a majority of the votes entitled to be cast for each proposal at the record date (the close of business on [ ], 2017) will constitute a quorum for such proposal. Shares of CAC Common Stock held in street name with respect to which the beneficial owner fails to give voting instructions to the broker, bank, nominee or other holder of record will not be deemed present at the CAC Special Meeting for the purpose of determining the presence of a quorum. There must be a quorum for business to be conducted at the CAC Special Meeting. Failure of a quorum to be represented at the CAC Special Meeting will necessitate an adjournment or postponement and will subject CAC to additional expense.

**Adjournment.** In accordance with CAC's by-laws, if a quorum is not present in person or represented at the CAC Special Meeting, the CAC Special Meeting may be adjourned by the presiding person of the meeting or the holders of a majority of the votes entitled to be cast by the stockholders entitled to vote thereat, present in person or represented by proxy.

**Required Vote.** To adopt the Merger Agreement and approve the Merger, the affirmative vote of holders of a majority of the outstanding shares of CAC Common Stock entitled to vote is required. **CAC cannot complete the Merger unless its stockholders adopt the Merger Agreement.** Because adoption requires the affirmative vote of holders of a majority of the outstanding shares of CAC Common Stock entitled to vote, **a CAC stockholder's abstention from voting, the failure of CAC stockholders who hold their shares in street name through a broker, bank, nominee or other holder of record to give voting instructions to that broker, bank, nominee or other holder of record or a CAC stockholder's other failure to vote will have the same effect as a vote AGAINST the adoption of the Merger Agreement and approval of the Merger.**

To approve the adjournment of the meeting (as specified), the affirmative vote of a majority of the votes cast by stockholders present in person or by proxy at the CAC Special Meeting and entitled to vote is required. An abstention is not considered a vote cast. Accordingly, assuming a quorum is present, a CAC stockholder's abstention from voting, the failure of CAC stockholders who hold their shares in street name through a broker, bank, nominee or other holder

of record to give voting instructions to that broker, bank, nominee or other holder of record or a CAC stockholder's other failure to vote will have no effect on the outcome of any vote to approve an adjournment.

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Pursuant to the terms and conditions of the CEC Voting Agreement, Hamlet Holdings has agreed with CEC to vote its shares of CAC Common Stock in favor of adopting the Merger Agreement, approving the Merger and approving any other proposal that would reasonably be expected to facilitate the timely completion of the Merger. As a result, adoption of the Merger Agreement and approval of the Merger by the CAC stockholders are expected, subject to the terms of the CEC Voting Agreement, as described in *The Voting Agreements* beginning on page 354.

***Stock Ownership of and Voting by CAC Directors and Executive Officers.*** At the record date for the CAC Special Meeting (the close of business on [ ], 2017), CAC's directors and executive officers and their affiliates beneficially owned and had the right to vote [ ] shares of CAC Common Stock at the CAC Special Meeting, which represents approximately [ ]% of the shares of CAC Common Stock entitled to vote at the CAC Special Meeting.

It is expected that CAC's directors and executive officers will vote their shares **FOR** each of Proposals 1 and 2, although none of them has entered into any agreement requiring them to do so.

**CEC Voting Agreement (see Page 354)**

On July 9, 2016, CEC entered into a Voting Agreement (the *CEC Voting Agreement*) among CEC, Hamlet Holdings and, solely with respect to certain provisions of the CEC Voting Agreement, affiliates of Apollo and TPG and certain of their co-investors (collectively, the *Holder*).

Pursuant to the CAC Irrevocable Proxy, Hamlet Holdings has the sole voting and sole dispositive power with respect to 90,063,316 shares of CAC Common Stock (the *CAC Subject Shares*), which constituted approximately 65.0% of the outstanding shares of CAC Common Stock as of December 31, 2016.

Pursuant to the terms and conditions of the CEC Voting Agreement, Hamlet Holdings has agreed to, among other things, (1) cause all of the CAC Subject Shares to be counted as present for purposes of calculating a quorum at any meeting of stockholders of CAC, or any adjournment or postponement thereof, (2) vote the CAC Subject Shares in favor of (x) the adoption of the plan of merger contained in the Merger Agreement and (y) any other action, proposal, transaction or agreement that would reasonably be expected to facilitate the completion of the Merger, subject to certain conditions, and (3) vote the CAC Subject Shares against (x) any Acquisition Proposal (as further described in the section entitled *The Merger Agreement Acquisition Proposals* beginning on page 348) or any action that would reasonably be expected to impede, delay, discourage or adversely affect the timely completion of the Merger and (y) any action to change the voting rights of any class of shares of CAC, amend the organizational documents of CAC or amend the capital structure of CAC. In addition, pursuant to the terms and conditions of the CEC Voting Agreement, Hamlet Holdings has agreed to support, and cause its Members (as defined in the CEC Voting Agreement) to support, the Restructuring and to not, and to cause its Members to not, transfer, or agree to transfer, any CAC Subject Shares, subject to certain exceptions.

Either party may terminate the CEC Voting Agreement upon providing notice of termination to the other upon the occurrence of, among other things, (1) a CAC Adverse Recommendation Change (as further described in the section titled *The Merger Agreement Acquisition Proposals* beginning on page 348) prior to obtaining the required votes for the adoption of the Merger Agreement and the approval of the Merger by CAC stockholders (the *CAC Requisite Vote*), (2) the termination of the CAC Voting Agreement (as described below), (3) the termination of the Merger Agreement, subject to certain exceptions, (4) December 31, 2017 or (5) the Merger Effective Time. In certain circumstances, Hamlet Holdings may also terminate the CEC Voting Agreement if either the Merger Agreement or the Plan is amended in a manner that adversely affects Hamlet Holdings or certain related entities.





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### **CAC Voting Agreement (see Page 354)**

On July 9, 2016, CAC entered into a Voting Agreement (the "CAC Voting Agreement" and, together with the CEC Voting Agreement, the "Voting Agreements") among CAC, Hamlet Holdings and, solely with respect to certain provisions of the CAC Voting Agreement, the Holders.

Pursuant to the CEC Irrevocable Proxy made and granted by the Holders on November 22, 2010, Hamlet Holdings has the sole voting and sole dispositive power with respect to 87,605,299 shares of CEC Common Stock (the "CEC Subject Shares"), which constituted approximately 59.6% of the outstanding shares of CEC Common Stock as of December 31, 2016.

Pursuant to the terms and conditions of the CAC Voting Agreement, Hamlet Holdings has agreed to, among other things, (1) cause all of the CEC Subject Shares to be counted as present for purposes of calculating a quorum at any meeting of stockholders of CEC, or any adjournment or postponement thereof, (2) vote the CEC Subject Shares in favor of (x) the adoption of the plan of merger contained in the Merger Agreement and (y) any other action, proposal, transaction or agreement that would reasonably be expected to facilitate the completion of the Merger, subject to certain conditions, and (3) vote the CEC Subject Shares against (x) any Acquisition Proposal or any action that would reasonably be expected to impede, delay, discourage or adversely affect the timely completion of the Merger and (y) any action to change the voting rights of any class of shares of CEC, amend the organizational documents of CEC or amend the capital structure of CEC. In addition, pursuant to the terms and conditions of the CAC Voting Agreement, Hamlet Holdings has agreed to support, and cause its Members (as defined in the CAC Voting Agreement) to support, the Restructuring and to not, and to cause its Members to not, transfer, or agree to transfer, any CEC Subject Shares, subject to certain exceptions.

Either party may terminate the CAC Voting Agreement upon providing notice of termination to the other upon the occurrence of, among other things, (1) a CEC Adverse Recommendation Change (as further described in the section titled "The Merger Agreement Acquisition Proposals" beginning on page 348) prior to obtaining the required votes for the adoption of the Merger Agreement and the approval of the Merger by CEC stockholders (the "CEC Requisite Vote"), (2) the termination of the CEC Voting Agreement, (3) the termination of the Merger Agreement, subject to certain exceptions, (4) December 31, 2017 or (5) the Merger Effective Time. In certain circumstances, Hamlet Holdings may also terminate the CAC Voting Agreement if either the Merger Agreement or the Plan is amended in a manner that adversely affects Hamlet Holdings or certain related entities.

### **No Dissenters or Appraisal Rights (See Page 315)**

Neither CAC stockholders nor CEC stockholders have dissenters or appraisal rights with respect to the Merger.

### **Treatment of CEC Equity Awards (See Page 341)**

Immediately prior to the Merger Effective Time, each outstanding and unvested option to purchase shares of CEC Common Stock granted under the CEC 2012 PIP will be amended in accordance with its terms to provide that it will become vested and exercisable (at target performance levels, if applicable) in the event the optionee's employment is terminated without cause (as defined in the CEC 2012 PIP) by New CEC or any of its subsidiaries (as defined in the Merger Agreement) or for good reason (as defined in the Merger Agreement), in either case, within six months following the Merger Effective Time. In addition, immediately prior to the Merger Effective Time, each outstanding and unvested right to receive shares or share equivalents of CEC Common Stock granted under the CEC 2012 PIP (other than any CEC Stock Option) will be amended in accordance with its terms to provide that it will become vested and exercisable (at target performance levels, if applicable) in the event the awardee's employment is terminated

without cause (as defined in the CEC 2012 PIP) by New CEC or any of its subsidiaries or for good reason (as defined in the Merger Agreement), in either case, within six months following the Merger Effective Time.

**Table of Contents****Treatment of CAC Equity Awards (See Page 341)**

At the Merger Effective Time, and subject to the requirements of Section 424 and 409A of the Code, each outstanding and unexercised CAC Option will be cancelled and converted automatically into an option to purchase a number of shares of CEC Common Stock equal to the product (rounded down to the nearest whole share) of (1) the number of shares of CAC Common Stock subject to such CAC Option and (2) the Exchange Ratio, at an exercise price per share (rounded up to the nearest whole cent) equal to (x) the exercise price of such CAC Option divided by (y) the Exchange Ratio. Each converted CAC Option will continue to vest and be governed by the same terms and conditions as applicable under the CAC Stock Plan prior to the Merger Effective Time. In addition, the Merger Agreement provides that each unvested CAC Option granted pursuant to the CAC 2014 PIP will be amended to provide that it will become fully vested and exercisable (at target performance levels for performance options) in the event the optionee's employment is terminated by New CEC or any of its subsidiaries without cause (as defined in the CAC 2014 PIP) or for good reason (as defined in the Merger Agreement), in either case, within six months following the Merger Effective Time; however, each unvested CAC Option granted pursuant to the CAC 2014 PIP and held by a CAC employee has already been amended to provide for the foregoing acceleration.

In addition, at the Merger Effective Time, each CAC Award granted under any CAC Stock Plan will be cancelled and converted automatically into a right to receive shares (or shares equivalent, as applicable) of CEC Common Stock. In the case of CAC Awards denominated in shares, the number of shares of CEC Common Stock subject to the converted CAC Awards will be equal to the product (rounded down to the nearest whole share) of (1) the number of shares of CAC Common Stock subject to such CAC Award and (2) the Exchange Ratio. In the case of CAC Awards denominated in cash, the number of shares of CEC Common Stock, or other securities, property or cash that may be delivered in settlement thereof, will be determined pursuant to the terms of the CAC Stock Plan on the relevant settlement date(s) for such CAC Award. Each outstanding CAC Award held by the CAC named executive officers will vest in full immediately prior to the Merger Effective Time. For all other CAC employees, each unvested converted CAC Award will continue to vest in accordance with its existing terms. In addition, the Merger Agreement provides that each unvested CAC Award granted pursuant to the CAC 2014 PIP amended to provide that it will become vested and exercisable (at target performance levels, if applicable) in the event the awardee's employment is terminated by New CEC or any of its subsidiaries without cause or for good reason, in either case, within six months following the Merger Effective Time; however, each unvested CAC Award granted pursuant to the CAC 2014 PIP and held by a CAC employee other than the CAC named executive officers has already been amended to provide for the foregoing acceleration.

The foregoing acceleration provisions are in addition to any acceleration provisions in the existing award agreements governing CAC Options or CAC Awards or employment agreements with any holder of CAC Options or CAC Awards.

**Opinion of Financial Advisor to the CEC SAC (See Page 265)**

The CEC Strategic Alternatives Committee, consisting of entirely independent directors (the CEC SAC), retained Centerview Partners LLC, or Centerview, as its financial advisor in connection with the Merger, which, collectively with the other transactions contemplated by the Confirmation Order, the Plan, the Merger Agreement and the other documents and agreements referred to in such documents (the Transaction Documents), including, upon the Plan Effective Time, the contribution by the Sponsors of all of the shares of CEC Common Stock owned by the Sponsors to CEC and the issuance by the Company to certain creditors of CEOC shares of CEC Common Stock and Convertible Notes of CEC collectively representing, on an as-converted basis, up to 70.2% of the fully diluted outstanding shares of CEC Common Stock as of the consummation of the Merger (the Contribution) and the Restructuring (which, for purposes of this section and the summary of the Centerview Opinion below, refers to the term as it is defined in the

Merger Agreement)

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are collectively referred throughout this section and the summary of the Centerview Opinion below as the Transaction. In connection with this engagement, the CEC SAC requested that Centerview evaluate the fairness, from a financial point of view, to CEC, of the Exchange Ratio provided for pursuant to the Merger Agreement. On February 17, 2017, Centerview rendered to the CEC SAC its oral opinion, which was subsequently confirmed by delivery of a written opinion dated February 17, 2017 (collectively, the Centerview Opinion ), that, as of such date and based upon and subject to the assumptions made, procedures followed, matters considered, and qualifications and limitations described in its written opinion, the Exchange Ratio provided for pursuant to the Merger Agreement and taking into account the Contribution was fair, from a financial point of view, to CEC.

**The full text of Centerview s written opinion, dated February 17, 2017, which describes the assumptions made, procedures followed, matters considered, and qualifications and limitations upon the review undertaken by Centerview in preparing its opinion, is attached as Annex C to this joint proxy statement/prospectus and is incorporated by reference herein. The summary of the written opinion of Centerview set forth below is qualified in its entirety by the full text of Centerview s written opinion attached as Annex C. Centerview s financial advisory services and opinion were provided for the information and assistance of the CEC SAC (in their capacity as directors and not in any other capacity) in connection with and for purposes of its consideration of the Transaction, and Centerview s opinion addressed only the fairness, from a financial point of view, to CEC of the Exchange Ratio provided for pursuant to the Merger Agreement and taking into account the Contribution. Centerview s opinion did not address any other term or aspect of the Merger Agreement or the Transaction and does not constitute a recommendation to any stockholder of CEC, CAC or any other person as to how such stockholder or other person should vote with respect to the Merger or otherwise act with respect to the Transaction or any other matter.**

**The full text of Centerview s written opinion should be read carefully in its entirety for a description of the assumptions made, procedures followed, matters considered, and qualifications and limitations upon the review undertaken by Centerview in preparing its opinion.**

### **Opinion of Financial Advisor to the CAC Special Committee (See Page 284)**

In connection with the special committee of the board of directors of CAC s (the CAC Special Committee ) consideration of the Merger Agreement and the Merger, the CAC Special Committee received a written opinion, dated February 17, 2017, from the CAC Special Committee s financial advisor, Moelis & Company LLC, or Moelis , that the Exchange Ratio in the Merger was fair from a financial point of view to the holders of CAC Common Stock, other than the Sponsors.

**The full text of Moelis written opinion, dated February 17, 2017, which sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion (which are also summarized herein), is attached as Annex D to this joint proxy statement/prospectus and is incorporated herein by reference. Stockholders of CAC are urged to read Moelis written opinion carefully and in its entirety. Moelis opinion was provided for the use and benefit of the CAC Special Committee (in its capacity as such) in its consideration of the Merger. Moelis opinion is limited solely to the fairness, from a financial point of view, of the Exchange Ratio to the holders of CAC Common Stock, other than the Sponsors, and does not address CAC s underlying business decision to effect the Merger or the relative merits of the Merger as compared to any alternative business strategies or transactions that might be available with respect to CAC. Moelis opinion does not constitute a recommendation to any stockholder of CAC or CEC as to how such stockholder should vote or act with respect to the Merger or any other matter. Moelis opinion was approved by a Moelis fairness opinion committee.**



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**Interests of Directors and Executive Officers of CEC and CAC in the Merger (See Page 356)**

When considering the recommendation of the CEC board of directors that the CEC stockholders vote in favor of the adoption of the Merger Agreement and for the approval of the Merger, the Stock Issuances, the CEC Advisory Compensation Proposal, the Authorized Shares Increase Proposal and the CEC 2017 PIP Proposal, CEC stockholders should be aware that directors and executive officers of CEC have certain interests in the Merger that may be different from or in addition to the interests of CEC stockholders generally. The CEC board of directors was aware of these interests and considered them, among other things, in evaluating and negotiating the Merger Agreement and the Merger and in recommending that CEC stockholders adopt the Merger Agreement and approve the Merger, the Stock Issuances, the CEC Advisory Compensation Proposal, the Authorized Shares Increase Proposal and the CEC 2017 PIP Proposal. These interests include the following:

the ownership by CEC executive officers of CEC Common Stock and CAC Common Stock, representing approximately [ ]% and [ ]% of the outstanding shares of CEC Common Stock and CAC Common Stock, respectively;

as described in the Merger Agreement, double trigger accelerated vesting of CEC Stock Options and other CEC Awards granted pursuant to the CEC 2012 PIP in the event the CEC executive officer's employment is terminated by CEC or any of its subsidiaries without cause or for good reason, in either case, within six months following the Merger Effective Time;

as described in the Merger Agreement, with respect to certain CEC executive officers, double trigger accelerated vesting of CAC Options and CAC Awards granted pursuant to the CAC 2014 PIP in the event the CEC executive officer's employment is terminated by CEC or any of its subsidiaries without cause or for good reason, in either case, within six months following the Merger Effective Time;

the potential receipt of severance payments and benefits if such CEC's executive officer's employment is terminated without cause or if the executive resigns from employment for good reason; and

the CEC HRC's approval of the CEC Retention Program Number Three, which consists of (1) a one-time stock option re-pricing and (2) amendments to certain executive officers' employment agreements to provide for double trigger accelerated vesting of CEC Stock Options and other CEC Awards granted pursuant to the CEC 2012 PIP, or any other CEC long-term incentive awards, in the event the applicable executive's employment is terminated by CEC or any of its subsidiaries without cause, for good reason or by reason of the executive's death or disability (as such terms are defined in the CEC executive's employment agreement), in each case, at any time prior to the second anniversary of the Plan Effective Time.

When considering the recommendation of the CAC board of directors that CAC stockholders vote in favor of the adoption of the Merger Agreement and approval of the Merger, CAC stockholders should be aware that directors and executive officers of CAC have certain interests in the Merger that may be different from or in addition to the interests of CAC stockholders generally. The CAC board of directors was aware of these interests and considered them, among other things, in evaluating and negotiating the Merger Agreement and the Merger and in recommending that CAC stockholders adopt the Merger Agreement and approve the Merger. These interests include the following:



the ownership by CAC executive officers of CAC Common Stock and CEC Common Stock, representing approximately [ ]% and [ ]% of the outstanding shares of CAC Common Stock and CEC Common Stock, respectively;

accelerated vesting of CAC Awards held by the CAC named executive officers granted pursuant to the CAC 2014 PIP immediately prior to the Merger Effective Time;

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with respect to certain CAC executive officers, double trigger accelerated vesting of CEC Stock Options granted pursuant to the CEC 2012 PIP in the event the CAC executive officer's employment is terminated by CEC or any of its subsidiaries without cause or for good reason, in either case, within six months following the Merger Effective Time; and

with respect to certain CAC officers, the potential receipt of severance payments and benefits if such CAC's executive officer's employment is terminated without cause or if the executive resigns from employment for good reason.

### **Certain Governance Matters Following the Merger (See Page 373)**

Upon completion of the Merger, the composition of directors and officers of New CEC will be different than the current composition of CEC directors and officers and CAC directors and officers. The CEC board of directors currently consists of eleven directors and the CAC board of directors currently consists of seven directors. The Merger Agreement requires that the number of directors on the board of directors of New CEC be eleven, and that the directors be appointed in accordance with the terms of the Plan. The Plan requires that a certain number of independent directors be appointed to the board of directors of New CEC and that the director appointments be subject to the consent of certain of the Debtors' creditors.

### **Listing of Shares of CEC Common Stock and Delisting and Deregistration of CAC Common Stock (See Page 317)**

CEC will apply for listing on NASDAQ, where shares of CEC Common Stock are currently traded, of the shares of CEC Common Stock to be issued in the Merger. If the Merger is completed, the shares of CEC Common Stock to be issued in the Merger will be listed on NASDAQ, and shares of CAC Common Stock will no longer be listed on NASDAQ and will be deregistered under the Exchange Act.

### **Conditions to Completion of the Merger (See Page 350)**

As more fully described in this joint proxy statement/prospectus and in the Merger Agreement, the obligation of each of CEC, on the one hand, and CAC, on the other hand, to complete the Merger is subject to the satisfaction or waiver of a number of conditions, including, but not limited to, the following:

the Plan containing the Debtor Release, the Third-Party Release and the Exculpation and being confirmed by the Bankruptcy Court, which Confirmation Order was entered on January 17, 2017, with the Plan Effective Time occurring contemporaneously with the Merger Effective Time;

the adoption of the Merger Agreement and approval of the Merger by the affirmative vote of the holders of at least a majority of all outstanding shares of CEC Common Stock and CAC Common Stock;

obtaining any necessary licenses, consents or other approvals from gaming authorities to effect the Merger;

no law or order having been adopted, promulgated or issued by any governmental entity that would prohibit, restrain, enjoin or render unlawful the completion of the Merger;

the effectiveness of the registration statement covering shares of CEC Common Stock to be issued in the Merger (of which this joint proxy statement/prospectus forms a part) and the absence of any stop order suspending that effectiveness or any proceedings for that purpose pending before the SEC;

the authorization for the listing of such shares of CEC Common Stock;

any waiting period under the HSR Act with respect to the Merger or any other applicable antitrust laws for which a filing has been made pursuant to the Merger Agreement shall have expired or been terminated, which CEC and CAC have determined that no such antitrust filings will be required; and

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solely with respect to CAC's obligation to complete the Merger, CEC's receipt of tax rulings regarding certain tax aspects of the Restructuring, which tax rulings were received on January 5, 2017, as well as receipt of tax opinions.

CEC and CAC cannot be certain when, or if, the conditions to the Merger will be satisfied or waived, or that the Merger will be completed. Additionally, if conditions are not met or are incapable of being met, CEC and/or CAC may be entitled to terminate the Merger Agreement, as described further below.

### **Regulatory Approvals Required for the Merger (See Page 314)**

The respective obligation of each of CEC and CAC to complete the Merger and the Restructuring is subject to the receipt of gaming approvals from gaming authorities in up to 10 jurisdictions in which CEC, CAC or any of their respective subsidiaries or affiliates conducts gaming activities. The process of obtaining such approvals may take several months to complete, and such gaming approvals may not be obtained in a timely manner or at all. The respective obligation of each of CEC and CAC is also subject to the expiration or termination of any waiting period under the HSR or any other applicable antitrust laws for which a filing has been made pursuant to the Merger Agreement, which CEC and CAC have determined that no such antitrust filings will be required. See the section entitled "Risk Factors - Risks Related to the Merger" beginning on page 69.

In addition, the parties' respective obligation to complete the Merger is conditioned upon the expiration or termination of any waiting period under the HSR Act with respect to the Merger or any other applicable antitrust laws for which a filing has been made pursuant to the Merger Agreement, which CEC and CAC have determined that no such antitrust filings will be required. The parties' respective obligation to complete the Merger is further conditioned upon the absence of a law or order issued, adopted or promulgated by any governmental entity, including any gaming authority or antitrust authority, that would prohibit, restrain, enjoin or render unlawful the completion of the Merger.

### **CEC and CAC Expect to Complete the Merger in the Middle of 2017 (See Page 342)**

The Merger will occur no later than the third (3rd) business day after satisfaction or waiver of the conditions to its completion (other than those conditions that by their nature are to be satisfied at the closing but subject to the fulfillment or waiver of those conditions), unless otherwise mutually agreed by the parties. As of the date of this joint proxy statement/prospectus, the completion of the Merger is anticipated to occur in the middle of 2017, based upon current expectations regarding the timing of receipt of all necessary regulatory approvals to accomplish the Merger and the Restructuring. However, there can be no assurance as to when, or if, the Merger will occur.

Subject to certain conditions, the Merger Agreement may be terminated, and the Merger may be abandoned, by CEC or by CAC if the Merger Effective Time has not occurred by the close of business on December 31, 2017 (the "Outside Date").

### **Solicitation by CEC (See Page 348)**

Prior to obtaining the requisite stockholder approval, CEC may consider a bona fide unsolicited Acquisition Proposal that constitutes, or would reasonably be expected to result in, a Superior Proposal, if failure to take such action would be reasonably likely to be inconsistent with its respective directors' fiduciary duties. In such event, CEC may terminate the Merger Agreement and pay a termination fee to the other party as set forth in the paragraph immediately below. In the event that CEC receives a Superior Proposal, CEC shall provide CAC the opportunity to adjust its proposal to match the Superior Proposal.



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The Merger Agreement contains certain termination rights for the parties, including the right in certain circumstances to terminate the Merger Agreement and accept a Superior Proposal. Upon termination of the Merger Agreement under certain circumstances, including with respect to the acceptance of a Superior Proposal, CEC may be required to pay a termination fee of \$25 million as provided in the Merger Agreement.

### **Solicitation by CAC (See Page 348)**

The Merger Agreement also contains a Go-Shop provision which allowed CAC and its subsidiaries to directly or indirectly initiate, solicit and encourage an offer, proposal or inquiry relating to, or any third-party indication of interest in, any acquisition or purchase of 100% of the issued and outstanding CAC Common Stock (a CAC Acquisition Proposal ) until 45 business days after the date of the A&R Merger Agreement (the Go-Shop Period ). CAC did not receive a CAC Acquisition Proposal during the Go-Shop Period.

Prior to obtaining the requisite stockholder approval, CAC may consider a bona fide unsolicited Acquisition Proposal that constitutes, or would reasonably be expected to result in, a Superior Proposal (as described in the section titled The Merger Agreement Acquisition Proposals beginning on page 348), if failure to take such action would be reasonably likely to be inconsistent with its respective directors' fiduciary duties. In such event, CAC may terminate the Merger Agreement and pay a termination fee to the other party as set forth in the paragraph immediately below. In the event that CAC receives a Superior Proposal, CAC shall provide CEC the opportunity to adjust its proposal to match the Superior Proposal.

The Merger Agreement contains certain termination rights for the parties, including the right in certain circumstances to terminate the Merger Agreement and accept a Superior Proposal. Upon termination of the Merger Agreement under certain circumstances, including with respect to the acceptance of a Superior Proposal, CAC may be required to pay a termination fee of \$25 million as provided in the Merger Agreement.

### **Termination of the Merger Agreement (See Page 351)**

As more fully described in this joint proxy statement/prospectus and in the Merger Agreement, and subject to the terms and conditions described in the Merger Agreement, the Merger Agreement may be terminated at any time before completion of the Merger in any of the following ways:

by either CEC or CAC:

with the mutual agreement of the other party;

if adoption of the Merger Agreement and approval of the Merger is not obtained at (1) the CAC Special Meeting or any adjournments or postponements thereof or (2) the CEC Special Meeting or any adjournments or postponements thereof;

upon 30 days' prior written notice of termination, if there has occurred and is continuing certain breaches by the other party of representations or warranties contained in the Merger Agreement or covenants or agreements in the Merger Agreement; provided, that such breach cannot be or has not

been cured within 30 days after the giving of written notice to the breaching party of such breach;

upon written notice to the other party, prior to the time that the CAC Requisite Vote has been obtained (if CEC is the party giving notice of termination) or prior to the time that the CEC Requisite Vote has been obtained (if CAC is the party giving notice of termination), if the board of directors of the other party will have effected an Adverse Recommendation Change (as defined below);

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if the Merger Effective Time has not occurred by the close of business on the Outside Date; provided, however, that the terminating party's failure to comply with any provision of the Merger Agreement has not been the cause of, or materially contributed to, the failure of the Merger Effective Time to occur on or before such date;

if any required gaming approval has been denied, rescinded or revoked in a certain manner and such denial, rescission or revocation became final and non-appealable; provided, however, that the right to terminate will not be available to any party whose failure to comply with any provision of the Merger Agreement has been the cause of, or materially contributed to, such denial, rescission or revocation; or

if an order (a 105 Injunction Order ) of the Bankruptcy Court temporarily enjoining all or some of the Caesars Cases (as defined in the Merger Agreement) ceases to be in effect, within 14 days following the date the 105 Injunction Order ceases to be in effect.

by CEC:

if prior to the receipt of the CEC Requisite Vote, the board of directors of CEC authorizes CEC enter into an acquisition agreement in respect of a Superior Proposal, and CEC substantially concurrently enters into such agreement; or

if CEOC files, without CEC's prior written consent, a plan of reorganization that does not include the Debtor Release, the Third-Party Release or the Exculpation with respect to CEC and its subsidiaries and representatives or contains certain other exculpatory provisions or other document with the Bankruptcy Court that is otherwise materially inconsistent with the CEC/CEOC RSA.

by CAC:

if prior to the receipt of the CAC Requisite Vote, the board of directors of CAC authorizes entering into an acquisition agreement in respect of a Superior Proposal, and CAC substantially concurrently enters into such agreement; or

if CEOC files, without CAC's prior written consent, a plan of reorganization that does not include the Debtor Release, the Third-Party Release or the Exculpation with respect to CAC and its subsidiaries and representatives or contains certain other exculpatory provisions or other document with the Bankruptcy Court that is otherwise materially inconsistent with the First Amended and Restated Restructuring Support Agreement, dated as of July 9, 2016, between CAC and CEOC (the CAC/CEOC RSA ) and, together with the CEC/CEOC RSA, the Caesars RSAs ).

**Specific Performance; Remedies (See Page 340)**



Under the Merger Agreement, each of CEC and CAC is entitled to an injunction or injunctions to prevent breaches of the Merger Agreement or to enforce specifically the terms and provisions of the Merger Agreement, in addition to any other remedy to which that party may be entitled at law or in equity.

**U.S. Federal Income Tax Consequences of the Merger (See Page 315)**

The Merger is intended to qualify as a reorganization within the meaning of Section 368(a) of the Code. Provided that the Merger qualifies as a reorganization within the meaning of Section 368(a) of the Code, CAC stockholders that are U.S. holders will generally not recognize any gain or loss for U.S. federal income tax purposes on the exchange of their shares of CAC Common Stock for CEC Common Stock in the Merger. The obligations of CEC and CAC to complete the Merger are subject to, among other conditions described in this

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joint proxy statement/prospectus and the Merger Agreement, which is included as Annex A to this joint proxy statement/prospectus, the receipt by each of CEC and CAC of the opinion of its respective counsel to the effect that the Merger will qualify as a reorganization within the meaning of Section 368(a) of the Code.

You should read the section entitled CEC and CAC Proposal 1: Adoption of the Merger Agreement and Approval of the Merger U.S. Federal Income Tax Consequences of the Merger, beginning on page 315, for a more complete discussion of the U.S. federal income tax consequences of the Merger. Tax matters can be complicated and the tax consequences of the Merger to you will depend on your particular tax situation. You should consult your own tax advisor to determine the tax consequences of the Merger to you.

### **Accounting Treatment (See Page 317)**

For accounting purposes, the Merger is a business combination to be accounted for as a reorganization of entities under common control. The accounting treatment for such events is similar to the former pooling of interests method. Accordingly, the financial position and results of operations of CAC will be included in the consolidated financial statements of CEC on the same basis as currently presented and as if the entities were combined into a single reporting entity for all periods presented.

As part of the Restructuring, it is anticipated that New CEOC will be acquired by New CEC and will become a consolidated wholly-owned subsidiary of New CEC. The acquisition method of accounting under ASC Topic 805, on the acquisition date, New CEC (the acquirer) will record at fair value the identifiable assets acquired and liabilities assumed, and goodwill. The results of operations for New CEC will be reported prospectively subsequent to the acquisition date.

### **Rights of CAC Stockholders Will Change as a Result of the Merger (See Page 378)**

CAC stockholders will have different rights once they become New CEC stockholders due to differences between the organizational documents of New CEC and CAC. These differences are described in more detail under the section entitled Comparison of Stockholder Rights beginning on page 378.

### **Litigation Relating to the Merger (See Page 318)**

On December 30, 2014, Nicholas Koskie, on behalf of himself and, he alleged, all others similarly situated, filed a lawsuit (the Merger Lawsuit) in the Clark County District Court in the State of Nevada against CAC, CEC and members of the CAC board of directors Marc Beilinson, Philip Erlanger, Dhiren Fonseca, Don Kornstein, Karl Peterson, Marc Rowan, and David Sambur (the individual defendants collectively, the CAC Directors). The Merger Lawsuit alleged claims for breach of fiduciary duty against the CAC Directors and aiding and abetting breach of fiduciary duty against CAC and CEC. It sought (1) an order directing the CAC Directors to fulfill alleged fiduciary duties to CAC in connection with the proposed merger between CAC and CEC announced on December 22, 2014 (the Proposed Merger), specifically by announcing their intention to (a) cooperate with bona fide interested parties proposing alternative transactions, (b) ensure that no conflicts exist between the CAC Directors' personal interests and their fiduciary duties to maximize stockholder value in the Proposed Merger, or resolve all such conflicts in favor of the latter, and (c) act independently to protect the interests of the stockholders; (2) an order directing the CAC Directors to account for all damages suffered or to be suffered by plaintiff and the putative class as a result of the Proposed Merger; and (3) an award to plaintiff for his costs and attorneys' fees. It was unclear whether the Merger Lawsuit also sought to enjoin the Proposed Merger. On October 13, 2016, the court dismissed the Merger Lawsuit without prejudice for lack of prosecution. Pursuant to local rule, the case could have been reinstated at the plaintiff's written request, provided such request was filed within 30 days of the date of service of written notice of the

dismissal. The 30-day time period has now expired.

**Table of Contents****SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF CEC**

The following table presents selected historical consolidated financial data of CEC. The selected financial data of CEC for each of the years ended December 31, 2016, 2015 and 2014, and as of December 31, 2016 and 2015, are derived from CEC's audited consolidated financial statements and related notes (the 2016 CEC Financial Statements). The selected financial data of CEC for each of the years ended December 31, 2013 and 2012, and as of December 31, 2014, 2013 and 2012, have been derived from CEC's historical consolidated financial statements for such years, which have not been included in this joint proxy statement/prospectus.

The historical financial data of CEC should be read in conjunction with the section entitled Management's Discussion and Analysis of Financial Condition and Results of Operations of Caesars Entertainment Corporation, beginning on page 140, and the 2016 CEC Financial Statements.

<b>(In millions, except per share data)</b>	<b>2016</b>	<b>2015<sup>(1)</sup></b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>OPERATING DATA</b>					
Net revenues	\$ 3,877	\$ 3,929	\$ 7,967	\$ 7,917	\$ 7,994
Impairment of goodwill			695	104	195
Impairment of intangible and tangible assets <sup>(2)</sup>		1	299	2,727	430
Income/(loss) from operations	257	346	(555)	(2,047)	72
Interest expense	599	683	2,669	2,252	2,100
Deconsolidation and restructuring of CEOC and other <sup>(3)</sup>	(5,758)	6,115	(95)	28	161
Income/(loss) from continuing operations, net of income taxes	(6,127)	5,897	(2,723)	(2,748)	(1,150)
Discontinued operations, net of income taxes <sup>(4)</sup>	3,380	155	(143)	(192)	(353)
Net income/(loss)	(2,747)	6,052	(2,866)	(2,940)	(1,503)
Net income/(loss) attributable to CEC	(3,569)	5,920	(2,783)	(2,948)	(1,508)
<b>COMMON STOCK DATA</b>					
Basic earnings/(loss) per share from:					
Continuing operations	\$ (47.52)	\$ 39.80	\$ (18.53)	\$ (21.43)	\$ (9.22)
Discontinued operations <sup>(4)</sup>	23.11	1.08	(1.00)	(1.50)	(2.82)
Net income/(loss)	\$ (24.41)	\$ 40.88	\$ (19.53)	\$ (22.93)	\$ (12.04)
Diluted earnings/(loss) per share from:					
Continuing operations	\$ (47.52)	\$ 39.20	\$ (18.53)	\$ (21.43)	\$ (9.22)
Discontinued operations <sup>(4)</sup>	23.11	1.06	(1.00)	(1.50)	(2.82)
Net income/(loss)	\$ (24.41)	\$ 40.26	\$ (19.53)	\$ (22.93)	\$ (12.04)
<b>FINANCIAL POSITION DATA</b>					
Total assets	\$ 14,894	\$ 12,206	\$ 23,339	\$ 24,492	\$ 27,670
Current portion of long-term debt	89	187	15,779	197	880
Long-term debt <sup>(5)</sup>	6,749	6,777	7,230	20,715	20,305
Noncontrolling interests <sup>(6)</sup>	1,759	1,246	255	1,218	80
Stockholders' equity/(deficit)	(3,177)	987	(4,997)	(3,122)	(412)

- (1) 2015 reflects the deconsolidation of CEOC (see Note 2 to the 2016 CEC Financial Statements).
- (2) See Note 6 and Note 7 to the 2016 CEC Financial Statements for information about impairments.
- (3) See Note 1 to the 2016 CEC Financial Statements.
- (4) See Note 17 to the 2016 CEC Financial Statements.
- (5) See Note 11 to the 2016 CEC Financial Statements for information about debt.
- (6) The decrease in 2014 was primarily due to the sale and grant of CEOC shares in May 2014, which reduced CEC's ownership to approximately 89%. The increase in 2013 was primarily due to the formation of CGP (see Note 2 to the 2016 CEC Financial Statements).

**Table of Contents****SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF CEOC**

The following table presents selected historical consolidated financial data of CEOC. The selected financial data of CEOC for each of the years ended December 31, 2016, 2015 and 2014, and as of December 31, 2016 and 2015, are derived from CEOC's audited consolidated financial statements and related notes (the 2016 CEOC Financial Statements). The selected financial data of CEOC for the year ended December 31, 2013 and as of December 31, 2014, have been derived from CEOC's audited consolidated financial statements for such years, which have not been included in this joint proxy statement/prospectus.

The historical financial data of CEOC should be read in conjunction with the 2016 CEOC Financial Statements.

(In millions)	2016	2015	2014	2013
<b>OPERATING DATA</b>				
Net revenues	\$ 4,701.7	\$ 4,714.5	\$ 5,092.8	\$ 5,939.9
Impairment of goodwill <sup>(1)</sup>			260.9	101.2
Impairment of intangible and tangible assets <sup>(1)</sup>		130.4	271.4	1,707.6
Income/(loss) from operations	791.4	504.6	(265.8)	(1,243.4)
Interest expense and other <sup>(2)</sup>	260.2	343.5	2,216.0	2,145.2
Reorganization items <sup>(3)</sup>	223.0	2,615.2		
Income/(loss) from continuing operations, net of income taxes	341.4	(2,420.3)	(2,087.7)	(2,844.1)
Loss from discontinued operations, net of income taxes	(4.3)	(13.2)	(172.4)	(217.9)
Net income/(loss)	337.1	(2,433.5)	(2,260.1)	(3,062.0)
Net income/(loss) attributable to CEOC	328.3	(2,441.9)	(2,267.8)	(3,066.3)
<b>FINANCIAL POSITION DATA</b>				
Total assets	\$ 11,345.1	\$ 11,393.3	\$ 11,508.5	
Current portion of long-term debt	1.5	2.1	15,619.9	
Long-term debt <sup>(4)</sup>	369.3	369.6	387.8	
Liabilities subject to compromise <sup>(5)</sup>	18,471.4	18,869.3		
Noncontrolling interests	21.4	23.6	24.1	
Stockholders' deficit	(10,226.7)	(10,585.6)	(8,142.9)	

(1) See Note 6 and Note 7 to the 2016 CEOC Financial Statements.

(2) Contractual interest was \$1,711.4 million for 2016 and \$1,714.0 million for 2015. See Note 2 to the 2016 CEOC Financial Statements for information about CEOC's Chapter 11 Cases.

(3) See Note 14 to the 2016 CEOC Financial Statements for information about reorganization items.

(4) See Note 10 to the 2016 CEOC Financial Statements for information about debt.

(5) See Note 9 to the 2016 CEOC Financial Statements for information about liabilities subject to compromise.

**Table of Contents****SELECTED HISTORICAL FINANCIAL DATA OF CAC**

The following table presents financial data of CAC and combined financial data of the assets and entities that were acquired by or contributed to CGP in the Initial CGP Transactions, the Acquired Properties Transaction and the Harrah's Transaction (each defined below). Periods prior to the Initial CGP Transactions are referred to in the aggregate as Predecessor Growth Partners, which is considered to be the predecessor to CAC. The combined financial data of Predecessor Growth Partners is presented as if those businesses and assets acquired in the Initial CGP Transactions, the Acquired Properties Transaction and the Harrah's Transaction were combined into one reporting entity for the periods presented, and have been derived from the historical accounting records of CEC. The selected financial data of CAC and Predecessor Growth Partners in the table below, have been derived from CAC's and Predecessor Growth Partners' historical consolidated financial statements for such years, which have not been incorporated by reference into this joint proxy statement/prospectus.

The historical financial data of CAC should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations, and the audited financial statements and related notes of CAC included in the CAC 2016 10-K.

	Caesars Acquisition Company			Predecessor Growth Partners		
	Year Ended December 31, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014	February 25, 2013 Through December 31, 2013	January 1, 2013 Through October 21, 2013	Year Ended December 31, 2012
<b>(In millions, except per share data)</b>						
<b>Statements of Operations</b>						
<b>Revenues</b>						
Net revenues	\$	\$	\$	\$	\$ 845.9	\$ 1,095.6
<b>Operating expenses</b>						
Direct operating expenses					399.8	532.4
Property, general, administrative and other	30.0	31.2	25.4	0.4	244.3	307.6
Write-downs, reserves and project opening costs, net of recoveries					15.6	8.4
Management fees to related parties					14.2	16.1
Depreciation and amortization					66.8	85.0
Total operating expenses	30.0	31.2	25.4	0.4	740.7	949.5
Income from equity method investment in CGP	820.6	97.4	79.4	7.3	N/A	N/A
Income from operations	790.6	66.2	54.0	6.9	105.2	146.1
Interest expense, net of interest capitalized					(60.5)	(56.1)
Interest income - related party					138.5	145.1
Loss on extinguishment of debt					(0.7)	
Other income, net					0.5	1.5
Income before provision for income taxes	790.6	66.2	54.0	6.9	183.0	236.6

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Provision for income taxes	(171.5)	(34.2)	(39.4)	(2.4)	(74.4)	(89.5)
Net income from continuing operations	619.1	32.0	14.6	4.5	108.6	147.1
<b>Discontinued operations</b>						
Income from discontinued operations before income taxes					6.8	71.6
Benefit from/(provision for) income taxes related to discontinued operations					6.4	(19.0)
Net income from discontinued operations					13.2	52.6
Net income	619.1	32.0	14.6	4.5	121.8	199.7
Less: net loss/(income) attributable to non-controlling interests					5.1	(0.6)
Net income attributable to CAC and Predecessor Growth Partners, respectively	\$ 619.1	\$ 32.0	\$ 14.6	\$ 4.5	\$ 126.9	\$ 199.1
<b>Common Stock Data</b>						
Earnings per share basic	\$ 4.50	\$ 0.23	\$ 0.11	\$ 0.19		
Earnings per share diluted	\$ 4.49	\$ 0.23	\$ 0.11	\$ 0.19		
<b>Balance Sheet Data (at period end)</b>						
Total assets	\$ 1,821.5	\$ 1,137.4	\$ 1,059.3	\$ 1,155.3		\$ 3,974.7
Total debt <sup>(1)</sup>						873.8
Equity	1,698.8	1,067.4	1,023.1	1,153.4		2,573.4

(1) Total debt is comprised of third-party debt, debt to related party and convertible notes issued to related party.



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The following table sets forth, for the calendar periods indicated, the high and low intra-day sales prices per share of CEC Common Stock and CAC Common Stock. CEC Common Stock is listed on NASDAQ under the symbol CZR and CAC Common Stock is listed on NASDAQ under the symbol CACQ. As of [ ], 2017, there were [ ] shares of CEC Common Stock issued and outstanding that were held by [ ] stockholders of record.

	CEC Common Stock		CAC Common Stock	
	High	Low	High	Low
<b>Fiscal Year Ended December 31, 2015:</b>				
First Quarter	\$ 16.00	\$ 8.78	\$ 10.49	\$ 6.18
Second Quarter	12.48	5.95	8.48	6.00
Third Quarter	10.61	3.30	8.23	4.82
Fourth Quarter	9.17	5.75	8.26	6.03
<b>Fiscal Year Ended December 31, 2016:</b>				
First Quarter	\$ 9.64	\$ 5.65	\$ 7.35	\$ 4.48
Second Quarter	8.86	6.24	12.15	5.43
Third Quarter	10.84	5.39	13.00	10.10
Fourth Quarter	8.50	6.70	13.53	10.00
<b>Fiscal Year Ending December 31, 2017:</b>				
First Quarter (through March 10, 2017)	\$ 10.50	\$ 8.18	\$ 15.80	\$ 13.00

The following table sets forth the closing price per share of CEC Common Stock and of CAC Common Stock as of February 17, 2017, the last trading day before the public announcement of the Amendment, and as of [ ], 2017, the most recent practicable trading day prior to the date of this joint proxy statement/prospectus. The table also shows the implied value of the merger consideration proposed for each share of CAC Common Stock as of the same two dates. This implied value was calculated by multiplying the closing price of a share of CEC Common Stock on the relevant date by the Exchange Ratio.

	Closing Price per Share	
	February 17, 2017	[ ], 2017
CEC Common Stock	\$ 9.20	\$ [ ]
CAC Common Stock	\$ 14.75	\$ [ ]
Implied per Share Value of Merger Consideration	\$ 14.95	\$ [ ]

The market prices of shares of CEC Common Stock and CAC Common Stock have fluctuated since February 21, 2017, the date of the first public announcement of the Amendment, and will continue to fluctuate from the date of this joint proxy statement/prospectus to the date of the CAC Special Meeting and the date the Merger is completed, and the market prices of shares of CEC Common Stock will continue to fluctuate after the date the Merger is completed. No assurance can be given concerning the market prices of CEC Common Stock and CAC Common Stock before completion of the Merger or CEC Common Stock after completion of the Merger. Accordingly, CAC stockholders are advised to obtain current market quotations for CEC Common Stock and CAC Common Stock in deciding whether to vote for adoption of the Merger Agreement.

**Dividends**

To date, CEC has not paid a cash dividend. CEC intends to retain all future earnings, if any, for use in the operation of its business and to fund further growth. CEC does not anticipate paying any dividends for the foreseeable future. The decision whether to pay dividends will be made by CEC's board of directors in light of

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conditions then existing, including factors such as CEC's results of operations, financial condition and requirements, business conditions and covenants under any applicable contractual arrangements, including its indebtedness.

To date, CAC has not paid a cash dividend. CAC has no present plans to pay cash dividends to its stockholders and, for the foreseeable future, intends to retain all of its earnings for use in its business. The declaration of any future dividends by CAC is within the discretion of CAC's board of directors and will be dependent upon CAC's earnings, financial condition and capital requirements, as well as any other factors deemed relevant by CAC's board of directors.

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**CEC UNAUDITED CONSOLIDATED CONDENSED PRO FORMA FINANCIAL STATEMENTS**

The following unaudited consolidated condensed pro forma financial information is presented to illustrate the estimated effects of the following pro forma transactions (the Pro Forma Transactions), which are expected to take effect at the Plan Effective Time:

the Merger; and

the Restructuring.

The unaudited consolidated condensed pro forma financial information, referred to herein as the pro forma financial information, is based upon the historical audited consolidated financial statements of both CEC and CEOC, which are included elsewhere in this joint proxy statement/prospectus, and the historical audited consolidated financial statements of CAC, which are incorporated by reference into this joint proxy statement/prospectus. CEC, CEOC, and CAC prepare their financial statements in conformity with GAAP.

The unaudited consolidated condensed pro forma balance sheet as of December 31, 2016, is referred to herein as the pro forma balance sheet and is presented on a basis to reflect (1) the Merger and (2) the Restructuring as if each had occurred on December 31, 2016.

The unaudited consolidated condensed pro forma statements of operations for each of the years ended December 31, 2016, 2015, and 2014, are referred to herein as the pro forma statements of operations. The pro forma statements of operations are presented to reflect the Merger for all periods presented because the Merger is considered a business combination to be accounted for as a reorganization of entities under common control. The pro forma statement of operations for the year ended December 31, 2016 also gives effect to the Restructuring.

The pro forma financial information is, in part, based on certain assumptions regarding the Pro Forma Transactions that management believes are reasonable and are (1) directly attributable to the Pro Forma Transactions, (2) factually supportable and (3) with respect to the pro forma statements of operations, expected to have a continuing impact on the consolidated company. In addition, the pro forma financial information should be read in conjunction with:

the accompanying notes, referred to herein as the notes to the pro forma financial information;

CEC's audited consolidated financial statements and the related notes included elsewhere in this joint proxy statement/prospectus;

CAC's audited financial statements and the related notes incorporated by reference into this joint proxy statement/prospectus; and

CEOC's audited consolidated financial statements and the related notes included elsewhere in this joint proxy statement/prospectus.

The pro forma financial information does not reflect any of management's expectations for revenue enhancements, costs savings from operating efficiencies, synergies or other restructuring activities that could result from the Pro Forma Transactions or the costs and related liabilities that would be incurred to achieve such revenue enhancements, costs savings from operating efficiencies, synergies or restructuring activities. The pro forma financial information does not purport to represent what the financial position or results of operations would actually have been if the Pro Forma Transactions had occurred as of the dates indicated or what the financial position or results of operations would be for any future periods. The actual results in future periods may differ materially from that reflected in the pro forma financial information.

The pro forma adjustments related to the Merger have been prepared on the basis that the Merger is a business combination to be accounted for as a reorganization of entities under common control. Therefore, in accordance with Accounting Standards Codification Topic 805, Business Combinations, CAC's assets and

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liabilities will be accounted for at their historical carrying values as of the Plan Effective Time. The pro forma adjustments are comprised primarily of (1) the elimination of CAC's equity investment in CGP and CEC's related noncontrolling interest and (2) income tax adjustments attributable to the combined entities.

The results of CEOC and its subsidiaries were deconsolidated by CEC subsequent to the filing of the Bankruptcy Petitions on January 15, 2015. For additional information regarding the Bankruptcy Petitions and the Plan, see the section entitled "The CEOC Restructuring" beginning on page 198.

As part of the Plan that was approved by the Bankruptcy Court on January 17, 2017 and in accordance with the RSAs, it is anticipated that CEOC will be divided into two companies OpCo and PropCo. OpCo is also referred to as New CEOC, and will operate CEOC's properties and facilities. PropCo will hold certain of CEOC's real property assets and related fixtures and will lease those assets to New CEOC. It is anticipated that New CEOC will be a wholly owned consolidated subsidiary of New CEC subsequent to the Restructuring and that it will contract with other subsidiaries of New CEC to manage the facilities to be leased from PropCo, and the lease between New CEOC and PropCo will be accounted for as a financing by New CEOC. PropCo will be a separate entity, of which New CEC will have no direct or indirect ownership, and therefore will not be consolidated by New CEC.

The pro forma financial adjustments related to the Restructuring are based on terms of the Plan and the RSAs and are prepared assuming that CEOC represents the predecessor to New CEOC, the entity CEC will be acquiring as part of the Restructuring. New CEOC represents substantially all of CEOC. The pro forma adjustments are comprised primarily of the following:

the acquisition of New CEOC by New CEC in exchange for cash consideration and CEC Common Stock, which includes the addition of the assets and liabilities of predecessor CEOC less (1) assets and liabilities that will not be part of New CEOC upon its emergence from bankruptcy and (2) assets and liabilities that would be eliminated upon the consolidation of New CEC and New CEOC;

the adjustments to remeasure the assets and liabilities acquired from New CEOC at their estimated fair values;

recognition of finance obligations primarily related to the real estate assets that will be sold to PropCo and leased back to New CEOC because the transaction does not qualify for sale-leaseback accounting, and therefore, will be accounted for as a financing;

the distributions by New CEC and New CEOC to fund their commitments under the Plan, which include a combination of cash payments and the issuance of new debt instruments, Convertible Notes, and CEC Common Stock;

the fair value of the option that, if exercised, would require New CEC to issue shares in exchange for the Convertible Notes;

the \$1.0 billion CEC Common Equity Buyback and fair value of the option that, if exercised, would require CEC to repurchase up to an additional \$200 million of CEC Common Stock; and

the issuance of the PropCo Call Right, at fair value, which will provide PropCo with the right to acquire certain properties owned by CERP and CGP.

The fair value adjustments represent a preliminary estimate of the fair value of New CEOC's assets and liabilities, which will be updated for the final valuation upon the Emergence. The final fair value determination will be based on New CEOC's assets and liabilities as of the Plan Effective Time and will be different from that reflected in the pro forma financial information, and that difference may be material.

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## Consolidated Condensed Pro Forma Balance Sheets

As of December 31, 2016

(Unaudited)

<i>(In millions)</i>	CEC	Merger with CAC Pro Forma			New CEOC Restructuring Pro Forma Adjustments				Pro Forma Consolidated
		CAC	Adjustments	Subtotal	CEOC	Emergence	Elimination	Subtotal	
							(i)		
<b>Assets</b>									
Current assets									
Cash and cash equivalents	\$ 1,513	\$ 27	\$ 2,718 (a)	\$ 4,258	\$ 1,528	\$ (4,429) (j)	\$	\$ (2,901)	\$ 1,357
Restricted cash	3,113		(2,718) (a)	395	13			13	408
Receivables, net	160			160	306			306	466
Due from affiliates	64	46	(46) (b)	64	103		(167)	(64)	
Prepayments and other current assets	118	2		120	51		(1)	50	170
Inventories	20			20	30			30	50
Total current assets	4,988	75	(46)	5,017	2,031	(4,429)	(168)	(2,566)	2,451
Property and equipment, net	7,446			7,446	5,843	270 (l)	(258)	5,855	13,301
Goodwill	1,608			1,608	674	(674) (m)			1,608
Intangible assets other than goodwill	433			433	2,320	1,119 (n)		3,439	3,872
Restricted cash	5			5	20			20	25
Deferred income taxes		141	(141) (c)		25	(25) (o)			
Deferred charges and other assets	414	1,606	(1,606) (d)	414	432	(62) (p)	(256)	114	528
Total assets	\$ 14,894	\$ 1,822	\$ (1,793)	\$ 14,923	\$ 11,345	\$ (3,801)	\$ (682)	\$ 6,862	\$ 21,785
<b>Liabilities and Stockholders Equity/(Deficit)</b>									



Current liabilities										
Accounts payable	\$ 215	\$	\$	\$ 215	\$ 95	\$	\$ (2)	\$ 93	\$ 308	
Due to affiliates	112		(46) (b)	66	63		(129)	(66)		
Accrued expenses and other current liabilities	664	29		693	553		(11)	542	1,235	
Accrued restructuring and support expenses	6,601			6,601		(6,566) (q)	(35)	(6,601)		
Interest payable	67			67	14			14	81	
Current portion of long-term debt	89			89	2	9 (r)		11	100	
Total current liabilities	7,748	29	(46)	7,731	727	(6,557)	(177)	(6,007)	1,724	
Long-term debt	6,749			6,749	369	2,344 (r)		2,713	9,462	
Finance obligation						5,030 (v)		5,030	5,030	
Deferred income taxes	1,722		(25) (c)	1,697	1,469	(578) (o)	(555)	336	2,033	
Deferred credits and other liabilities	93	94	(91) (c)	96	514	636 (t)	(345)	805	901	
Liabilities subject to compromise					18,471	(18,471) (u)				
Total liabilities	16,312	123	(162)	16,273	21,550	(17,596)	(1,077)	2,877	19,150	
Commitments and contingencies										
Stockholders equity/(deficit)										
Total stockholders equity/(deficit)	(3,177)	1,699	75 (e)	(1,403)	(10,226)	13,795 (w)	443	4,012	2,609	
Noncontrolling interests	1,759		(1,706) (d)	53	21		(48)	(27)	26	
Total CEC equity/(deficit)	(1,418)	1,699	(1,631)	(1,350)	(10,205)	13,795	395	3,985	2,635	

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**Caesars Entertainment Corporation**

Consolidated Condensed Pro Forma Balance Sheets

As of December 31, 2016 (Continued)

(Unaudited)

<i>(In millions)</i>	CEC	Merger with CAC Pro Forma			New CEOC Restructuring Pro Forma Adjustments			Pro Forma Consolidated	
		CAC	Adjustments	Subtotal	CEOC	Emergency	Elimination (i)		Subtotal
Total liabilities and stockholders equity/(deficit)	\$ 14,894	\$ 1,822	\$ (1,793)	\$ 14,923	\$ 11,345	\$ (3,801)	\$ (682)	\$ 6,862	\$ 21,785

See accompanying Notes to Unaudited Consolidated Condensed Pro Forma Financial Statements.

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## Consolidated Condensed Pro Forma Statements of Operations

Year Ended December 31, 2016

(Unaudited)

<i>(In millions)</i>	Merger with CAC Pro Forma			New CEOC Restructuring Pro Forma Adjustments			Pro Forma Consolidated		
	CEC	CAC Adjustments	Subtotal	CEOCEmergence	Elimination (i)	Subtotal			
<b>Revenues</b>									
Casino	\$ 2,177	\$	\$ 2,177	\$ 3,373	\$	\$ 3,373	\$ 5,550		
Food and beverage	788		788	729		729	1,517		
Rooms	923		923	492		492	1,415		
Other revenue	527		527	446	(93)	353	880		
Reimbursed management costs				213	(60)	153	153		
Less: casino promotional allowances	(538)		(538)	(551)		(551)	(1,089)		
Net revenues	3,877		3,877	4,702	(153)	4,549	8,426		
<b>Operating expenses</b>									
Direct									
Casino	1,128		1,128	1,925	(1)	1,924	3,052		
Food and beverage	383		383	315		315	698		
Rooms	249		249	100		100	349		
Property, general, administrative, and other	1,166		1,166	869	(69)	800	1,966		
Reimbursable management costs				213	(60)	153	153		
Depreciation and amortization	439		439	408	48(x)	(28)	867		
Corporate expense	166	28	194	72	(3)	69	263		
Other operating costs	89	2	(1)(f)	90		8	98		
Total operating expenses	3,620	30	(1)	3,649	48	(161)	3,797	7,446	
Income/(loss) from operations	257	(30)	1	228	792	(48)	8	752	980

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Interest expense	(599)			(599)	(260)	(849)(y)	31	(1,078)	(1,677)
Other Income		821	(821)(g)						
Reorganization items					(223)			(223)	(223)
Deconsolidation and restructuring of CEOC and other	(5,758)			(5,758)	47		(35)	12	(5,746)
Income/(loss) from continuing operations before income taxes	(6,100)	791	(820)	(6,129)	356	(897)	4	(537)	(6,666)
Income tax benefit/(provision)	(27)	(172)	665(h)	466	(14)		888	874	1,340
Income/(loss) from continuing operations, net of income taxes	(6,127)	619	(155)	(5,663)	342	(897)	892	337	(5,326)
Discontinued operations	3,380		(496)(h)	2,884	(4)		4		2,884
Net income/(loss)	(2,747)	619	(651)	(2,779)	338	(897)	896	337	(2,442)
Net (income)/loss attributable to noncontrolling interests	(822)		851(g)	29	(9)			(9)	20

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**Caesars Entertainment Corporation**

Consolidated Condensed Pro Forma Statements of Operations

Year Ended December 31, 2016 (Continued)

(Unaudited)

<i>(In millions)</i>	CEC	Merger with CAC Pro Forma			New CEOC Restructuring Pro Forma Adjustments				Pro Forma Consolidated
		CAC	Adjustments	Subtotal	CEO	Emergency	Eliminations	Subtotal	
Net income/(loss) attributable to CEC	\$ (3,569)	\$ 619	\$ 200	\$ (2,750)	\$ 329	\$ (897)	\$ 896	\$ 328	\$ (2,422)

(i)

See accompanying Notes to Unaudited Consolidated Condensed Pro Forma Financial Statements.

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## Consolidated Condensed Pro Forma Statements of Operations

Year Ended December 31, 2015

(Unaudited)

<i>(In millions)</i>	<b>Merger with CAC</b>			<b>Pro</b>	<b>Pro Forma</b>
	<b>CEC</b>	<b>CAC</b>	<b>Forma</b>	<b>Forma</b>	<b>Consolidated</b>
			<b>Adjustments</b>		
<b>Revenues</b>					
Casino	\$ 2,286	\$	\$		\$ 2,286
Food and beverage	823				823
Rooms	878				878
Other revenue	505				505
Less: casino promotional allowances	(563)				(563)
<b>Net revenues</b>	<b>3,929</b>				<b>3,929</b>
<b>Operating expenses</b>					
<b>Direct</b>					
Casino	1,194				1,194
Food and beverage	399				399
Rooms	227				227
Property, general, administrative, and other	1,062	1			1,063
Depreciation and amortization	374				374
Impairment of tangible and other intangible assets	1				1
Corporate expense	174	22			196
Other operating costs	152	8		(5)(f)	155
<b>Total operating expenses</b>	<b>3,583</b>	<b>31</b>		<b>(5)</b>	<b>3,609</b>
Income/(loss) from operations	346	(31)		5	320
Interest expense	(683)				(683)
Other Income		97		(97)(g)	
Deconsolidation and restructuring of CEOC and other	6,115				6,115
Income/(loss) from continuing operations before income taxes	5,778	66		(92)	5,752
Income tax benefit/(provision)	119	(34)		34(h)	119
Income/(loss) from continuing operations, net of income taxes	5,897	32		(58)	5,871
Discontinued operations	155				155

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Net income/(loss)	6,052	32	(58)	6,026
Net (income)/loss attributable to noncontrolling interests	(132)		134(g)	2
Net income/(loss) attributable to CEC	\$ 5,920	\$ 32	\$ 76	\$ 6,028

See accompanying Notes to Unaudited Consolidated Condensed Pro Forma Financial Statements.

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## Consolidated Condensed Pro Forma Statements of Operations

Year Ended December 31, 2014

(Unaudited)

<i>(In millions)</i>	CEC	Merger with CAC Pro Forma Adjustments		Pro Forma Consolidated
<b>Revenues</b>				
Casino	\$ 5,418	\$	\$	\$ 5,418
Food and beverage	1,495			1,495
Rooms	1,207			1,207
Other revenue	742			742
Reimbursed management costs	243			243
Less: casino promotional allowances	(1,138)			(1,138)
Net revenues	7,967			7,967
<b>Operating expenses</b>				
Direct				
Casino	3,253			3,253
Food and beverage	694			694
Rooms	315			315
Property, general, administrative, and other	1,930	1		1,931
Reimbursable management costs	243			243
Depreciation and amortization	658			658
Impairment of goodwill	695			695
Impairment of tangible and other intangible assets	299			299
Corporate expense	232	10		242
Other operating costs	203	14		217
Total operating expenses	8,522	25		8,547
Loss from operations	(555)	(25)		(580)
Interest expense	(2,669)			(2,669)
Other income/(expense)		79	(79)(g)	
Deconsolidation and restructuring of CEOC and other	(95)			(95)
Income/(loss) from continuing operations before income taxes	(3,319)	54	(79)	(3,344)
Income tax benefit/(provision)	596	(39)	(214)(h)	343



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Income/(loss) from continuing operations, net of income taxes	(2,723)	15	(293)	(3,001)
Discontinued operations	(143)			(143)
Net income/(loss)	(2,866)	15	(293)	(3,144)
Net income attributable to noncontrolling interests	83		114(g)	197
Net income/(loss) attributable to CEC	\$ (2,783)	\$ 15	\$ (179)	\$ (2,947)

See accompanying Notes to Unaudited Consolidated Condensed Pro Forma Financial Statements.

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## Notes to Unaudited Consolidated Condensed Pro Forma Financial Statements

**Note 1 Merger of CEC and CAC**

- (a) Adjustment to release restriction on the cash proceeds received from the sale of CIE's social and mobile games business, which was restricted for the purpose of funding CEC's commitments under the Plan.
- (b) Adjustments to eliminate intercompany balances between CEC and CAC.
- (c) Adjustments to deferred income taxes to reclassify deferred tax assets to deferred tax liabilities for jurisdictional netting and to reflect changes in the deferred tax liabilities upon the combination of CEC and CAC entities.

*Increase/(Decrease) to Pro Forma Balance Sheet**(In millions)***December 31, 2016**

Deferred income asset	\$	(141)
Deferred income liability		(25)
Deferred credits and other liabilities		(91)
Total stockholders' equity/(deficit) <sup>(1)</sup>		(25)

- (1) See equity adjustment in Note 1(e).

- (d) Adjustments to eliminate CAC's equity investment in CGP, which is a variable interest entity consolidated by CEC, and the related noncontrolling interest in CGP reflected on CEC's balance sheet.

*Increase/(Decrease) to Pro Forma Balance Sheet**(In millions)***December 31, 2016**

Deferred charges and other assets	\$	(1,606)
Total stockholders' equity/(deficit) <sup>(1)</sup>		100
Noncontrolling interests	\$	(1,706)

- (1) See equity adjustment in Note 1(e).

- (e) Adjustments to equity for noncontrolling interest and income taxes (see Notes 1(c) and 1(d)).

<i>Increase/(Decrease) to Pro Forma Balance Sheet</i>	
<i>(In millions)</i>	<b>December 31, 2016</b>
Noncontrolling interest	\$ 100
Income taxes	(25)
<b>Total stockholders equity/(deficit)</b>	<b>\$ 75</b>

- (f) Adjustment to remove professional fees incurred by CAC directly related to the Merger.
- (g) Adjustments to eliminate CAC's equity interest in CGP's net income and the related net income attributable to noncontrolling interests reported by CEC as well as merger-related expenses incurred by CAC during 2015.
- (h) Adjustments to income tax provision due to the combination of the CEC and CAC entities.

**Note 2 Adjustments to Predecessor CEOC**

- (i) CEOC represents the predecessor to New CEOC, the entity New CEC will be acquiring as part of the Restructuring. New CEOC represents substantially all of CEOC. The following adjustments are to remove amounts that are included in CEOC's standalone financial statements that will not be included in the

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**Caesars Entertainment Corporation**

Notes to Unaudited Consolidated Condensed Pro Forma Financial Statements

(Continued)

acquisition of New CEOC or that represent intercompany amounts that would otherwise be eliminated as part of New CEC's consolidation of New CEOC. The primary adjustments include the following:

1. Amounts recorded as due to/from affiliates between CEC and CEOC are considered intercompany transactions and are eliminated in consolidation.
2. CEC has an accrued liability of \$35 million that is currently due and payable to CEOC in accordance with the terms of the Plan. This amount is considered an intercompany transaction and is eliminated in consolidation.
3. CGP prepaid a portion of its management fees due to CEOC as part of its purchase of four properties from CEOC. The prepaid management fees and related management fee expense recorded by CGP along with the deferred management fee revenue and related management fee revenue recorded by CEOC are considered intercompany transactions and are eliminated in consolidation.
4. CEOC entered into a sale-leaseback transaction for Octavius Tower at Caesars Palace Las Vegas with a subsidiary of CEC, and the sale-leaseback is accounted for as a financing. The assets and liabilities recorded by CEOC and corresponding lease revenue recorded by CEC are considered intercompany transactions and are eliminated in consolidation.
5. As a result of CEOC's bankruptcy, certain liabilities related to health and welfare insurance were accrued by both CEC and CEOC subsequent to when CEC deconsolidated CEOC pending a final ruling by the Bankruptcy Court. The duplicate accruals are eliminated in consolidation.
6. The adjustments to deferred income taxes are a result of CEC's consolidation of New CEOC.
7. The adjustment to 2016 income tax benefit/(provision) is primarily due to the removal of CEC's deferred tax liability on its outside basis difference in CEOC as a result of the Restructuring.

**Note 3 New CEOC Restructuring Transactions**

The Plan was confirmed by the Bankruptcy Court on January 17, 2017 and the RSAs with the Debtors' major creditor groups have been executed, and as such CEC believes the pro forma adjustments related to the Restructuring, which reflect the terms in the Plan and the RSAs, represent the best estimate of the impact to CEC. However, because the

Plan is pending the receipt of required gaming regulatory approvals, among other things, the pro forma adjustments are subject to change. Pursuant to the terms of the Plan, certain obligations will ultimately be settled in exchange for CEC Common Stock and the Convertible Notes. The value of CEC Common Stock and Convertible Notes issuable upon completion of the Merger and Restructuring as contemplated in the Plan are subject to change and will likely differ from the current value of such instruments. As such, CEC expects to adjust the fair value of the pro forma adjustments upon determination of the actual fair values of the securities.

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## Notes to Unaudited Consolidated Condensed Pro Forma Financial Statements

(Continued)

These pro forma adjustments represent the Restructuring as if the transactions had occurred on December 31, 2016, for the pro forma balance sheet and on January 1, 2016, for the pro forma statement of operations. The adjustments made are as follows:

- (j) Cash Reflects the pro forma adjustment to cash relating to contributions from CEC and CEOC to CEOC's creditors as part of the terms in the Plan.

<i>(In millions)</i>	<b>Note</b>	<b>December 31, 2016</b>
Payment of CEC accrued restructuring liabilities	Note 3(q)	\$ (1,899)
CEC Common Equity Buyback	Note 3(w)	(1,000)
Payment for CEC's acquisition of New CEOC Common Stock	Note 3(w)	(700)
Additional cash distributed to the creditors	Note 3(w)	(830)
<b>Total pro forma adjustment to cash</b>		<b>\$ (4,429)</b>

- (k) Preliminary purchase price allocation As part of the Restructuring, CEC will acquire New CEOC for consideration valued at \$2,316 million, which is the estimated fair value of New CEOC's equity at the time of the acquisition. The acquisition will be accounted for under ASC 805 as a business combination. The preliminary purchase price allocation noted below is preliminary and based on management's current best estimates of the fair values of identifiable assets acquired and liabilities assumed. The final allocation of purchase price will be determined at a later date and is dependent on a number of factors, including the determination of the final aggregate consideration paid as well as the final valuation of New CEOC's assets and liabilities. These differences could differ materially from the pro forma amounts included herein.

CEC will continue to evaluate and value identifiable assets acquired and liabilities assumed and contingent consideration that may require the preliminary purchase price allocation to be adjusted based on the ongoing analysis.

<i>(In millions)</i>	<b>Note</b>	<b>December 31, 2016</b>
Preliminary fair value of total purchase price <sup>(1)</sup>		\$ 2,316
Assets acquired:		
Current assets <sup>(2)</sup>		1,025
Property and equipment, net	Note 3(l)	5,855
Intangible assets other than goodwill	Note 3(n)	3,439

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Other non-current assets <sup>(2)</sup>		306
<b>Liabilities assumed:</b>		
Current liabilities <sup>(2)</sup>		(660)
Long-term debt		(1,604)
Finance obligation	Note 3(v)	(5,030)
Deferred income taxes	Note 3(o)	(891)
Other non-current liabilities <sup>(2)</sup>		(124)
<b>Net identifiable assets acquired</b>		<b>2,316</b>
Goodwill	Note 3(m)	\$

- (1) Preliminary fair value of total purchase price represents management's current best estimate of the fair value of New CEO's equity, but the final fair value upon the completion of the Restructuring could differ materially from the pro forma amount included herein.

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## Notes to Unaudited Consolidated Condensed Pro Forma Financial Statements

(Continued)

- (2) Management believes that preliminarily, subject to finalization of valuation analysis upon the completion of the Restructuring, the carrying value of these assets and liabilities approximates fair value.

- (1) *Property and equipment, net* The pro forma adjustment to property and equipment also includes an adjustment to adjust the assets to their estimated fair values as determined as part of the preliminary purchase price allocation described in Note 3(k). In connection with the Restructuring, CEOC will be divided into OpCo, or New CEOC, and PropCo, and certain real estate assets will be sold to PropCo and leased back by New CEOC. Under the expected terms of the agreements, CEC anticipates that the transaction will not qualify for sale-leaseback accounting, and therefore, will be accounted for as a financing (see Note 3(v) for the related liability). As a result, the majority of the real estate assets will remain on the consolidated balance sheet of New CEOC and will continue to be depreciated over their remaining useful lives.

<i>(In millions)</i>	<b>December 31, 2016</b>
Estimated fair value of New CEOC property and equipment acquired	\$ 825
Estimated fair value of New CEOC property subject to finance obligation	5,030
<b>Total estimated fair value of New CEOC property and equipment acquired</b>	<b>5,855</b>
Less: Predecessor CEOC property and equipment	(5,585)
<b>Total pro forma adjustment to property and equipment</b>	<b>\$ 270</b>

- (m) *Goodwill* Reflects the pro forma adjustment to goodwill as determined as part of the preliminary purchase price allocation described in Note 3(k).

<i>(In millions)</i>	<b>December 31, 2016</b>
New CEOC acquisition excess purchase price over net identifiable assets	\$
Less: Predecessor CEOC goodwill	(674)
<b>Total pro forma adjustment to goodwill</b>	<b>\$ (674)</b>

- (n) *Intangible assets other than goodwill* Reflects the pro forma adjustment to intangible assets other than goodwill as determined as part of the preliminary purchase price allocation described in Note 3(k).



<i>(In millions)</i>	<b>December 31, 2016</b>
Estimated fair value of New CEOC intangible assets other than goodwill acquired	\$ 3,439
Less: Predecessor CEOC intangible assets other than goodwill	(2,320)
<b>Total pro forma adjustment to intangible assets other than goodwill</b>	<b>\$ 1,119</b>

- (o) Deferred income taxes Reflects the pro forma adjustment to deferred income taxes as determined as part of the preliminary purchase price allocation described in Note 3(k).

<i>(In millions)</i>	<b>December 31, 2016</b>
Estimated fair value of New CEOC deferred income tax liability acquired	\$ 891
Plus: Predecessor CEOC deferred income asset	25
Less: Predecessor CEOC deferred income liability	(1,469)
Net pro forma adjustment to deferred income taxes	(553)
Pro forma adjustment to deferred income tax asset	(25)
Pro forma adjustment to deferred income tax liability	\$ (578)

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## Notes to Unaudited Consolidated Condensed Pro Forma Financial Statements

(Continued)

- (p) Deferred charges and other assets Reflects CEC's receipt of the remaining assets related to the deferred compensation plan liabilities that CEC will assume as part of the Restructuring (see Note 3(t)) and removal of assets reported by predecessor CEOC. A portion of the assets is being reported by both CEC and CEOC.
- (q) Accrued restructuring and support commitments Reflects the satisfaction of obligations recorded in connection with the Plan and the RSAs as of December 31, 2016 that are directly attributable to the Restructuring and will be settled in either cash, debt, or equity instruments.

<i>(In millions)</i>	<b>Note</b>	<b>December 31, 2016</b>
Settlement of accrued restructuring support payments		\$ (6,601)
Intercompany accrual payable to predecessor CEOC	Note 2(i)	35
<b>Net settlement of accrued restructuring and support commitments</b>		<b>\$ (6,566)</b>
<i>Composition of settlement of Restructuring and Support Commitments:</i>		
Cash payment of CEC accrued restructuring liabilities <sup>(1)</sup>	Note 3(j)	\$ (1,899)
Issuance of the Convertible Notes	Note 3(r)	(1,150)
Estimated value of debt and equity enhancements	Note 3(t)	(473)
PropCo call right	Note 3(t)	(131)
Issuance of CEC Common Stock	Note 3(w)	(2,913)
		<b>\$ (6,566)</b>

- (1) Includes a \$126 million payment related to directors' and officers' insurance proceeds, although CEC expects to fund this obligation from insurance proceeds that will be provided upon Emergence.

- (r) Long-term debt Reflects the pro forma adjustment to record new long-term debt instruments contemplated in the Plan.

<i>(In millions)</i>	<b>December 31, 2016</b>	
	<b>Face Value</b>	<b>Book Value</b>

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Convertible Notes issued to creditors <sup>(1)</sup>	\$ 1,119	\$ 1,148
New CEOC Debt <sup>(2)</sup>	1,235	1,205
<b>Total pro forma adjustment to long-term debt</b>	<b>\$ 2,354</b>	<b>2,353</b>
Current portion of long-term debt		(9)
<b>Total pro forma adjustment to non-current long-term debt</b>		<b>\$ 2,344</b>

(1) Book value is reported net of \$2 million in unamortized discounts and deferred finance charges.

(2) Book value is reported net of \$30 million in unamortized discounts and deferred finance charges.

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## Notes to Unaudited Consolidated Condensed Pro Forma Financial Statements

(Continued)

- (t) Deferred credits and other liabilities Reflects the following pro forma adjustments to record (i) a derivative liability for enhancements embedded in the equity and debt instruments issued under the terms of Plan; (ii) the issuance of the PropCo call right; and (iii) CEC's assumption of CEOC's deferred compensation liability (see Note 3(p)), which is included in CEOC's liabilities subject to compromise below.

<i>(In millions)</i>	<b>December 31, 2016</b>
Conversion feature of New CEC Convertible Notes <sup>(1)</sup>	\$ 450
New CEC equity Additional Buyback put option <sup>(2)</sup>	23
PropCo call right	131
Deferred compensation liability	32
<b>Total pro forma adjustment to deferred credits and other liabilities</b>	<b>\$ 636</b>

- (1) Preliminary fair value of bifurcated conversion feature of the Convertible Notes. Final fair value upon the completion of the Restructuring could differ materially from the pro forma amount included herein.
- (2) Derivative liability associated with the CEC Common Equity Buyback, in which the creditors have the right to require CEC to repurchase up to \$200 million worth of newly-issued CEC Common Stock. Final fair value upon the completion of the Restructuring could differ materially from the pro forma amount included herein.
- (u) Liabilities subject to compromise Reflects the following pro forma adjustment relating to the removal of liabilities held by CEOC that will not be obligations of New CEOC at the time of the Emergence.

<i>(In millions)</i>	<b>December 31, 2016</b>
Debt	\$ (17,582)
Accrued interest	(543)
Certain retirement plans	(125)
Contract rejection and exit costs	(77)
Accrued liabilities	(74)
Accounts payable	(40)
Due to affiliates	(30)
<b>Total pro forma adjustment to liabilities subject to compromise</b>	<b>\$ (18,471)</b>

- (v) *Finance obligation* This obligation is primarily related to the real estate assets that will be sold to PropCo and leased back to New CEOC. Under the expected terms of the agreements, the transaction does not qualify for sale-leaseback accounting, and therefore, will be accounted for as a financing (see Note 3(1) for related assets). The obligation was based on the estimate of the proceeds received as consideration in exchange for the sale of the assets to PropCo, which was determined to be the portion of the purchase price of OpCo allocated to the fair value of the assets sold to PropCo and leased by OpCo. The final value of the finance obligation, determined upon completion of the CEC's final evaluation of the assets and liabilities acquired in connection with the Restructuring, may differ materially from the pro forma amounts included herein.

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## Notes to Unaudited Consolidated Condensed Pro Forma Financial Statements

(Continued)

(w) Equity Reflects the following pro forma adjustments related to certain of the adjustments described above:

<i>(In millions)</i>	Note	December 31, 2016
<i>Cancellation or Settlement of Predecessor CEOC obligations</i>		
Removal of liabilities prior to CEC's acquisition of New CEOC	Note 3(u)	\$ 18,471
Adjust deferred compensation assets	Note 3(p)	(62)
Increase deferred compensation liabilities	Note 3(t)	(32)
<b>Total</b>		<b>18,377</b>
<i>Net Cash or Debt Consideration Issued to CEOC Creditors</i>		
Additional cash distributed to the creditors	Note 3(j)	(830)
Payment for CEC's acquisition of New CEOC Common Stock	Note 3(j)	(700)
Issuance of CEC Common Stock	Note 3(q)	2,913
CEC Common Equity Buyback	Note 3(j)	(1,000)
New CEOC Debt	Note 3(r)	(1,205)
<b>Total</b>		<b>(822)</b>
<i>Business Combination Adjustments</i>		
Estimated fair value of New CEOC property and equipment acquired	Note 3(l)	825
Less: Predecessor CEOC property and equipment	Note 3(l)	(5,585)
Net adjustment for goodwill	Note 3(m)	(674)
Net adjustment for intangible assets other goodwill	Note 3(n)	1,119
Net adjustment for deferred taxes	Note 3(o)	553
<b>Total</b>		<b>(3,762)</b>
Other		2
<b>Total pro forma adjustment to equity</b>		<b>\$ 13,795</b>

(x) Depreciation and amortization expense Reflects the pro forma adjustment to depreciation and amortization expense relating to the following items:

<i>(In millions)</i>	<b>Year Ended</b>	
	<b>December 31, 2016</b>	
OpCo property and equipment depreciation expense	\$	263
OpCo intangible assets other than goodwill amortization expense		164
<b>Total pro forma depreciation and amortization expense</b>		<b>427</b>
Less: Predecessor CEOC depreciation and amortization expense		(379)
<b>Total pro forma adjustment to depreciation and amortization expense</b>	<b>\$</b>	<b>48</b>

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## Notes to Unaudited Consolidated Condensed Pro Forma Financial Statements

(Continued)

- (y) *Interest expense* Reflects the pro forma adjustment to interest expense relating to the new long-term debt and finance obligation.

<i>(Dollars in millions)</i>	<b>Assumed Interest Rate<sup>(1)</sup></b>	<b>Year Ended December 31, 2016</b>
Convertible Notes	5.00%	\$ (57)
New CEOC Debt	5.00%	(60)
Amortization of debt discount and issuance costs		(70)
Finance obligation		(662)
<b>Total pro forma adjustment to interest expense</b>		<b>\$ (849)</b>

- (1) The assumed interest rates utilized are preliminary estimates based on the terms set forth in the Plan and could materially change based on market conditions at the time of issuance. An assumed increase of 1/8 percent in the interest rates assumed above would increase pro forma interest expense \$2.9 million.



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**COMPARATIVE HISTORICAL AND UNAUDITED PRO FORMA PER SHARE DATA**

The following table sets forth selected historical and unaudited pro forma per share information for CEC and CAC.

**Historical Per Share Information of CEC and CAC**

The historical per share information of each of CEC and CAC below is derived from the audited financial statements of each of CEC and CAC as of and for the year ended December 31, 2016.

**Unaudited Pro Forma Per CEC Common Share Data**

The unaudited pro forma per CEC common share data set forth below gives effect to (1) the Merger for all periods presented and (2) the Restructuring as if it had occurred on January 1, 2016, except as it relates to the book value per share data. As it relates to the book value per share data, the per CEC common share data set forth below gives effect to the above transactions as if they had occurred as of December 31, 2016. In accordance with the terms of the Merger transaction, the unaudited pro forma per CEC common share data assumes that each outstanding share of CAC Common Stock as of the end of each period had been converted into shares of CEC Common Stock based on the Exchange Ratio of 1.625. In accordance with the Plan, the unaudited pro forma per CEC common share data assumes that at the Plan Effective Time, CEC will issue to certain creditors of the Debtors CEC Common Stock in an amount up to 58.4% of the outstanding shares of CEC Common Stock (after giving effect to the Merger Stock Issuance and assuming completion of \$1.0 billion of the CEC Common Equity Buyback).

The unaudited pro forma per CEC common share data is derived from the historical audited consolidated financial statements of both CEC and CEOC, which are included elsewhere in this joint proxy statement/prospectus, and the historical audited consolidated financial statements of CAC, which are incorporated by reference into this joint proxy statement/prospectus.

The unaudited pro forma per CEC common share data does not purport to represent the actual results of operations that CEC would have achieved had the companies been consolidated during these periods or to project the future results of operations that CEC may achieve after completion of the transactions described above.

**Unaudited Pro Forma Per CAC Common Share Data**

The unaudited pro forma per CAC equivalent share data set forth below shows the effect of the Merger and the Restructuring from the perspective of an owner of CAC Common Stock. The information was calculated by multiplying the unaudited pro forma per CEC common share amounts by the Exchange Ratio of 1.625.

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You should read the below information in conjunction with the selected historical consolidated financial information included elsewhere in this joint proxy statement/prospectus and the historical financial statements of CAC and related notes that have been filed with the SEC, certain of which are incorporated by reference into this joint proxy statement/prospectus. See *Selected Historical Consolidated Financial Data of CEC*, *Selected Historical Financial Data of CAC* and *Where You Can Find More Information* elsewhere in this joint proxy statement/prospectus. The unaudited pro forma per CEC common share data and the unaudited pro forma per CAC equivalent share data is derived from, and should be read in conjunction with, the unaudited consolidated condensed pro forma financial statements and related notes included in this joint proxy statement/prospectus. See *CEC Unaudited Pro Forma Consolidated Condensed Financial Statements* elsewhere in this joint proxy statement/prospectus.

<i>(In millions, except per share data)</i>	<b>As of and for the Years Ended December 31,</b>		
	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>CEC Historical Data:</b>			
Basic earnings/(loss) per share from:			
Continuing operations	\$ (47.52)	\$ 39.80	\$ (18.53)
Discontinued operations	23.11	1.08	(1.00)
<b>Net income</b>	<b>\$ (24.41)</b>	<b>\$ 40.88</b>	<b>\$ (19.53)</b>
Diluted earnings/(loss) per share from:			
Continuing operations	\$ (47.52)	\$ 39.20	\$ (18.53)
Discontinued operations	23.11	1.06	(1.00)
<b>Net income</b>	<b>\$ (24.41)</b>	<b>\$ 40.26</b>	<b>\$ (19.53)</b>
Book value	\$ (3,177)		
Number of shares outstanding at end of period	147		
Book value per share	\$ (21.61)		
<b>CAC Historical Data:</b>			
Basic earnings per share	\$ 4.50	\$ 0.23	\$ 0.11
Diluted earnings per share	\$ 4.49	\$ 0.23	\$ 0.11
Book value	\$ 1,699		
Number of shares outstanding at end of period	138		
Book value per share	\$ 12.31		
<b>Unaudited Pro Forma per CEC Common Share Data (Continuing Operations):</b>			
Basic earnings/(loss) per share	\$ (7.78)	\$ 16.01	\$ (7.72)
Diluted earnings/(loss) per share	\$ (7.78)	\$ 15.91	\$ (7.72)

Book value per share	\$ 3.83	N/A	N/A
<b>Unaudited Pro Forma per CAC Common Share Equivalent (Continuing Operations):</b>			
Basic earnings per share	\$ (12.64)	\$ 26.02	\$ (12.55)
Diluted earnings per share	\$ (12.64)	\$ 25.85	\$ (12.55)
Book value per share	\$ 6.22	N/A	N/A

**Table of Contents****RISK FACTORS**

*In addition to the other information contained or incorporated by reference into this joint proxy statement/prospectus, including the matters addressed in the section entitled **Cautionary Statement Regarding Forward-Looking Statements** beginning on page 102, CEC stockholders should carefully consider the following risk factors in determining whether to vote for the adoption of the Merger Agreement and the approval of the Merger, the Stock Issuances, the CEC Advisory Compensation Proposal, the Authorized Shares Increase Proposal, and the CEC 2017 PIP Proposal, and CAC stockholders should carefully consider the following risk factors in deciding whether to vote for the adoption of the Merger Agreement and the approval of the Merger. You should also read and consider the risk factors associated with each of the businesses of CAC and CEC because these risk factors may affect the operations and financial results of New CEC.*

*CAC is permitted to incorporate by reference information into this joint proxy statement/prospectus. This means that important information can be disclosed to you by referring you to another document filed separately with the SEC. The information incorporated by reference is deemed to be part of this joint proxy statement/prospectus, except for any information superseded by information in this joint proxy statement/prospectus or in later filed documents incorporated by reference into this joint proxy statement/prospectus. The risk factors related to the businesses of CAC may be found under the heading **Risk Factors** in CAC's periodic reports filed with the SEC and incorporated by reference into this joint proxy statement/prospectus.*

**Risks Related to the Merger**

***Because the price of CAC Common Stock has fluctuated and will continue to fluctuate, CAC stockholders cannot be certain, at the time they vote on the Merger, of the value of the merger consideration they will receive or the value of the CAC Common Stock they will give up.***

Upon completion of the Merger, each share of CAC Common Stock outstanding immediately prior to the Merger Effective Time will be converted into the right to receive 1.625 shares of CEC Common Stock. The value of the merger consideration will depend, in part, on the market price of CEC Common Stock at the time the Merger is completed. The value of the merger consideration has fluctuated since February 21, 2017, the date of the first public announcement of the Amendment, and will continue to fluctuate from the date of this joint proxy statement/prospectus to the date of the CAC Special Meeting and the date the Merger is completed and thereafter. The closing price per share of CAC Common Stock as of February 17, 2017, the last trading date before the public announcement of the Amendment, was \$14.75, and the closing price per share has fluctuated as high as \$[ ] and as low as \$[ ] between that date and [ ], 2017. The closing price per share of CEC Common Stock as of February 17, 2017, the last trading date before the public announcement of the Amendment, was \$9.20, and the closing price per share has fluctuated as high as \$[ ] and as low as \$[ ] between that date and [ ], 2017. Accordingly, at the time of the CAC Special Meeting, CAC stockholders will not be able to determine the market value of the merger consideration they would receive upon completion of the Merger. Stock price changes may result from a variety of factors, including, among others, general market and economic conditions, changes in CEC's and CAC's respective businesses, operations and prospects, market assessments of the likelihood that the Merger will be completed, the timing of the Merger and regulatory considerations. Many of these factors are beyond CEC's and CAC's control.

***The CEC Common Stock to be received by CAC stockholders upon completion of the Merger will have different rights from shares of CAC Common Stock.***

Upon completion of the Merger, CAC stockholders will no longer be stockholders of CAC and will relinquish any liquidation preferences in CGP. Instead, CAC stockholders will become stockholders of CEC and their rights as

stockholders will be governed by the terms of CEC's Second Amended and Restated Certificate of Incorporation and Amended By-laws. The terms of CEC's charter and by-laws are in some respects materially different than the terms of CAC's charter and by-laws, which currently govern the rights of CAC stockholders.

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See the section entitled "Comparison of Stockholder Rights," beginning on page 378, for a discussion of the different rights associated with CEC Common Stock.

***After completion of the Merger, CAC stockholders and CEC stockholders will have a significantly lower ownership and voting interest in New CEC than they currently have in CAC and CEC, respectively, and will exercise less influence over management.***

Based on the number of shares of CAC Common Stock outstanding as of December 31, 2016, and the number of shares of CEC Common Stock outstanding as of December 31, 2016, it is expected that, after completion of the Merger, former CAC stockholders and CEC stockholders will own approximately 32.9% and 8.7% of the outstanding shares of CEC Common Stock, respectively, after giving effect to the Emergence Stock Issuance and assuming completion of \$1.0 billion of the CEC Common Equity Buyback. Consequently, former CAC stockholders and CEC stockholders will have less influence over the management and policies of New CEC than they currently have over the management and policies of CAC and CEC, respectively.

***The market price of CEC Common Stock after the Merger may be affected by factors different from those affecting the market price of CAC Common Stock currently.***

Upon completion of the Merger, holders of CAC Common Stock will become holders of CEC Common Stock. While CAC and CEC share certain corporate services and business platforms, the overall business composition and asset mix of CAC, along with its liabilities and potential exposures, differs from that of CEC in certain important respects, and accordingly, the results of operations of New CEC after the Merger, as well as the market price of CEC Common Stock, may be affected by factors different from those currently affecting the results of operations of CAC. For further information on the businesses of CAC and CEC and certain factors to consider in connection with those businesses, see the section entitled "The Companies" beginning on page 105.

***While the Merger is pending, CAC and CEC are subject to business uncertainties and contractual restrictions that could disrupt CAC's and CEC's business.***

CAC and CEC have experienced and, whether or not the pending Merger is completed, CAC and CEC may continue to experience disruption of their current plans and operations due to the pending Merger, which could have an adverse effect on CAC's and CEC's business and financial results. Employees and other key personnel may have uncertainties about the effect of the pending Merger, and those uncertainties may impact the ability to retain, recruit and hire key personnel to manage and run the CAC and CEC businesses while the Merger is pending or if it is not completed. To date, CAC and CEC have incurred, and will continue to incur, significant costs, expenses and fees for professional services and other transaction costs in connection with the proposed Merger, and certain of these fees and costs are payable by CAC and CEC whether or not the proposed Merger is completed. Furthermore, CAC and CEC cannot predict how suppliers and customers will view or react to the proposed Merger, and some may be hesitant to transact with the businesses of CAC and CEC, as applicable, in light of uncertainties about the ability of CAC's and CEC's businesses to perform due to the proposed Merger. If CAC and CEC are unable to reassure customers and suppliers to continue transacting with the businesses of CAC and CEC, respectively, whether or not the proposed Merger is completed, CAC's and CEC's financial results may be adversely affected.

Under the terms of the Merger Agreement, both CAC and CEC are required to operate their businesses in the ordinary course. Additionally, CAC and CEC are also subject to certain restrictions on the conduct of their businesses prior to the completion of the proposed Merger without the consent of the other party, including, among other things, certain restrictions on their ability to enter new lines of business; make certain investments and acquisitions; sell, transfer, lease, dispose of or grant their assets; enter into certain contracts; incur indebtedness; and make certain capital

expenditures. These restrictions, which could be in place for an extended period of time if the completion of the Merger is delayed, may prevent CAC and CEC from pursuing otherwise attractive business opportunities, result in CAC's and CEC's inability to respond effectively to competitive

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pressures, industry developments and future opportunities and may otherwise harm CAC's and CEC's business, financial results and operations.

***The Merger Agreement contains provisions that restrict the ability of either the CEC or CAC board of directors to pursue alternatives to the Merger.***

Under the Merger Agreement, CEC and CAC are generally prohibited from initiating, soliciting, encouraging, or negotiating or furnishing information in furtherance of, any inquiry or proposal related to any Acquisition Proposal for such party. The Merger Agreement contains a "Go-Shop" provision that allowed CAC and its subsidiaries to directly or indirectly initiate, solicit and encourage an offer, proposal or inquiry relating to, or any third-party indication of interest in, any acquisition or purchase of 100% of the issued and outstanding CAC Common Stock for a period of 45 business days after the date of the A&R Merger Agreement. However, such period has expired, and since the expiration of the 45 business day solicitation period, CAC has been required to cease any solicitation activities that relate to a CAC Acquisition Proposal.

Additionally, prior to obtaining its requisite stockholder approval, the CEC or CAC board of directors, as applicable, may consider a bona fide unsolicited Acquisition Proposal that the CEC or CAC board of directors, as applicable, believes in good faith, after consultation with outside legal counsel and financial advisor, constitutes, or would reasonably be expected to result in, a Superior Proposal, only if such board of directors determines in good faith, after consultation with outside legal counsel, that the failure to take such action would be reasonably likely to be inconsistent with its respective directors' fiduciary duties. The CEC or CAC board of directors, as applicable, may (i) terminate the Merger Agreement, (ii) through their special committees, change their recommendation, which would result in the termination of the Voting Agreements, among other consequences, and (iii) enter into an acquisition agreement with respect to a Superior Proposal if the board of directors determines in good faith that failure to take such action would be reasonably likely to be inconsistent with the directors' fiduciary duties under applicable law. In such event, CAC or CEC may be required to pay a termination fee of \$25 million to the other party.

These provisions could discourage a third party that may have an interest in acquiring all or a significant part of CEC or CAC from considering or proposing an acquisition, even if such third party were prepared to enter into a transaction that would be more favorable to CEC and its stockholders or CAC and its stockholders, as applicable, than the Merger and the other transactions contemplated by the Merger Agreement.

***In the event the Merger is not completed, the trading price of CEC Common Stock and CAC Common Stock and their future business and financial results may be negatively impacted.***

As noted below, the conditions to the completion of the Merger may not be satisfied, and under certain circumstances the Merger Agreement may be terminated. If the Merger is not completed for any reason, CEC and CAC may be subject to a number of risks, including:

the failure of the contemplated Plan and Restructuring, for which completing the Merger is a condition, which failure will lead to further bankruptcy proceedings and negotiations with creditors as well as additional costs, litigation and legal liabilities;

the inability to achieve the global settlement of claims and comprehensive releases in favor of CEC and its affiliates and CAC and its affiliates, as provided in the Plan;



CEC and CAC remaining liable for significant transaction costs;

the focus of management of CEC and CAC having been diverted from seeking other potential opportunities without realizing any benefits of the completed Merger;

CEC and CAC experiencing negative reactions from their respective customers, suppliers, regulators and employees;

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certain litigation against CEC and CAC remaining outstanding; and

the price of both CEC Common Stock and CAC Common Stock declining significantly from current market prices, given that current market prices may reflect a market assumption that the Merger will be completed. If the Merger is not completed, the risks described above may materialize and adversely affect CEC's and CAC's businesses, financial condition, financial results and stock prices.

***CEC and CAC are, and may be in the future, subject to litigation initiated with the Merger, which could be time consuming and divert the resources and attention of CEC's and CAC's management.***

CEC, CAC and the individual members of CAC's board of directors have been named as defendants in the Merger Lawsuit relating to the Merger Agreement and the proposed Merger. The Merger Lawsuit generally alleged that the directors of CAC breached their fiduciary duties by engaging in a flawed sales process, by approving an inadequate price, and by agreeing to provisions that would allegedly preclude another interested buyer from making a financially superior proposal to acquire CAC. The Merger Lawsuit was dismissed without prejudice for lack of prosecution on October 13, 2016. Pursuant to local rule, the case could have been reinstated at the plaintiff's written request, provided such request was filed within 30 days of the date of service of written notice of dismissal. The 30-day time period has now expired. See the section entitled "CEC and CAC Proposal 1: Adoption of the Merger Agreement and Approval of the Merger" Litigation Relating to the Merger" beginning on page 318 for additional information. CEC and the individual members of its board of directors or CAC and the individual members of its board of directors may be named in additional lawsuits relating to the Merger Agreement and the proposed Merger, which could, among other things, seek to challenge or enjoin the Merger or seek monetary damages. The defense of any such lawsuits may be expensive and may divert management's attention and resources, which could adversely affect CEC's and CAC's business results of operations and financial condition.

***The Merger is subject to various closing conditions, including receipt of governmental approvals and other uncertainties and there can be no assurances as to whether and when it may be completed.***

The completion of the Merger is subject to a number of closing conditions, many of which are not within CEC's or CAC's control, and failure to satisfy such conditions may prevent, delay or otherwise materially adversely affect the completion of the transaction. These conditions include, among other things, obtaining (1) the required votes for the adoption of the Merger Agreement and the approval of the Merger by the stockholders of each of CEC and CAC, (2) any necessary licenses, consents or other approvals required by gaming authorities to effect the Merger, (3) the authorization of NASDAQ for the listing of the shares of CEC Common Stock to be issued in connection with the Merger, (4) confirmation of the Plan by the Bankruptcy Court, which was confirmed on January 17, 2017, (5) any waiting period under the HSR Act with respect to the Merger or any other applicable antitrust laws for which a filing has been made pursuant to the Merger Agreement shall have expired or been terminated, which CEC and CAC have determined that no such antitrust filings will be required, (6) receipt of certain tax rulings regarding certain tax aspects of the Restructuring, which rulings were received on January 5, 2017, as well as tax opinions and (7) receipt by each of CEC and CAC of the opinion of its respective counsel regarding the intended tax treatment of the Merger. It also is possible that a change, event, fact, effect or circumstance that could lead to a material adverse effect on either party may occur, which may result in the other party not being obligated to complete the Merger. CEC and CAC cannot predict with certainty whether and when any of the required closing conditions will be satisfied or if an uncertainty resulting in a material adverse effect on CEC or CAC may arise. If the Merger does not receive, or timely receive, the required regulatory approvals and clearances from gaming authorities, or if another event occurs delaying or preventing the Merger, such delay or failure to complete the Merger may cause uncertainty or other negative consequences that may materially and adversely affect CEC's and CAC's business, financial performance and operating

results and the price per share for CEC Common Stock and CAC Common Stock. There can be no assurance that the

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conditions to the Merger will be satisfied in a timely manner or at all. If conditions are not met or are incapable of being met, CEC and/or CAC may be entitled to terminate the Merger Agreement, as described further below. In no event can the Merger be completed later than December 31, 2017, unless CAC and CEC otherwise mutually agree.

Additionally, CEC is subject to litigation which, if decided adversely, may increase the risk the conditions to completion of the Merger are not satisfied. See Risks Related to CEC's Business beginning on page 81. Adverse rulings may result in reinstatement of the CEC guarantee of certain CEOC debt which could increase the risk that conditions to completion of the Merger are not satisfied.

***The Merger is subject to the receipt of approvals, consents or clearances from gaming authorities, which may impose conditions that could have an adverse effect on CEC or CAC or, if not obtained, could prevent completion of the Merger.***

The respective obligation of each of CEC and CAC to complete the Merger and the Restructuring is subject to the receipt of gaming approvals from gaming authorities in up to 10 jurisdictions in which CEC, CAC or any of their respective subsidiaries or affiliates conduct gaming activities, including Louisiana, Maryland, Missouri, Nevada and New Jersey. Although each of CEC and CAC has agreed to use commercially reasonable best efforts to obtain the requisite gaming approvals, the process of obtaining such approvals may take several months after confirmation of the Plan to complete, and there can be no assurance that these approvals will be obtained in a timely manner or at all. In addition, the gaming authorities from which the gaming approvals are required may impose conditions on the completion of the Merger or require changes to the terms of the Merger or other agreements to be entered into in connection with the Merger Agreement. Such conditions or changes and the process of obtaining gaming approvals could have the effect of delaying or impeding completion of the Merger or of imposing additional costs or limitations on CEC following completion of the Merger, any of which might have an adverse effect on CEC following completion of the Merger. For additional information about the regulatory approvals process, see The Merger Agreement Regulatory Approvals Required for the Merger beginning on page 314.

***The Merger may be completed on terms different than those contained in the Merger Agreement.***

Prior to the completion of the Merger, the parties may, by their mutual agreement, amend or alter the terms of the Merger Agreement, including with respect to, among other things, the merger consideration to be received by CAC's stockholders or any covenants or agreements with respect to the parties' respective operations pending completion of the Merger. In addition, either party may choose to waive certain requirements of the Merger Agreement, including some conditions to closing the Merger. Subject to applicable law, any such amendments, alterations or waivers may have negative consequences to the other parties or their respective stockholders, including the possibility that consideration paid in the Merger may be reduced.

***Following the Merger, the composition of directors and officers of New CEC will be different than the composition of the current CEC directors and officers and the current CAC directors and officers.***

Upon completion of the Merger, the composition of directors and officers of New CEC will be different than the current composition of CEC directors and officers and CAC directors and officers. The CEC board of directors currently consists of eleven directors and the CAC board of directors currently consists of seven directors. The Merger Agreement requires that the number of directors on the board of directors of New CEC be eleven, and that the directors be appointed in accordance with the Plan. The Plan requires that a certain number of independent directors be appointed to the board of directors of New CEC and that the director appointments be subject to the consent of certain of the Debtors' creditors. See the section entitled Certain Governance Matters Following the Merger beginning on page 373 for additional details.

With a different composition of directors and officers for New CEC, the management and direction of New CEC may be different than the current management and direction of each of CEC and CAC, and accordingly,

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may also result in new business plans and growth strategies as well as divergences from or alterations to existing ones at CEC and CAC. Any new business plans or growth strategies implemented by the new composition of directors and officers or any divergences from or alterations to existing business plans and strategies, if unsuccessful, may lead to material unanticipated problems, expenses, liabilities, competitive responses, loss of customer and other business relationships, and an adverse impact on operations and financial results.

***CEC and CAC directors and officers may have interests in the Merger different from the interests of CEC and CAC stockholders.***

CEC and CAC directors and executive officers may have interests in the Merger that are different from, or are in addition to, those of CEC stockholders and CAC stockholders, respectively. These interests include, but are not limited to, the continued service of certain directors of CEC and CAC as directors of New CEC, the continued employment of certain executive officers of CEC and CAC by New CEC, the treatment in the Merger of stock options, equity awards and other rights held by CEC and CAC directors and executive officers, and provisions in the Merger Agreement regarding continued indemnification of and advancement of expenses to CEC and CAC directors and officers. CEC and CAC stockholders should be aware of these interests when they consider their respective board of directors' recommendations that they vote to adopt the Merger Agreement and approve the Merger, the Stock Issuances, the CEC Advisory Compensation Proposal, the Authorized Shares Increase Proposal and the CEC 2017 PIP Proposal, as applicable.

The CEC board of directors and the CEC SAC were aware of these interests and considered them, among other things, in evaluating the Merger and negotiating the Merger Agreement. The interests of CEC directors and executive officers are described in more detail in the section of this joint proxy statement/prospectus entitled "Interests of Certain Persons in the Merger - Interests of Directors and Executive Officers of CEC in the Merger" beginning on page 356.

The CAC board of directors and the CAC Special Committee were aware of these interests and considered them, among other things, in evaluating and negotiating the Merger Agreement and the Merger. The interests of CAC directors and executive officers are described in more detail in the section of this joint proxy statement/prospectus entitled "Interests of Certain Persons in the Merger - Interests of Directors and Executive Officers of CAC in the Merger" beginning on page 361.

***The unaudited prospective financial information for CEC and CAC included in this joint proxy statement/prospectus reflects management's estimates and CEC's and CAC's actual performance may differ materially from the unaudited prospective financial information included in this joint proxy statement/prospectus.***

The internal financial forecasts for CEC and CAC included in this joint proxy statement/prospectus are based on assumptions of, and information available to, CEC and CAC at the time such internal financial forecasts were prepared. CEC and CAC do not know whether, and to what extent, the assumptions made will prove to be correct. Any or all of such information may turn out to be inaccurate. Such information can be adversely affected by inaccurate assumptions or by known or unknown risks and uncertainties, many of which are beyond CEC's or CAC's control. Further, internal financial forecasts of this type are based on estimates and assumptions that are inherently subject to factors such as company performance, industry performance, general business, economic, regulatory, market and financial conditions, as well as changes to the business, financial condition or results of operations of CEC and CAC, respectively, including the factors described under "Risk Factors" beginning on page 69 and "Cautionary Statement Regarding Forward-Looking Statements" beginning on page 102, which factors and changes may cause the internal financial forecasts or the underlying assumptions to be inaccurate. As a result of these contingencies, there can be no assurance that the internal financial forecasts of CEC and CAC will be realized or that actual results will not be significantly higher or lower than projected. In view of these uncertainties, the inclusion of the internal financial

forecasts of CEC and CAC in this joint proxy statement/prospectus should not be regarded as an indication that the board of directors of CEC or CAC, or any other recipient of this information considered, or now considers, it to be an assurance of the achievement of future results.

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The internal financial forecasts were prepared for internal use and to assist CEC and CAC with their respective due diligence investigations and their financial advisors with their respective financial analyses. The internal financial forecasts were not prepared with a view toward public disclosure or with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information. CEC's and CAC's respective independent registered public accounting firms have neither examined, compiled nor performed any procedures with respect to the internal financial forecasts.

In addition, the internal financial forecasts have not been updated or revised to reflect information or results after the date the internal financial forecasts were prepared or as of the date of this joint proxy statement/prospectus. Except as required by applicable securities laws, neither CEC nor CAC intends to update or otherwise revise its internal financial forecasts or the specific portions presented to reflect circumstances existing after the date when made or to reflect the occurrence of future events.

### **Risks Related to the Restructuring**

#### ***The completion of the Plan is subject to a number of significant conditions.***

Although the Debtors believe that the Plan Effective Time will occur in the middle of 2017, there can be no assurance as to such timing or that all conditions precedent will be satisfied. The occurrence of the Plan Effective Time is subject to certain conditions precedent as described in the Plan, including, among others, those relating to the exit financing facilities and the receipt or filing of all applicable approvals or applications with applicable government entities. The receipt of the Confirmation Order and its unconditional effectiveness are conditions precedent to completing the Merger. A stay, modification, or vacation of the Confirmation Order will delay the completion of the Merger.

#### ***CEOC and a substantial majority of its wholly owned subsidiaries filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code, and CEC and they are subject to the risks and uncertainties associated with bankruptcy proceedings.***

As a result of CEOC's highly-leveraged capital structure and the general decline in its gaming results between 2007 and 2014, on January 15, 2015, CEOC and the other Debtors voluntarily filed for reorganization under Chapter 11 of the Bankruptcy Code in the Bankruptcy Court. Due to the commencement of the Chapter 11 Cases, the operations and affairs of the Debtors are subject to the supervision and jurisdiction of the Bankruptcy Court, as provided under the Bankruptcy Code. Accordingly, CEC deconsolidated CEOC and its subsidiaries from CEC's financial results, effective as of January 15, 2015.

CEC and CEOC are subject to a number of risks and uncertainties associated with the Chapter 11 Cases, which may lead to potential adverse effects on CEC's liquidity, results of operations, or business prospects. CEC cannot assure you of the outcome of the Chapter 11 Cases. Risks associated with the Chapter 11 Cases include the following:

the ability of the Debtors to continue as a going concern;

the ability of the Debtors to obtain Bankruptcy Court approval with respect to motions in the Chapter 11 Cases and the outcomes of Bankruptcy Court rulings and any appeals of any such rulings in general;



the ability of the Debtors to comply with and to operate under the cash collateral order and any cash management orders entered by the Bankruptcy Court from time to time;

the length of time the Debtors will operate under the Chapter 11 Cases and their ability to successfully emerge, including with respect to obtaining any necessary regulatory approvals;

the ability of the Debtors to complete the Plan and CEC's role in the Plan;

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the likelihood of CEC losing control over the operation of the Debtors as a result of the restructuring process;

risks associated with third-party motions, proceedings and litigation in the Chapter 11 Cases and any appeals of any rulings in such motions, proceedings and litigation, which may interfere with the Plan;

CEC's and the Debtors' ability to maintain sufficient liquidity throughout the Chapter 11 Cases;

increased costs being incurred by CEC and the Debtors related to the bankruptcy proceeding, other litigation and any appeals of any rulings in such proceeding or other litigation;

CEC's and the Debtors' ability to manage contracts that are critical to CEC's operation, and to obtain and maintain appropriate credit and other terms with customers, suppliers and service providers;

CEC's and the Debtors' ability to attract, retain and motivate key employees;

CEC's ability to fund and execute its business plan;

whether CEC's non-Debtor subsidiaries continue to operate their business in the normal course;

the disposition or resolution of all pre-petition claims against CEC and the Debtors; and

CEC's ability to maintain existing customers and vendor relationships and expand sales to new customers.

***The Chapter 11 Cases may disrupt CEC's business and may materially and adversely affect its operations.***

CEC has attempted to minimize the adverse effect of the Debtors' Chapter 11 Cases on its relationships with its employees, suppliers, customers and other parties. Nonetheless, its relationships with its customers, suppliers, and employees may be adversely impacted by negative publicity or otherwise and its operations could be materially and adversely affected. In addition, the Chapter 11 Cases could negatively affect its ability to attract new employees and retain existing high performing employees or executives, which could materially and adversely affect CEC's operations.

***The Chapter 11 Cases limit the flexibility of management in running the Debtors' business.***

While the Debtors operate their businesses as debtors-in-possession under supervision by the Bankruptcy Court, Bankruptcy Court approval is required with respect to certain aspects of the Debtors' business, and in some cases certain holders of claims against CEC who have entered into the RSAs, prior to engaging in activities or transactions outside the ordinary course of business. Bankruptcy Court approval of non-ordinary course activities entails preparation and filing of appropriate motions with the Bankruptcy Court, negotiation with various parties-in-interest,

including the statutory committees appointed in the Chapter 11 Cases, and one or more hearings. Such committees and parties-in-interest may be heard at any Bankruptcy Court hearing and may raise objections with respect to these motions. This process could delay major transactions and limit the Debtors ability to respond quickly to opportunities and events in the marketplace. Furthermore, in the event the Bankruptcy Court does not approve a proposed activity or transaction, the Debtors could be prevented from engaging in non-ordinary course activities and transactions that they believe are beneficial to them.

Additionally, the terms of the final cash collateral order entered by the Bankruptcy Court will limit the Debtors ability to undertake certain business initiatives. These limitations may include, among other things, the Debtors ability to:

sell assets outside the normal course of business;

consolidate, merge, sell or otherwise dispose of all or substantially all of the Debtors assets;

grant liens;

incur debt for borrowed money outside the ordinary course of business;

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prepay prepetition obligations; and

finance the Debtors' operations, investments or other capital needs or to engage in other business activities that would be in the Debtors' interests.

***CEC's cash flow and ability to meet its obligations will be adversely affected if CEOC has insufficient liquidity for its business operations during the Chapter 11 Cases.***

Although CEC believes that CEOC will have sufficient liquidity to operate its businesses during the pendency of the Chapter 11 Cases, there can be no assurance that the revenue generated by CEOC's business operations and cash made available to CEOC under the cash collateral order or otherwise in its restructuring process will be sufficient to fund its operations, especially as CEC expects CEOC to continue incurring substantial professional and other fees related to the Restructuring. CEOC has not made arrangements for financing in the form of a debtor-in-possession credit facility, or DIP facility. In the event that revenue flows and other available cash are not sufficient to meet CEOC's liquidity requirements, CEOC may be required to seek additional financing. There can be no assurance that such additional financing would be available or, if available, offered on terms that are acceptable. If, for one or more reasons, CEOC is unable to obtain such additional financing, CEOC could be required to seek a sale of the company or certain of its material assets or its businesses and assets may be subject to liquidation under Chapter 7 of the Bankruptcy Code, and CEOC may cease to continue as a going concern, which could harm CEC's business.

**Risks Related to New CEC's Business**

***As a result of the Chapter 11 Cases, CEC's historical financial information will not be indicative of its future financial performance, and accordingly, of the financial performance of New CEC.***

CEC's capital structure and its corporate structure will be significantly altered under the Plan. As of January 15, 2015, CEOC was deconsolidated from CEC's financial statements. Consequently, CEC's results of operations following the deconsolidation will not be comparable to the financial condition and results of operations reflected in its historical financial statements for periods prior to the deconsolidation, and accordingly, will not be indicative of New CEC's financial performance following the Merger and the Restructuring.

***Although New CEC will not be a controlled company within the meaning of the NASDAQ rules upon the completion of the Merger and effectiveness of the Plan, during a one-year transition period, New CEC may continue to rely on exemptions from certain corporate governance requirements.***

Hamlet Holdings currently beneficially owns a majority of CEC's voting common stock and, as a result, CEC is a controlled company within the meaning of NASDAQ corporate governance standards and has elected not to comply with certain NASDAQ corporate governance requirements. Following the completion of the Merger and the Restructuring, Hamlet Holdings will not beneficially own more than 50% of New CEC's voting common stock and, consequently, it is anticipated that New CEC will not be a controlled company. As a result, New CEC will be subject to additional governance requirements under NASDAQ rules, including the requirements to have:

a majority of the board of directors consists of independent directors;

a nominating/corporate governance committee that is composed entirely of independent directors;

a compensation committee that is composed entirely of independent directors; and

an annual performance evaluation of the nominating/corporate governance and compensation committees. The NASDAQ rules provide for phase-in periods for these requirements, but New CEC must be fully compliant with the requirements within one year of the date on which it ceases to be a controlled company.

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Currently, CEC does not have a majority of independent directors, CEC's nominating/corporate governance and compensation committees do not consist entirely of independent directors and CEC is not required to have an annual performance evaluation of the nominating/corporate governance and compensation committees. Accordingly, even though a majority of the directors appointed to New CEC's board of directors in connection with the Plan will be independent, during this transition period, a holder of CEC Common Stock may not have the same protections afforded to stockholders of companies that are subject to all of the NASDAQ corporate governance requirements.

***The Plan is based in large part upon assumptions and analyses developed by CEOC. If these assumptions and analyses prove to be incorrect, the Plan may be unsuccessful in its execution, which could adversely affect New CEC.***

The Plan affects both the Debtors' capital structure and the ownership, structure and operation of the Debtors' businesses and reflects assumptions and analyses based on CEOC's experience and perception of historical trends, current conditions and expected future developments, as well as other factors that CEOC considers appropriate under the circumstances. Whether actual future results and developments will be consistent with CEOC's expectations and assumptions depends on a number of factors, including, but not limited to, (1) CEOC's ability to substantially change the Debtors' capital structure; (2) CEOC's ability to restructure the Debtors as a separate operating company and property company, with a real estate investment trust directly or indirectly owning and controlling the property company; (3) the ability of the Debtors to obtain adequate liquidity and financing sources; (4) CEC's ability to maintain customers' confidence in its viability as a continuing entity and to attract and retain sufficient business from them; (5) the Debtors' ability to retain key employees; and (6) the overall strength and stability of general economic conditions in the U.S. and in global markets. The failure of any of these factors could materially adversely affect the successful reorganization of the Debtors' businesses.

In addition, the Plan relies upon financial projections, including with respect to revenues, capital expenditures, debt service, and cash flow as well as earnings before interest, taxes, depreciation and amortization (EBITDA). Financial forecasts are necessarily speculative, and it is possible that one or more of the assumptions and estimates that are the basis of these financial forecasts will turn out not to be accurate. The forecasts for the Debtors are even more speculative than normal, because they involve fundamental changes in the nature of the Debtors' capital structure and corporate structure. Accordingly, CEOC expects that its actual financial condition and results of operations will differ, perhaps materially, from what CEOC attempted to anticipate. Consequently, there can be no assurance that the results or developments contemplated by the Plan to be implemented by the Debtors will occur or, even if they do occur, that they will have the anticipated effects on the Debtors' and their subsidiaries' businesses or operations. The failure of any such results or developments to materialize as anticipated could materially adversely affect New CEC.

***Future results of New CEC may differ materially from the unaudited consolidated condensed pro forma financial statements presented in this joint proxy statement/prospectus and the financial forecasts prepared by CEC and CAC in connection with discussions concerning the Merger.***

The unaudited consolidated condensed pro forma financial statements (the pro forma financial information) contained in this joint proxy statement/prospectus have been derived from the audited consolidated historical financial statements of CEC, CAC and CEOC and are based on the applicable pro forma financial statement requirements. The pro forma financial information is presented for illustrative purposes only, and certain adjustments and assumptions have been made regarding New CEC; and therefore, the pro forma financial information may differ materially from what New CEC's actual financial position or results of operations would have been if the Merger and the Restructuring had been completed on the dates indicated.

The process for estimating the fair value of acquired assets and assumed liabilities as part of the Restructuring requires the use of judgment in determining the appropriate assumptions and estimates. The fair

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value adjustments included in the pro forma financial information represent a preliminary estimate of the fair value of New CEOC's assets and liabilities. The final fair value determination will be based on New CEOC's assets and liabilities as of the Plan Effective Time and may be different from that reflected in the pro forma financial information, and that difference may be material. These estimates may also vary significantly as additional information becomes available and as additional analyses are performed.

In addition, the assumptions used in preparing the pro forma financial information may prove to be inaccurate, and other factors may affect New CEOC's financial condition or results of operations following the completion of the Merger and the Restructuring.

***CEC will require significant liquidity to fund the Emergence, which may negatively affect New CEOC's liquidity and its ability to sustain operations.***

At Emergence, CEC and CEOC will be required, or may deem it advisable, to settle in cash certain obligations (including obligations such as professional fees, certain accrued and unpaid interest and debt obligations) that matured during the Chapter 11 Cases.

As described in Note 1 to the 2016 CEC Financial Statements, CEC has made material commitments to support the Restructuring. As a result of the Bankruptcy Court's confirmation of the Plan, CEC believes it is probable that certain obligations described in the Plan and the RSAs will ultimately be settled, and therefore, CEC has estimated the total consideration it expects to provide in support of the Restructuring and accrued such items as described in its financial statements. Under the Plan, CEC is expected to, among other things, (1) contribute approximately \$925.2 million (less forbearance fees already paid) in direct cash contributions to fund Plan distributions, other restructuring transactions contemplated by the Plan and general corporate purposes, as well as up to an additional \$19.2 million to fund distributions to certain classes of the Debtors' unsecured creditors; (2) pay RSA Forbearance Fees; (3) contribute the Bank Guaranty Settlement Purchase Price to the Debtors for the benefit of CEOC's first lien bank lenders; (4) guarantee OpCo's lease payments under the Master Lease Agreements and, if necessary, guarantee its debt issued at the Plan Effective Time; (5) purchase 100% of the New CEOC Common Stock for approximately \$700 million in cash; (6) issue approximately \$1.1 billion of the Convertible Notes; (7) repurchase at least \$1.0 billion and up to \$1.2 billion of CEC Common Stock from certain creditors of the Debtors; and (8) pay \$60 million for the Additional CEC Bank Consideration and \$80 million for the Additional CEC Bond Consideration (which, for accounting and financial reporting purposes, assumes a Plan Effective Time as of August 31, 2017), either of which may be paid in cash or in CEC Common Stock at CEC's discretion (subject to CAC's prior written consent if CEC Common Stock is issued). CEC's estimated accrual does not include certain consideration that will be issued as part of the acquisition of New CEOC, which will be recorded when the transaction is consummated, or other amounts that either do not currently represent obligations or that cannot be estimated at this time.

CEC does not currently have sufficient cash to meet its financial commitments to support the Restructuring that are due when the Debtors ultimately emerge from bankruptcy. The completion of the Merger is expected to allow CEC to fulfill its financial commitments in support of the Restructuring. As a result of these payments and investments, less cash may be available in future periods for investments and operating expenses and, as a result, the implementation of the Plan and the Emergence may have a negative impact on New CEOC's liquidity and on its ability to sustain its operations.

***Pursuant to the Plan, CEOC will be divided into OpCo and PropCo, with certain of CEOC's real property interests being divested to PropCo, which may present large cash outflows, transaction costs and execution risk.***



Pursuant to the Plan, CEOC will be divided into two companies: OpCo and PropCo. OpCo, or New CEOC, as CEOC's successor and a wholly owned subsidiary of New CEC, will operate CEOC's properties and facilities. PropCo, as a subsidiary of a REIT Entity to be wholly separate from CEC, will hold certain of CEOC's real

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property assets and related fixtures and will lease those assets back to OpCo. As part of the Plan, CEC and its subsidiaries will be entering into the Restructuring Documents in connection the Restructuring, which will create certain material commitments for and impose ongoing obligations on the business of New CEC after the Plan Effective Time. This Restructuring of CEOC will involve significant cash outflows, transaction costs and expenses, which may result in New CEC having less cash available in future periods for investments and operating expenses.

Additionally, the implementation and execution of the Plan, and the completion of the Restructuring contemplated thereunder, will be a complex, costly and time-consuming process. CEC will be required to devote management attention and resources and engage outside advisors and consultants to implement the Plan and complete the Restructuring. The failure to meet the challenges involved in implementing the Plan and completing the Restructuring could cause an interruption of, or a loss of momentum in, the activities of New CEC and could adversely affect the results of operations of New CEC after the Emergence. The unsuccessful implementation of the Plan and the failure to complete the Restructuring could lead to additional litigation, bankruptcy proceedings and negotiations with creditors and other third parties, with increasing transaction costs and legal and financial liabilities. The overall implementation of the Plan and the completion of the Restructuring may also result in material unanticipated problems, expenses, liabilities, competitive responses, loss of customer and other business relationships and diversion of management attention.

***Under the Plan, CEC and New CEOC will be required to enter into certain leasing and financial commitments, which may have a negative impact on New CEC's business and operating condition.***

Pursuant to the Plan, CEC and New CEOC will be entering into the Restructuring Documents, including the two Master Lease Agreements and the management and lease support agreements. Pursuant to the Master Lease Agreements, certain subsidiaries of PropCo will lease properties to New CEOC and New CEOC will be responsible for lease payments and other monetary obligations: (1) for the Caesars Palace Las Vegas property and (2) for certain properties currently owned by CEOC other than Caesars Palace Las Vegas. CEC will guarantee the payment and performance of all monetary obligations of New CEOC under the Master Lease Agreements pursuant to the terms of the management and lease support agreement. Under the Call Right Agreements (as defined below), PropCo will retain the right to purchase and leaseback interests in the real property and the related fixtures associated with Harrah's Laughlin, Harrah's Atlantic City and Harrah's New Orleans properties, which could also impose additional lease payments and other obligations. CEC and PropCo will also enter into a right of first refusal agreement (the Right of First Refusal Agreement) that will provide, among other things, (a) a grant by CEC (by and on behalf of itself and all of its majority owned subsidiaries) to PropCo (by and on behalf of itself and all of its majority owned subsidiaries) of a right of first refusal to own and lease to an affiliate of CEC certain non-Las Vegas domestic real estate that CEC or its affiliates may have the opportunity to acquire or develop and (b) a grant by PropCo to CEC of a right of first refusal to lease and manage certain non-Las Vegas domestic real estate that PropCo may have the opportunity to acquire or develop. New CEC is expected to incur approximately \$5.03 billion in finance obligations primarily related to such real estate assets being transferred to PropCo and leased back to New CEOC. Pursuant to the Master Lease Agreements, New CEC will be obligated to pay in the aggregate approximately \$630 million in fixed annual rents for the first seven lease years, subject to certain escalators and adjustments that are further described in the section entitled The CEOC Restructuring The Plan Master Lease Agreements, Golf Course Use Agreement beginning on page 206.

CEC and New CEOC also anticipate entering into certain proposed credit documents. Under the indenture that will govern the Convertible Notes, CEC will issue approximately \$1.1 billion of Convertible Notes at 5.00% per annum that will mature in 2024. Additionally, New CEOC will have funded debt obligations of approximately \$1,235 million (New CEOC Debt). The Plan requires New CEOC to issue the New CEOC Debt to third parties, but if the New CEOC Debt is not fully syndicated, then the New CEOC Debt may be comprised of up to \$916 million in first lien term loans

and \$318 million of first lien notes issued to the Debtors' creditors under the Plan (the New CEOC Take-Back Debt ), subject to the consent of the applicable creditor groups. CEC

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will be required to guarantee the New CEOC Take-Back Debt. Under the terms of the guarantees of the New CEOC Take-Back Debt, CEC will provide a modified collection guarantee of the New CEOC Take-Back Debt, secured by a first-priority pledge of substantially all of the material assets of CEC, subject to certain exceptions.

After the Emergence, New CEC will be responsible for CEC's obligations arising from the Restructuring Documents. After giving effect to the Merger and the Restructuring as if each had occurred on December 31, 2016, New CEC is expected to have aggregate annual cash outflows of approximately \$1.45 billion in 2017, consisting of (1) a total of \$630 million in fixed annual rents (which is subject to certain escalators and adjustments beginning in the second lease year) pursuant to the Master Lease Agreements over their 15-year initial term and four five-year optional renewal terms, (2) approximately \$128 million in annual debt service (including principal and interest costs) through maturity in connection with the New CEOC Debt and CEC Convertible Notes and (3) \$693 million in debt service (including principal and interest costs) for 2017 in connection with all other expected New CEC consolidated debt. If New CEC's businesses and properties fail to generate sufficient earnings, the payments required to service these leasing and financial commitments may materially and adversely limit the ability of New CEC to make investments to maintain and grow its portfolio of businesses and properties. Additionally, New CEC may be subject to other significant obligations under its guarantees if New CEOC is unable to satisfy its lease payments and monetary obligations under these arrangements, which could materially and adversely affect New CEC's business and operating results.

The Restructuring Documents will require compliance with covenants on the conduct of business of New CEC or its subsidiaries, as applicable, and generally impose restrictions on the business activities of New CEC, including restrictions relating to the incurrence of debt, sales or dispositions of assets, acquisitions, the granting of liens, dividends and distributions and affiliate transactions. Compliance with the covenants and restrictions in the Restructuring Documents may constrain the ability of New CEC to implement any post-Emergence growth plans as well as its flexibility to react and adapt to unexpected operational challenges and adverse changes in economic and legal conditions. These covenants and restrictions are described in further detail in the section entitled "The CEOC Restructuring The Plan" beginning on page 199.

### **Risks Related to CAC's Business**

CAC is subject to the risks described in the section entitled "Risk Factors" in Part I, Item 1A in the CAC 2016 10-K with respect to CAC. See the section entitled "Where You Can Find More Information" beginning on page 385.

### **Risks Related to CEC's Business**

***There is a stay of the Noteholder Disputes in the Bankruptcy Court. If the stay were lifted and a court were to find in favor of the claimants in the Noteholder Disputes, it would likely have a material adverse effect on CEC's business, financial condition, results of operations and cash flows and, absent an intervening event, a reorganization under Chapter 11 of the Bankruptcy Code would likely be necessary due to the limited resources available at CEC to resolve such matters. If the Plan is not completed, it would raise substantial doubt about CEC's ability to continue as a going concern.***

CEC is subject to a number of Noteholder Disputes, as described in Note 3 to the 2016 CEC Financial Statements, all of which are currently stayed consensually or by order of the Bankruptcy Court, related to various transactions that CEOC has completed since 2010. Plaintiffs in certain of these actions raise allegations of breach of contract, intentional and constructive fraudulent transfer, and breach of fiduciary duty, among other claims. Although the Delaware First Lien Lawsuit (as described in Note 3 to the 2016 CEC Financial Statements) has been subject to a consensual stay pursuant to the First Lien Bond RSA (as defined below) since CEOC's filing for Chapter 11, and the

Delaware Second Lien Lawsuit (as described in Note 3 to the 2016 CEC Financial Statements) is not proceeding with respect to fraud or breach of fiduciary duty claims, should a court find in favor of the plaintiffs on such claims in any of the Noteholder Disputes, including the New York First Lien

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Lawsuit, the New York Second Lien Lawsuit, the Senior Unsecured Lawsuits, the New York Senior Notes Lawsuit or the Proposed Second Lien Lawsuit (each of the lawsuits, as described in Note 3 to the 2016 CEC Financial Statements and the section titled "Legal Proceedings of Caesars Entertainment Corporation"), the transactions at issue in those lawsuits may be subject to rescission and/or CEC may be required to pay damages to the plaintiffs. In the event of an adverse outcome on one or all of these matters, it is likely that a reorganization under Chapter 11 of the Bankruptcy Code would be necessary due to the limited resources available at CEC to resolve such matters. See "The Companies' Legal Proceedings of Caesars Entertainment Corporation" beginning on page 133.

A number of the Noteholder Disputes also involve claims that CEC is liable for all amounts due and owing on certain notes issued by CEOC, based on allegations that provisions in the governing indentures pursuant to which CEC guaranteed CEOC's obligations under those notes remain in effect (the "Guarantee Claims"). Such Guarantee Claims were most recently raised against CEC in a lawsuit filed on October 20, 2015 by Wilmington Trust, National Association in the United States District Court for the Southern District of New York (the "SDNY Court"). Adverse rulings on the Guarantee Claims in this action or any of the other Noteholder Disputes could negatively affect CEC's position on such Guarantee Claims in other Noteholder Disputes, or with respect to potential claims by other holders of certain other notes issued by CEOC. If the court in any of these Noteholder Disputes were to find in favor of the plaintiffs on the Guarantee Claims, CEC may become obligated to pay all principal, interest, and other amounts due and owing on the notes at issue. If CEC became obligated to pay amounts owed on CEOC's indebtedness as a result of the Guarantee Claims, it is likely that a reorganization under Chapter 11 of the Bankruptcy Code would be necessary due to the limited resources available at CEC to resolve such matters.

On October 4, 2016, the Debtors, along with CEC, entered into, or amended and restated, restructuring support agreements with the Debtors' major creditor groups. Under these agreements, the parties agreed to support the Plan that will, if all conditions precedent to the effectiveness of the Plan are satisfied or waived, result in a release of all claims against CEC relating to CEOC, including the claims in the Parent Guarantee Lawsuits (as described in Note 3 to the 2016 CEC Financial Statements), and all claims asserted by or on behalf of the Debtors' estate or their representative creditors. In light of these agreements, the Debtors made a motion in the Bankruptcy Court to extend the stay of the Parent Guarantee Lawsuits that was set to elapse on October 5, 2016. The Bankruptcy Court granted this motion on October 5, 2016, and ordered that the parties in the Parent Guarantee Lawsuits were enjoined from continuing to prosecute those actions in any way until the earlier of the first omnibus hearing after the Bankruptcy Court's decision on confirmation of the Plan and the termination of any restructuring support agreement with the Official Committee of Second Priority Noteholders (the "Second Lien Committee"). On October 17, 2016, a plaintiff in one of the Senior Unsecured Lawsuits appealed the Bankruptcy Court's order. The plaintiff later withdrew its appeal, after signing up to its own restructuring support agreement, so there is no appeal pending. On January 26, 2017, the Bankruptcy Court entered an agreed order staying the Parent Guarantee Lawsuits. The stay will remain in effect until the earlier of (a) the Plan Effective Time, (b) the termination of the restructuring support agreement with the official committee of second priority noteholders or (c) further order of the Bankruptcy Court.

The Parent Guarantee Lawsuits are still enjoined, but in the event that the stay is lifted, the Plan does not become effective, or the restructuring agreement with the Official Committee of Second Priority Noteholders is terminated, and the Parent Guarantee Lawsuits proceed to judgment, given the inherent uncertainties of litigation, CEC has concluded that these matters raise substantial doubt about CEC's ability to continue as a going concern. In the event of an adverse outcome on such matters, CEC would likely seek reorganization under Chapter 11 of the Bankruptcy Code soon thereafter.

If the Plan is not completed, CEC also estimates that it will require additional sources of funding to meet the ongoing financial commitments of CEC for amounts other than committed to under the RSAs, primarily resulting from significant expenditures made to (1) defend CEC against the matters disclosed in Note 3 to the 2016 CEC Financial

Statements and (2) support the Plan. As a result of the foregoing, there is substantial doubt about

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CEC's ability to continue as a going concern. See Note 1 to the 2016 CEC Financial Statements for more information.

***CEC's substantial indebtedness and the fact that a significant portion of CEC's cash flow is used to make interest payments could adversely affect CEC's ability to raise additional capital to fund CEC's operations, limit CEC's ability to react to changes in the economy or CEC's industry and prevent CEC from making debt service payments.***

CEC is a highly-leveraged company and had \$6.9 billion in debt outstanding as of December 31, 2016 and, after giving effect to the Merger and the Restructuring, would have had \$9.7 billion in debt outstanding as of December 31, 2016. As a result, a significant portion of CEC's liquidity needs are for debt service, including significant interest payments. CEC's estimated debt service (including principal and interest) is \$659 million for 2017 and \$5.8 billion thereafter to maturity. See Note 11 to the 2016 CEC Financial Statements for details of CEC's debt outstanding and related restrictive covenants.

The substantial indebtedness and the restrictive covenants under the agreements governing the indebtedness of CEC and/or its subsidiaries, as applicable, could:

limit the ability to borrow money for working capital, capital expenditures, development projects, debt service requirements, strategic initiatives or other purposes;

make it more difficult to satisfy obligations with respect to indebtedness, and any failure to comply with the obligations of any of the outstanding debt instruments, including restrictive covenants and borrowing conditions, could result in an event of default under the agreements governing such indebtedness;

require that a substantial portion of cash flow from operations be dedicated to the payment of interest and repayment of such indebtedness, thereby reducing funds available for other purposes;

limit the flexibility in planning for, or reacting to, changes in operations or business;

make CEC and its subsidiaries more highly-leveraged than certain competitors, which may place CEC and its subsidiaries at a competitive disadvantage;

make CEC and its subsidiaries more vulnerable to downturns in CEC's business or the economy;

restrict the ability to make strategic acquisitions, develop new gaming facilities, introduce new technologies or exploit business opportunities;

affect the ability to renew certain gaming and other licenses;



limit, along with the financial and other restrictive covenants in such indebtedness, among other things, CEC and its subsidiaries' ability to borrow additional funds or dispose of assets; and

expose CEC and its subsidiaries to the risk of increased interest rates as certain borrowings are at variable rates of interest.

Any of the foregoing could have a material adverse effect on CEC's business, financial condition, results of operations, prospects and ability to satisfy CEC's and/or its subsidiaries' outstanding debt obligations.

***CEC may be unable to generate sufficient cash to service all of CEC's indebtedness, and may be forced to take other actions to satisfy CEC's obligations under CEC's indebtedness that may not be successful.***

CEC may be unable to generate sufficient cash flow from operations, or may be unable to draw under CEC's senior secured credit facilities or otherwise, in an amount sufficient to fund CEC's liquidity needs. CEC's operating cash inflows are typically used for operating expenses, debt service costs, working capital needs, and capital expenditures in the normal course of business. CEC's operating cash flow was negative \$57 million in

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2015 and \$308 million in 2016. CEC's estimated debt service (including principal and interest) is \$659 million for 2017 and \$8.8 billion thereafter to maturity. See Note 11 to the 2016 CEC Financial Statements for further details of CEC's debt outstanding.

***CEC may incur additional indebtedness, which could adversely affect CEC's ability to pursue certain business opportunities.***

CEC and CEC's subsidiaries may incur additional indebtedness. Although the terms of the agreements governing CEC's indebtedness contain restrictions on CEC's ability to incur additional indebtedness, these restrictions are subject to a number of important qualifications and exceptions, and the indebtedness incurred in compliance with these restrictions could be substantial. For example, as of December 31, 2016, CERP had \$230 million of additional borrowing capacity available under its senior secured revolving credit facility, and CGP had a total of \$160 million of additional borrowing capacity available under its senior secured revolving credit facilities.

CEC's subsidiary debt agreements allow for limited future issuances of additional secured notes or loans, which may include, in each case, indebtedness secured on a pari passu basis with the obligations under CGP's or CERP's credit facilities and first lien notes. This indebtedness could be used for a variety of purposes, including financing capital expenditures, refinancing or repurchasing CEC's outstanding indebtedness, including existing unsecured indebtedness, or for general corporate purposes. CEC has raised and expects to continue to raise debt, including secured debt, to directly or indirectly refinance CEC's outstanding unsecured debt on an opportunistic basis, as well as development and acquisition opportunities. Additional indebtedness would require greater servicing payments, and accordingly, may affect the future liquidity of CEC and/or its subsidiaries and limit their ability to pursue certain opportunities and implement any growth plans in the future.

***CEC's debt agreements contain restrictions that limit CEC's flexibility in operating CEC's business.***

CEC's and its subsidiaries' debt agreements contain, and any future indebtedness of CEC and its subsidiaries would likely contain, a number of covenants that impose significant operating and financial restrictions, including restrictions on the issuer of the debt's ability to, among other things:

incur additional debt or issue certain preferred shares;

pay dividends on or make distributions in respect of capital stock or make other restricted payments;

make certain investments;

sell certain assets;

create liens on certain assets;

consolidate, merge, sell or otherwise dispose of all or substantially all of its assets;

enter into certain transactions with affiliates; and

designate subsidiaries as unrestricted subsidiaries.

As a result of these covenants, CEC and its subsidiaries are limited in the manner in which they conduct business, and may be unable to engage in favorable business activities or finance future operations or capital needs.

CEC has pledged and will pledge a significant portion of CEC's assets as collateral under CEC's subsidiaries' debt agreements. If any lenders accelerate the repayment of borrowings, there can be no assurance that sufficient will be available assets to repay indebtedness.

CEC is required to satisfy and maintain specified financial ratios under CEC's debt agreements. See Note 11 to the 2016 CEC Financial Statements for further information. CEC's ability to meet the financial ratios under

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CEC's debt agreements can be affected by events beyond CEC's control, and there can be no assurance that CEC will be able to continue to meet those ratios.

A failure to comply with the covenants contained in the agreements that govern CEC's indebtedness could result in an event of default under the facilities or the existing agreements, which, if not cured or waived, could have a material adverse effect on CEC's business, financial condition and results of operations. In the event of any default under the indebtedness of CERP or CGP, the lenders thereunder:

will not be required to lend any additional amounts to such borrowers;

could elect to declare all borrowings outstanding, together with accrued and unpaid interest and fees, to be due and payable and terminate all commitments to extend further credit; or

require such borrowers to apply all of CEC's available cash to repay these borrowings.

Such actions by the lenders under CERP's or CGP's indebtedness could cause cross defaults under the other indebtedness of CERP and CGP, respectively. For instance, if CERP were unable to repay those amounts, the lenders under CERP's credit facilities and the holders of CERP's secured notes could proceed against the collateral granted to them to secure that indebtedness.

If the indebtedness under CERP's or CGP's credit facilities, or other indebtedness were to be accelerated, there can be no assurance that their assets would be sufficient to repay such indebtedness in full.

### ***Repayment of CEC's subsidiaries' debt is dependent on cash flow generated by CEC's subsidiaries.***

CEC's subsidiaries currently own a significant portion of CEC's assets and conduct a significant portion of CEC's operations. Accordingly, repayment of CEC's subsidiaries' indebtedness is dependent, to a significant extent, on the generation of cash flow by CEC's subsidiaries and their ability to make such cash available by dividend, debt repayment or otherwise. CEC's subsidiaries do not have any obligation to pay amounts due on CEC's other subsidiaries' indebtedness or to make funds available for that purpose. CEC's subsidiaries may not be able to, or may not be permitted to, make distributions to enable CEC to make payments in respect of CEC's other subsidiaries' indebtedness. Each subsidiary is a distinct legal entity and, under certain circumstances, legal and contractual restrictions may limit CEC's ability to obtain cash from CEC's subsidiaries.

### ***CEC is or may become involved in legal proceedings that, if adversely adjudicated or settled, could have a material adverse effect on CEC's business, financial condition, results of operations, and prospects.***

In addition to the Noteholder Disputes discussed above, CEC is also a defendant from time to time in various lawsuits or other legal proceedings relating to matters incidental to CEC's business. The nature of CEC's business subjects CEC to the risk of lawsuits filed by customers, past and present employees, competitors, business partners, Indian tribes and others in the ordinary course of business. As with all legal proceedings, no assurance can be provided as to the outcome of these matters and in general, legal proceedings can be expensive and time consuming. CEC may not be successful in the defense or prosecution of these lawsuits, which could result in settlements or damages that could significantly impact CEC's business, financial condition and results of operations.

***The loss of the services of key personnel could have a material adverse effect on CEC's business.***

CEC believes that the leadership of CEC's executive officers has been a critical element of CEC's success. Any unforeseen loss of CEC's chief executive officer's services, or any negative market or industry perception with respect to him or arising from his loss, could have a material adverse effect on CEC's businesses. CEC's other executive officers and other members of senior management have substantial experience and expertise in CEC's businesses that CEC believes will make significant contributions to CEC's growth and success. The

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unexpected loss of services of one or more of these individuals could also adversely affect CEC. CEC does not have key man or similar life insurance policies covering members of CEC's senior management. CEC has employment agreements with CEC's executive officers, but these agreements do not guarantee that any given executive will remain with CEC, and there can be no assurance that any such officers will remain with CEC.

***If CEC cannot attract, retain and motivate employees, CEC may be unable to compete effectively, and lose the ability to improve and expand CEC's businesses.***

CEC's success and ability to grow depend, in part, on CEC's ability to hire, retain, and motivate sufficient numbers of talented people with the increasingly diverse skills needed to serve clients and expand CEC's business, in many locations around the world. CEC faces intense competition for highly qualified, specialized technical, managerial, and consulting personnel. Recruiting, training, retention and benefit costs place significant demands on CEC's resources. Additionally, CEC's substantial indebtedness and CEO's Chapter 11 Cases have made recruiting executives to CEC's businesses more difficult, which may become even more difficult as the CEO's Chapter 11 Cases progress. The inability to attract qualified employees in sufficient numbers to meet particular demands or the loss of a significant number of CEC's employees could have an adverse effect on CEC.

***CEC may sell or divest different properties or assets as a result of CEC's evaluation of CEC's portfolio of businesses. Such sales or divestitures could affect CEC's costs, revenues, profitability and financial position.***

From time to time, CEC evaluates CEC's properties and CEC's portfolio of businesses and may, as a result, sell or attempt to sell, divest or spin-off different properties or assets. These sales or divestitures affect CEC's costs, revenues, profitability, financial position, liquidity and CEC's ability to comply with CEC's debt covenants. Divestitures have inherent risks, including possible delays in closing transactions (including potential difficulties in obtaining regulatory approvals), the risk of lower-than-expected sales proceeds for the divested businesses, and potential post-closing claims for indemnification. In addition, current economic conditions and relatively illiquid real estate markets may result in fewer potential bidders and unsuccessful sales efforts. Expected costs savings, which are offset by revenue losses from divested properties, may also be difficult to achieve or maximize due to CEC's fixed cost structure.

***Reduction in discretionary consumer spending resulting from a downturn in the national economy, the volatility and disruption of the capital and credit markets, adverse changes in the global economy and other factors could negatively impact CEC's financial performance and CEC's ability to access financing.***

Changes in discretionary consumer spending or consumer preferences are driven by factors beyond CEC's control, such as perceived or actual general economic conditions; high energy, fuel and other commodity costs; the cost of travel; the potential for bank failures; a soft job market; an actual or perceived decrease in disposable consumer income and wealth; increases in payroll taxes; increases in gaming taxes or fees; fears of recession and changes in consumer confidence in the economy; and terrorist attacks or other global events. CEC's business is susceptible to any such changes because CEC's casino properties offer a highly discretionary set of entertainment and leisure activities and amenities. Gaming and other leisure activities CEC offers represent discretionary expenditures and participation in such activities may decline if discretionary consumer spending declines, including during economic downturns, during which consumers generally earn less disposable income. Particularly, CEC has business concentration in gaming offerings and in Las Vegas, which are sensitive to declines in discretionary consumer spending and changes in consumer preferences. The economic downturn that began in 2008 and adverse conditions in the local, regional, national and global markets negatively affected CEC's business and results of operations and may negatively affect CEC's operations in the future. During periods of economic contraction, CEC's revenues may decrease while most of CEC's costs remain fixed and some costs even increase, resulting in decreased earnings. While economic conditions have improved and the gaming industry has partially recovered, there are no assurances that the gaming industry will

continue to grow.

Additionally, key determinants of CEC's revenues and operating performance include ADR, number of gaming trips and average spend per trip by CEC's customers. Given that 2007 was the peak year for CEC's

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financial performance and the gaming industry in the United States in general, CEC may not attain those financial levels in the near term, or at all. If CEC fails to increase ADR or any other similar metric in the near term, CEC's revenues may not increase and, as a result, CEC may not be able to pay down CEC's existing debt, fund CEC's operations, fund planned capital expenditures or achieve expected growth rates, all of which could have a material adverse effect on CEC's business, financial condition, results of operations and cash flow. Even an uncertain economic outlook may adversely affect consumer spending in CEC's gaming operations and related facilities, as consumers spend less in anticipation of a potential economic downturn. Furthermore, other uncertainties, including national and global economic conditions, terrorist attacks or other global events, could adversely affect consumer spending and adversely affect CEC's operations.

***Growth in consumer demand for non-gaming offerings could negatively impact CEC's gaming revenue.***

Although recent trends have indicated a growing shift in customer demand for gambling over non-gaming offerings when visiting Las Vegas, there are no assurances that this trend will continue and that demand for non-gaming offerings will not increase. According to Las Vegas Convention and Visitors Authority, 47% of Las Vegas visitors in 2015 indicated that their primary reason to visit was for vacation or pleasure as opposed to solely for gambling as the main attraction, up from 41% of visitors in 2013, but down from 50% of visitors in 2011. To the extent the demand for non-gaming offerings replaces demand for gambling, CEC's gaming revenues will decrease, which could have an adverse impact on CEC's business and results of operations.

***CEC is subject to extensive governmental regulation, which, under certain circumstances, could adversely impact CEC's business, financial condition, and results of operations.***

CEC is subject to extensive gaming regulations and political and regulatory uncertainty. Regulatory authorities in the jurisdictions where CEC operates have broad powers with respect to the licensing of casino operations and may revoke, suspend, condition or limit CEC's gaming or other licenses, impose substantial fines and take other actions, any one of which could adversely impact CEC's business, financial condition and results of operations. For example, revenues and income from operations were negatively impacted during July 2006 in Atlantic City by a three-day government-imposed casino shutdown. Furthermore, in many jurisdictions where CEC operates, licenses are granted for limited durations and require renewal from time to time. For example, in Iowa, CEC's ability to continue CEC's gaming operations is subject to a referendum every eight years or at any time upon petition of the voters in the county in which CEC operates; the most recent referendum which approved CEC's ability to continue to operate CEC's casinos occurred in November 2010. There can be no assurance that continued gaming activity will be approved in any referendum in the future. If CEC does not obtain the requisite approval in any future referendum, CEC will not be able to operate CEC's gaming operations in Iowa, which would negatively impact CEC's future performance.

From time to time, individual jurisdictions have also considered legislation or referendums, such as bans on smoking in casinos and other entertainment and dining facilities, which could adversely impact CEC's operations. For example, the City Council of Atlantic City passed an ordinance in 2007 requiring that CEC segregate at least 75% of the casino gaming floor as a nonsmoking area, leaving no more than 25% of the casino gaming floor as a smoking area. Illinois also passed the Smoke Free Illinois Act which became effective January 1, 2008, and bans smoking in nearly all public places, including bars, restaurants, work places, schools and casinos. The Smoke Free Illinois Act also bans smoking within 15 feet of any entrance, window or air intake area of these public places. In January 2015, the City of New Orleans passed a ban on indoor smoking and use of electronic cigarettes, which became effective in April 2015. These smoking bans have adversely affected revenues and operating results at CEC's properties. The likelihood or outcome of similar legislation in other jurisdictions and referendums in the future cannot be predicted, though any smoking ban would be expected to negatively impact CEC's financial performance.



Furthermore, because CEC is subject to regulation in each jurisdiction in which CEC operates, and because regulatory agencies within each jurisdiction review CEC's compliance with gaming laws in other jurisdictions, it

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is possible that gaming compliance issues in one jurisdiction may lead to reviews and compliance issues in other jurisdictions.

***CEC's stockholders are subject to extensive governmental regulation and if a stockholder is found unsuitable by the gaming authority, that stockholder would not be able to beneficially own CEC Common Stock directly or indirectly.***

In many jurisdictions, gaming laws can require any of CEC's stockholders to file an application, be investigated, and qualify or have his, her or its suitability determined by gaming authorities. Gaming authorities have very broad discretion in determining whether an applicant should be deemed suitable. Subject to certain administrative proceeding requirements, the gaming regulators have the authority to deny any application or limit, condition, restrict, revoke or suspend any license, registration, finding of suitability or approval, or fine any person licensed, registered or found suitable or approved, for any cause deemed reasonable by the gaming authorities. For additional information on the criteria used in making determinations regarding suitability, see *The Companies' New Caesars Entertainment Corporation Governmental Regulation* beginning on page 121.

For example, under Nevada gaming laws, each person who acquires, directly or indirectly, beneficial ownership of any voting security, or beneficial or record ownership of any non-voting security or any debt security, in a public corporation which is registered with the Nevada Gaming Commission, or the Gaming Commission, may be required to be found suitable if the Gaming Commission has reason to believe that his or her acquisition of that ownership, or his or her continued ownership in general, would be inconsistent with the declared public policy of Nevada, in the sole discretion of the Gaming Commission. Any person required by the Gaming Commission to be found suitable must apply for a finding of suitability within 30 days after the Gaming Commission's request that he or she should do so and, together with his or her application for suitability, deposit with the Nevada Gaming Control Board, or the Control Board, a sum of money which, in the sole discretion of the Control Board, will be adequate to pay the anticipated costs and charges incurred in the investigation and processing of that application for suitability, and deposit such additional sums as are required by the Control Board to pay final costs and charges.

Furthermore, any person required by a gaming authority to be found suitable, who is found unsuitable by the gaming authority, may not hold directly or indirectly the beneficial ownership of any voting security or the beneficial or record ownership of any nonvoting security or any debt security of any public corporation which is registered with the gaming authority beyond the time prescribed by the gaming authority. A violation of the foregoing may constitute a criminal offense. A finding of unsuitability by a particular gaming authority impacts that person's ability to associate or affiliate with gaming licensees in that particular jurisdiction and could impact the person's ability to associate or affiliate with gaming licensees in other jurisdictions.

Many jurisdictions also require any person who acquires beneficial ownership of more than a certain percentage of voting securities of a gaming company and, in some jurisdictions, non-voting securities, typically 5%, to report the acquisition to gaming authorities, and gaming authorities may require such holders to apply for qualification or a finding of suitability, subject to limited exceptions for institutional investors that hold a company's voting securities for investment purposes only. Under Maryland gaming laws, CEC may not sell or otherwise transfer more than 5% of the legal or beneficial interest in Horseshoe Baltimore without the approval of the Maryland Lottery and Gaming Control Commission, or the Maryland Commission, after the Maryland Commission determines that the transferee is qualified or grants the transferee an institutional investor waiver.

Some jurisdictions may also limit the number of gaming licenses in which a person may hold an ownership or a controlling interest. In Indiana, for example, a person may not have an ownership interest in more than two Indiana riverboat owner's licenses, and in Maryland an individual or business entity may not own an interest in more than one video lottery facility.



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*If CEC is unable to effectively compete against CEC's competitors, CEC's profits will decline.*

The gaming industry is highly competitive and CEC's competitors vary considerably in size, quality of facilities, number of operations, brand identities, marketing and growth strategies, financial strength and capabilities, and geographic diversity. CEC also competes with other non-gaming resorts and vacation areas, and with various other entertainment businesses. CEC's competitors in each market that CEC participates may have greater financial, marketing, or other resources than CEC does, and there can be no assurance that they will not engage in aggressive pricing action to compete with CEC. Although CEC believes it is currently able to compete effectively in each of the various markets in which CEC participates, CEC cannot ensure that it will be able to continue to do so or that CEC will be capable of maintaining or further increasing CEC's current market share. CEC's failure to compete successfully in CEC's various markets could adversely affect CEC's business, financial condition, results of operations, and cash flow.

In recent years, many casino operators, including CEC, have been reinvesting in existing markets to attract new customers or to gain market share, thereby increasing competition in those markets. As companies have completed new expansion projects, supply has typically grown at a faster pace than demand in some markets, including Las Vegas, CEC's largest market, and competition has increased significantly. For example, SLS Las Vegas opened in August 2014 on the northern end of the Strip, and the Genting Group has announced plans to develop a casino and hotel called Resorts World Las Vegas, which is expected to open in 2019 on the northern end of the Strip. Also, in response to changing trends, Las Vegas operators have been focused on expanding their non-gaming offerings, including upgrades to hotel rooms, new food and beverage offerings, and new entertainment offerings. MGM's The Park and joint venture with AEG, T-Mobile Arena, located between New York-New York and Monte Carlo, opened in April 2016 and includes retail and dining options and a 20,000 seat indoor arena for sporting events and concerts. In addition, in June 2016, MGM announced that the Monte Carlo Resort and Casino will undergo \$450 million in non-gaming renovations focused on room, food and beverage and entertainment enhancements and is expected to re-open in late 2018 as two newly branded hotels. The expansion of existing casino entertainment properties, the increase in the number of properties and the aggressive marketing strategies of many of CEC's competitors have increased competition in many markets in which CEC operates, and this intense competition is expected to continue. These competitive pressures have and are expected to continue to adversely affect CEC's financial performance in certain markets, including Atlantic City.

In particular, CEC's business may be adversely impacted by the additional gaming and room capacity in Nevada. In addition, CEC's operations located in New Jersey may be adversely impacted by the expansion of gaming in Maryland, New York and Pennsylvania, and CEC's operations located in Nevada may be adversely impacted by the expansion of gaming in California.

*Theoretical win rates for CEC's casino operations depend on a variety of factors, some of which are beyond CEC's control.*

The gaming industry is characterized by an element of chance. Accordingly, CEC employs theoretical win rates to estimate what a certain type of game, on average, will win or lose in the long run. In addition to the element of chance, theoretical win rates are also affected by the spread of table limits and factors that are beyond CEC's control, such as a player's skill and experience and behavior, the mix of games played, the financial resources of players, the volume of bets placed and the amount of time players spend gambling. As a result of the variability in these factors, the actual win rates at the casino may differ from theoretical win rates and could result in the winnings of CEC's gaming customers exceeding those anticipated. The variability of these factors, alone or in combination, have the potential to negatively impact CEC's actual win rates, which may adversely affect CEC's business, financial condition, results of operations and cash flows.

***CEC faces the risk of fraud, theft and cheating.***

CEC faces the risk that customers may attempt or commit fraud or theft or cheat in order to increase winnings. Such acts of fraud, theft or cheating could involve the use of counterfeit chips or other tactics, possibly

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in collusion with CEC's employees. Internal acts of cheating could also be conducted by employees through collusion with dealers, surveillance staff, floor managers or other casino or gaming area staff. Additionally, CEC also faces the risk that customers may attempt or commit fraud or theft with respect to non-gaming offerings of CEC or against other customers. Such risks include stolen credit or charge cards or cash, falsified checks, theft of retail inventory and purchased goods, and unpaid or counterfeit receipts. Failure to discover such acts or schemes in a timely manner could result in losses in CEC's gaming operations. Negative publicity related to such acts or schemes could have an adverse effect on CEC's reputation, potentially causing a material adverse effect on CEC's business, financial condition, results of operations and cash flows.

***Use of the Caesars brand name, or any of CEC's other brands, by entities other than CEC could damage the brands and CEC's operations and adversely affect CEC's business and results of operations.***

The Caesars brand remains one of the most recognized casino brands in the world and CEC's operations benefit from the global recognition and reputation generated by CEC's brands. Generally, CEC is actively pursuing gaming and non-gaming management, branding, and development opportunities in Asia and other parts of the world where CEC's brands and reputation are already well-recognized assets. In addition, CEC will continue to expand CEC's WSOP tournaments to international jurisdictions where CEC believes there is a likelihood of legalization of online gaming, in order to grow the brand's awareness. In connection with such opportunities, CEC intends to grant third parties licenses to use CEC's brands. CEC's business and results of operations may be adversely affected by the management or the enforcement of the Caesars and the World Series of Poker brand names, or any of CEC's other brands, by third parties outside of CEC's exclusive control.

***Any failure to protect CEC's trademarks could have a negative impact on the value of CEC's brand names and adversely affect CEC's business.***

The development of intellectual property is part of CEC's overall business strategy, and CEC regards CEC's intellectual property to be an important element of CEC's success. While CEC's business as a whole is not substantially dependent on any one trademark or combination of several of CEC's trademarks or other intellectual property, CEC seeks to establish and maintain CEC's proprietary rights in CEC's business operations and technology through the use of patents, copyrights, trademarks and trade secret laws. Despite CEC's efforts to protect CEC's proprietary rights, parties may infringe on CEC's trademarks and use information that CEC regards as proprietary and CEC's rights may be invalidated or unenforceable. The unauthorized use or reproduction of CEC's trademarks could diminish the value of CEC's brand and CEC's market acceptance, competitive advantages or goodwill, which could adversely affect CEC's business.

Additionally, CEC has not applied for the registration of all of CEC's trademarks, copyrights, proprietary technology or other intellectual property rights, as the case may be, and may not be successful in obtaining all intellectual property rights for which CEC has applied. Despite CEC's efforts to protect CEC's proprietary rights, parties may infringe upon CEC's intellectual property and use information that CEC regards as proprietary, and CEC's rights may be invalidated or unenforceable. The laws of some foreign countries may not protect proprietary rights or intellectual property to as great an extent as do the laws of the United States. In addition, others may independently develop substantially equivalent intellectual property.

***CEC extends credit to a portion of CEC's customers and CEC may not be able to collect gaming receivables from CEC's credit players.***

CEC conducts its gaming activities on a credit and cash basis at many of CEC's properties. Any such credit CEC extends is unsecured. Table games players typically are extended more credit than slot players, and high-stakes

players typically are extended more credit than customers who tend to wager lower amounts. High-end gaming is more volatile than other forms of gaming, and variances in win-loss results attributable to high-end gaming may have a significant positive or negative impact on cash flow and earnings in a particular quarter. CEC extends credit to those customers whose level of play and financial resources warrant, in the opinion of

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management, an extension of credit. These large receivables could have a significant impact on CEC's results of operations if deemed uncollectible. While gaming debts evidenced by a credit instrument, including what is commonly referred to as a marker, and judgments on gaming debts are enforceable under the current laws of the jurisdictions in which CEC allows play on a credit basis and judgments in such jurisdictions on gaming debts are enforceable in all states under the Full Faith and Credit Clause of the U.S. Constitution, other jurisdictions may determine that enforcement of gaming debts is against public policy. Although courts of some foreign nations will enforce gaming debts directly and the assets in the U.S. of foreign debtors may be reached to satisfy a judgment, judgments on gaming debts from U.S. courts are not binding on the courts of many foreign nations.

*The development and construction of new hotels, casinos and gaming and non-gaming venues and the expansion of existing ones could have an adverse effect on CEC's business, financial condition and results of operations due to various factors including delays, cost overruns and other uncertainties.*

CEC intends to develop, construct and open new hotels, casinos and other gaming venues, and develop and manage non-gaming venues, in response to opportunities that may arise. Future development projects may require significant capital commitments, the incurrence of additional debt, guarantees of third-party debt, the incurrence of contingent liabilities and an increase in depreciation and amortization expense, which could have an adverse effect upon CEC's business, financial condition, results of operations and cash flow. The development and construction of new hotels, casinos and gaming venues and the expansion of existing ones are susceptible to various risks and uncertainties, such as:

the existence of acceptable market conditions and demand for the completed project;

general construction risks, including cost overruns, change orders and plan or specification modification, shortages of construction resources, labor disputes, unforeseen environmental, engineering or geological problems, work stoppages, fire and other natural disasters, construction scheduling problems, and weather interferences;

changes and concessions required by governmental or regulatory authorities;

the ability to finance the projects, especially in light of CEC's substantial indebtedness;

delays in obtaining, or inability to obtain, all licenses, permits and authorizations required to complete and/or operate the project; and

disruption of CEC's existing operations and facilities.

Moreover, CEC's development and expansion projects are sometimes jointly pursued with third parties or by licensing CEC's brands to third parties. These joint development, expansion projects or license agreements are subject to risks, in addition to those disclosed above, as they are dependent on CEC's ability to reach and maintain agreements with third parties.



CEC's failure to complete any new development or expansion project, or complete any joint development, expansion projects or projects where CEC licenses its brands, as planned, on schedule, within budget or in a manner that generates anticipated profits, could have an adverse effect on CEC's business, financial condition, results of operations and cash flow.

***CEC may pursue strategic acquisitions of third-party assets and businesses as a complement to its future growth strategy, which could raise material investment risk and affect CEC's businesses and operations if integration is unsuccessful or the acquired assets and businesses perform poorly.***

CEC intends to implement a growth plan centered on an organic growth strategy for its non-gaming entertainment, hospitality and leisure offerings for CEC. CEC also intends to pursue strategic acquisitions as a complement to the extent such acquisitions present attractive opportunities that would bolster CEC's organic growth strategy. Additionally, CEC will also look to become a more active participant in certain high-growth social and mobile gaming opportunities in order to leverage its extensive experience and management expertise in the gaming industry and build an enhanced high growth portfolio.

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CEC's ability to realize the anticipated benefits of acquisitions will depend, in part, on CEC's ability to integrate the businesses of such acquired company with CEC's businesses. The combination of two independent companies is a complex, costly and time consuming process. This process may disrupt the business of either or both of the companies, and may not result in the full benefits expected. The difficulties of combining the operations of the companies include, among others:

coordinating marketing functions;

undisclosed liabilities; unanticipated issues in integrating information, communications and other systems;

unanticipated incompatibility of purchasing, logistics, marketing and administration methods;

retaining key employees;

consolidating corporate and administrative infrastructures;

the diversion of management's attention from ongoing business concerns; and

coordinating geographically separate organizations.

Additionally, even if integration is successful, the overall integration of acquired assets and businesses may result in material unanticipated problems, expenses, liabilities, competitive responses, loss of customer and other business relationships and diversion of management attention. There is also no guarantee that the acquired assets or businesses will generate any of the projected synergies and earnings growth, and the failure to realize such projected synergies and earnings growth may adversely affect the operating and financial results of CEC and derail any growth plans.

***The risks associated with CEC's existing and potential future international operations could reduce CEC's profits.***

Some of CEC's properties are located outside the United States, and CEC is currently pursuing additional international opportunities. International operations are subject to inherent risks including:

political and economic instability;

variation in local economies;

currency fluctuation;

greater difficulty in accounts receivable collection;

trade barriers; and

burden of complying with a variety of international laws.

For example, the political instability in Egypt due to the uprising in January 2011 has negatively affected CEC's properties there.

***Any violation of the Foreign Corrupt Practices Act or other similar laws and regulations could have a negative impact on CEC.***

CEC is subject to risks associated with doing business outside of the United States, which exposes CEC to complex foreign and U.S. regulations inherent in doing business cross-border and in each of the countries in which it transacts business. CEC is subject to requirements imposed by the Foreign Corrupt Practices Act (FCPA) and other anti-corruption laws that generally prohibit U.S. companies and their affiliates from offering, promising, authorizing or making improper payments to foreign government officials for the purpose of obtaining or retaining business. Violations of the FCPA and other anti-corruption laws may result in severe

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criminal and civil sanctions and other penalties and the SEC and U.S. Department of Justice have increased their enforcement activities with respect to the FCPA. Policies and procedures and employee training and compliance programs that CEC has implemented to deter prohibited practices may not be effective in prohibiting CEC's employees, contractors or agents from violating or circumventing CEC's policies and the law. If CEC's employees or agents fail to comply with applicable laws or company policies governing CEC's international operations, CEC may face investigations, prosecutions and other legal proceedings and actions which could result in civil penalties, administrative remedies and criminal sanctions. Any determination that CEC has violated any anti-corruption laws could have a material adverse effect on CEC's financial condition. Compliance with international and U.S. laws and regulations that apply to CEC's international operations increases CEC's cost of doing business in foreign jurisdictions. CEC also deals with significant amounts of cash in CEC's operations and are subject to various reporting and anti-money laundering regulations. Any violation of anti-money laundering laws ( AML ) or regulations, on which in recent years, governmental authorities have been increasingly focused, with a particular focus on the gaming industry, by any of CEC's resorts could have a negative effect on CEC's results of operations.

***Acts of terrorism, war, natural disasters, severe weather and political, economic and military conditions may impede CEC's ability to operate or may negatively impact CEC's financial results.***

Terrorist attacks and other acts of war or hostility have created many economic and political uncertainties. For example, a substantial number of the customers of CEC's properties in Las Vegas use air travel. As a result of terrorist acts that occurred on September 11, 2001, domestic and international travel was severely disrupted, which resulted in a decrease in customer visits to CEC's properties in Las Vegas. CEC cannot predict the extent to which disruptions in air or other forms of travel as a result of any further terrorist act, security alerts or war, uprisings, or hostilities in places such as Iraq, Afghanistan and/or Syria or other countries throughout the world, and governmental responses to those acts or hostilities, will directly or indirectly impact CEC's business and operating results. For example, CEC's operations in Cairo, Egypt were negatively affected from the uprising there in January 2011. As a consequence of the threat of terrorist attacks and other acts of war or hostility in the future, premiums for a variety of insurance products have increased, and some types of insurance are no longer available. If any such event were to affect CEC's properties, CEC would likely be adversely impacted.

In addition, natural and man-made disasters such as major fires, floods, hurricanes, earthquakes and oil spills could also adversely impact CEC's business and operating results. Such events could lead to the loss of use of one or more of CEC's properties for an extended period of time and disrupt CEC's ability to attract customers to certain of CEC's gaming facilities. If any such event were to affect CEC's properties, CEC would likely be adversely impacted.

In most cases, CEC has insurance that covers portions of any losses from a natural disaster, but it is subject to deductibles and maximum payouts in many cases. Although CEC may be covered by insurance from a natural disaster, the timing of CEC's receipt of insurance proceeds, if any, is out of CEC's control. In some cases, however, CEC may receive no proceeds from insurance.

Additionally, a natural disaster affecting one or more of CEC's properties may affect the level and cost of insurance coverage CEC may be able to obtain in the future, which may adversely affect CEC's financial position.

As CEC's operations depend in part on CEC's customers' ability to travel, severe or inclement weather can also have a negative impact on CEC's results of operations.

***CEC may incur impairments to goodwill, indefinite-lived intangible assets, or long-lived assets, which could negatively affect CEC's future profits.***

CEC performs its annual impairment assessment of goodwill as of October 1, or more frequently if impairment indicators exist. CEC determines the estimated fair value of each reporting unit based on a

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combination of EBITDA and estimated future cash flows discounted at rates commensurate with the capital structure and cost of capital of comparable market participants, giving appropriate consideration to the prevailing borrowing rates within the casino industry in general. CEC also evaluates the aggregate fair value of all of CEC's reporting units and other non-operating assets in comparison to CEC's aggregate debt and equity market capitalization at the test date. Both EBITDA multiples and discounted cash flows are common measures used to value and buy or sell businesses in CEC's industry.

CEC will also perform an annual impairment assessment of other non-amortizing intangible assets as of October 1, or more frequently if impairment indicators exist. CEC determines the estimated fair value of CEC's non-amortizing intangible assets by primarily using the Relief From Royalty Method and Excess Earnings Method under the income approach.

CEC reviews the carrying value of CEC's long-lived assets whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When performing this assessment, CEC considers current operating results, trends and prospects, as well as the effect of obsolescence, demand, competition, and other economic, legal, and regulatory factors.

Significant negative industry or economic trends, reduced estimates of future cash flows, disruptions to CEC's business, slower growth rates or lack of growth in CEC's business resulted in an impairment charge during the year ended December 31, 2014. If one or more of such events occurs in the future, additional impairment charges may be required in future periods. If CEC is required to record additional impairment charges, this could have a material adverse impact on CEC's consolidated financial statements.

***CEC's business is particularly sensitive to energy prices and a rise in energy prices could harm CEC's operating results.***

CEC is a large consumer of electricity and other energy and, therefore, higher energy prices may have an adverse effect on CEC's results of operations. Accordingly, increases in energy costs may have a negative impact on CEC's operating results. Additionally, higher electricity and gasoline prices which affect CEC's customers may result in reduced visitation to CEC's resorts and a reduction in CEC's revenues. CEC may be indirectly impacted by regulatory requirements aimed at reducing the impacts of climate change directed at up-stream utility providers, as CEC could experience potentially higher utility, fuel, and transportation costs.

***CGP's interests may conflict with CEC's interests.***

The interests of CGP could conflict with CEC's interests. CGP is in a similar business to CEC and is required to first provide any potential development opportunities to CEC. However, CEC may decide to decline the opportunity for the company's business and permit CGP to pursue the development opportunity. A committee of CEC's board of directors comprised of disinterested directors will consider potential development opportunities provided to CEC by CGP. If the committee declines an opportunity, that opportunity will be available to CGP and will not be available to CEC's businesses. As a result, CEC's business and growth prospects could be negatively impacted. Furthermore, the consideration of business opportunities may create potential or perceived conflicts of interests between CEC's and CGP's businesses. While CEC may retain a portion of the financial stake in any management fee to be received in connection with an opportunity provided to CGP, there can be no assurances that such opportunity will be successful or that CEC will receive the expected fees from any opportunity.

Although certain employees of affiliates of the Sponsors are on the boards of directors of CEC and CAC, the certificates of incorporation of both companies provide that neither the Sponsors nor directors have any obligation to present any corporate opportunity to CEC or CAC. Accordingly, the Sponsors may pursue gaming, entertainment or other activities outside of CEC or CAC and have no obligation to present such opportunity to CEC or CAC.

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Some of CEC's employees are represented by labor unions and, accordingly, CEC is subject to the risk of work stoppages or other labor disruptions from time to time. CEC currently has five collective bargaining agreements covering various employees in Las Vegas expiring in 2017 as well as three others that will expire in 2017. All agreements are subject to automatic extension unless one party gives 30 days' prior notice of intent to terminate. No such notice has been given. CEC intends to negotiate renewal agreements for all collective bargaining agreements expiring and are hopeful that CEC will be able to reach agreements with the respective unions without any work stoppage. Work stoppages and other labor disruptions could have a material adverse impact on CEC's operations. From time to time, CEC has experienced attempts by labor organizations to organize certain of CEC's non-union employees. These efforts have achieved some success to date. CEC cannot provide any assurance that CEC will not experience additional and successful union activity in the future. The impact of this union activity is undetermined and could negatively impact CEC's profits.

***CEC may be subject to material environmental liability, including as a result of unknown environmental contamination.***

The casino properties business is subject to certain federal, state and local environmental laws, regulations and ordinances which govern activities or operations that may have adverse environmental effects, such as emissions to air, discharges to streams and rivers and releases of hazardous substances and pollutants into the environment, as well as handling and disposal from municipal/non-hazardous waste, and which also apply to current and previous owners or operators of real estate generally. Federal examples of these laws include the Clean Air Act, the Clean Water Act, the Resource Conservation Recovery Act, the Comprehensive Environmental Response, Compensation and Liability Act and the Oil Pollution Act of 1990. Certain of these environmental laws may impose cleanup responsibility and liability without regard to whether the owner or operator knew of or caused particular contamination or release of hazardous substances. Should unknown contamination be discovered on CEC's property, or should a release of hazardous substances occur on CEC's property, CEC could be required to investigate and remediate the contamination and could also be held responsible to a governmental entity or third parties for property damage, personal injury or investigation and remediation costs incurred in connection with the contamination or release, which may be substantial. Moreover, such contamination may also impair CEC's ability to use the affected property. Such liability could be joint and several in nature, regardless of fault, and could affect CEC even if such property is vacated. The potential for substantial costs and an inability to use the property could adversely affect CEC's business.

***CEC's insurance coverage may not be adequate to cover all possible losses CEC could suffer, and, in the future, CEC's insurance costs may increase significantly or CEC may be unable to obtain the same level of insurance coverage.***

CEC may suffer damage to CEC's property caused by a casualty loss (such as fire, natural disasters and acts of war or terrorism) that could severely disrupt CEC's business or subject it to claims by third parties who are injured or harmed. Although CEC maintains insurance (including property, casualty, terrorism and business interruption), it may be inadequate or unavailable to cover all of the risks to which CEC's business and assets may be exposed. In several cases CEC maintains high deductibles or self-insure against specific losses. Should an uninsured loss (including a loss which is less than CEC's deductible) or loss in excess of insured limits occur, it could have a significant adverse impact on CEC's operations and revenues.

CEC generally renews CEC's insurance policies on an annual basis. If the cost of coverage becomes too high, CEC may need to reduce CEC's policy limits or agree to certain exclusions from CEC's coverage in order to reduce the premiums to an acceptable amount. Among other factors, homeland security concerns, other catastrophic events or



any change in the current U.S. statutory requirement that insurance carriers offer coverage for certain acts of terrorism could adversely affect available insurance coverage and result in increased premiums on available coverage (which may cause CEC to elect to reduce CEC's policy limits) and additional exclusions

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from coverage. Among other potential future adverse changes, in the future CEC may elect to not, or may be unable to, obtain any coverage for losses due to acts of terrorism.

***The success of third parties adjacent to CEC's properties is important to CEC's ability to generate revenue and operate CEC's business and any deterioration to their success could materially adversely affect CEC's revenue and result of operations.***

In certain cases, CEC does not own the businesses and amenities adjacent to CEC's properties. However, the adjacent third-party businesses and amenities stimulate additional traffic through CEC's complexes, including the casinos, which are CEC's largest generators of revenue. Any decrease in the popularity of, or the number of customers visiting, these adjacent businesses and amenities may lead to a corresponding decrease in the traffic through CEC's complexes, which would negatively affect CEC's business and operating results. Further, if newly opened properties are not as popular as expected, CEC will not realize the increase in traffic through CEC's properties that CEC expects as a result of their opening, which would negatively affect CEC's business projections.

***Compromises of CEC's information systems or unauthorized access to confidential information or CEC's customers' personal information could materially harm CEC's reputation and business.***

CEC collects and stores confidential, personal information relating to CEC's customers for various business purposes, including marketing and financial purposes, and credit card information for processing payments. For example, CEC handles, collects and stores personal information in connection with CEC's customers staying at CEC's hotels and enrolling in CEC's Total Rewards program. CEC may share this personal and confidential information with vendors or other third parties in connection with processing of transactions, operating certain aspects of CEC's business or for marketing purposes. CEC's collection and use of personal data are governed by state and federal privacy laws and regulations as well as the applicable laws and regulations in other countries in which CEC operates. Privacy law is an area that changes often and varies significantly by jurisdiction. CEC may incur significant costs in order to ensure compliance with the various applicable privacy requirements. In addition, privacy laws and regulations may limit CEC's ability to market to CEC's customers.

CEC assesses and monitors the security of collection, storage and transmission of customer information on an ongoing basis. CEC utilizes commercially available software and technologies to monitor, assess and secure CEC's network. Further, the systems currently used for transmission and approval of payment card transactions, and the technology utilized in payment cards themselves, all of which can put payment card data at risk, are determined and controlled by the payment card industry, not CEC. Although CEC has taken steps designed to safeguard CEC's customers' confidential personal information and important internal company data, CEC's network and other systems and those of third parties, such as service providers, could be compromised, damaged, or disrupted by a third-party breach of CEC's system security or that of a third-party provider or as a result of purposeful or accidental actions of third parties, CEC's employees or those employees of a third party, power outages, computer viruses, system failures, natural disasters or other catastrophic events. CEC's third-party information system service providers face risks relating to cybersecurity similar to CEC's, and CEC does not directly control any of such parties' information security operations. Advances in computer and software capabilities and encryption technology, new tools and other developments may increase the risk of a security breach. As a result of any security breach, customer information or other proprietary data may be accessed or transmitted by or to a third party. Despite these measures, there can be no assurance that CEC is adequately protecting CEC's information.

Any loss, disclosure or misappropriation of, or access to, customers' or other proprietary information, or other breach of CEC's information security could result in legal claims or legal proceedings, including regulatory investigations and actions, or liability for failure to comply with privacy and information security laws, including for failure to protect

personal information or for misusing personal information, which could disrupt CEC's operations, damage CEC's reputation and expose CEC to claims from customers, financial institutions,

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regulators, payment card associations, employees and other persons, any of which could have an adverse effect on CEC's financial condition, results of operations and cash flow.

***CEC's obligation to contribute to multi-employer pension plans, or the discontinuance of such obligation, may have an adverse impact on CEC.***

CEC contributes to and participates in various multi-employer pension plans for employees represented by certain unions. CEC is required to make contributions to these plans in amounts established under collective bargaining agreements. CEC does not administer these plans and, generally, are not represented on the boards of trustees of these plans. The Pension Protection Act enacted in 2006, or the PPA, requires under-funded pension plans to improve their funding ratios. Based on the information available to CEC, some of the multi-employer plans to which CEC contributes is either "critical" or "endangered" as those terms are defined in the PPA. Specifically, the Pension Plan of the UNITE HERE National Retirement Fund is less than 65% funded. CEC cannot determine at this time the amount of additional funding, if any, CEC may be required to make to these plans. However, plan assessments could have an adverse impact on CEC's results of operations or cash flows for a given period. Furthermore, under current law, upon the termination of a multi-employer pension plan, due to the withdrawal of all its contributing employers (a mass withdrawal), or in the event of a withdrawal by CEC, which CEC considers from time to time, CEC would be required to make payments to the plan for CEC's proportionate share of the plan's unfunded vested liabilities, that would have a material adverse impact on CEC's consolidated financial condition, results of operations and cash flows.

In January 2015, the Trustees of the National Retirement Fund ("NRF"), a multi-employer defined benefit pension plan, voted to expel the CEC controlled group ("CEC Group") from the NRF's Legacy Plan. NRF claims that CEOC's bankruptcy presents an "actuarial risk" to the Legacy Plan purportedly permitting such expulsion. The CEC affiliates that are included in the NRF Legacy Plan are Caesars Atlantic City, Bally's Atlantic City and Harrah's Philadelphia (all of which are owned by CEOC and are not included in CEC's results), as well as Harrah's Atlantic City and the Las Vegas laundry. NRF has advised the CEC Group that its expulsion has triggered withdrawal liability with a present value of approximately \$360 million, payable in 80 quarterly payments of about \$6 million, and has commenced litigation against CEC and CERP seeking payment of this withdrawal liability (the "NRF Claims"), which remains ongoing.

The CEC Group disputes NRF's authority to take such action. Prior to NRF's vote, the CEC Group reiterated its commitment to remain in the plan and not seek rejection of any collective bargaining agreement in which the obligation to contribute to NRF exists. CEOC is current with respect to pension contributions. The CEC Group is pursuing several litigation strategies to challenge NRF's action, and CEC and CERP are vigorously opposing the litigation commenced by NRF. There can be no assurance that CEC's strategies will have a successful outcome, and the CEC Group may become liable for the withdrawal liability, which would have an adverse impact on CEC.

***Due to the participation of CEOC, CGPH, and CERP in CES, CEC may not control CES and CEC's interests may not align with the interests of the other members of CES.***

CEOC, CGPH, and CERP are members of CES, and each relies on CES to provide it and its subsidiaries with intellectual property licenses and property management services, among other services. CEOC, CGPH and CERP are each required to contribute as necessary to fund CES' operating costs and capital requirements in proportion to their respective ownership interest in CES. The members of CES are required to fund its capital expenditures in agreed portions on an annual basis. The amount each member will be required to fund in future years will be subject to the review and approval of the CES steering committee. CEOC, CGPH and CERP, together, control CES through the CES steering committee, which is comprised of one representative from each of CEOC, CGPH and CERP. Conflicts of interest may arise between CEC's subsidiaries. Most decisions by CES require the consent of two of the three

steering committee members. To the extent CEC is unable to control the consent of at least two of the three steering committee members, CEC may be unable to cause CES to take

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actions that are in CEC's interest. In addition, certain decisions by CES may not be made without unanimous consent of its members. These actions include any decision with respect to liquidation or dissolution of CES, merger, consolidation or sale of all or substantially all of the assets of CES, usage of CES assets in a manner inconsistent with the purposes of CES, material amendment to CES's operating agreement, admission of new investors to CES and filing of any bankruptcy or similar action by CES. Thus, CES's members may block certain actions by CES that are in CEC's interest.

***CEC is controlled by the Sponsors, whose interests may not be aligned with CEC's.***

The members of Hamlet Holdings are comprised of individuals affiliated with the Sponsors. As of December 31, 2016, Hamlet Holdings beneficially owned a majority of CEC Common Stock pursuant to the CEC Irrevocable Proxy providing Hamlet Holdings with sole voting and sole dispositive power over those shares, and, as a result, the Sponsors have the power to elect all of CEC's directors. Moreover, Hamlet Holdings has the ability to vote on any transaction that requires the approval of CEC's board of directors or CEC's stockholders, including the approval of significant corporate transactions such as mergers and the sale of all or substantially all of CEC's assets. As a result, Hamlet Holdings is in a position to exert a significant influence over CEC, and the direction of CEC's business and results of operations. The interests of the Sponsors could conflict with or differ from the interests of other holders of CEC's securities. For example, the concentration of ownership held by the Sponsors could delay, defer or prevent a change of control of CEC or impede a merger, takeover or other business combination which another stockholder may otherwise view favorably. Additionally, the Sponsors are in the business of making or advising on investments in companies they hold, and may from time to time in the future acquire interests in or provide advice to businesses that directly or indirectly compete with certain portions of CEC's business or are suppliers or customers of CEC. One or both of the Sponsors may also pursue acquisitions that may be complementary to CEC's business, and, as a result, those acquisition opportunities may not be available to CEC. A sale of a substantial number of shares of stock in the future by funds affiliated with the Sponsors or their co-investors could cause CEC's stock price to decline. So long as Hamlet Holdings continues to hold the CEC Irrevocable Proxy, they will continue to be able to strongly influence or effectively control CEC's decisions. Upon completion of the Merger and the Restructuring, the CEC Irrevocable Proxy will terminate in accordance with its terms.

In addition, CEC has an executive committee that serves at the discretion of CEC's board of directors and is authorized to take such actions as it reasonably determines appropriate. Currently, the executive committee may act by a majority of its members, provided that at least one member affiliated with TPG and Apollo must approve any action of the executive committee.

***Future sales or the possibility of future sales of a substantial amount of CEC Common Stock, including in connection with the Merger or Restructuring, may depress the price of shares of CEC Common Stock.***

Future sales or the availability for sale of substantial amounts of CEC Common Stock in the public market could adversely affect the prevailing market price of CEC Common Stock and could impair CEC's ability to raise capital through future sales of equity securities.

As of December 31, 2016, there were 147 million shares outstanding, all of which are the same class of voting common stock. All of the outstanding shares of CEC Common Stock will be eligible for resale under Rule 144 or Rule 701 of the Securities Act of 1933, as amended ( "Securities Act" ), subject to volume limitations, applicable holding period requirements or other contractual restrictions. The Sponsors have the ability to cause CEC to register the resale of its shares, and CEC's management members who hold shares will have the ability to include their shares in such registration.

CEC sold seven million shares of CEC Common Stock in 2014. In connection with the Merger, CEC expects to issue a significant number of shares of CEC Common Stock and, in connection with the Restructuring, CEC expects to issue a significant number of shares of CEC Common Stock and the Convertible Notes that will

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be convertible into shares of CEC Common Stock. In addition, CEC may issue shares of common stock or other securities from time to time as consideration for future acquisitions and investments or for any other reason that CEC's board of directors deems advisable. If any such acquisition or investment is significant, the number of shares of CEC Common Stock, or the number or aggregate principal amount, as the case may be, of other securities that CEC may issue may in turn be substantial. CEC may also grant registration rights covering those shares of common stock or other securities in connection with any such acquisitions and investments.

CEC cannot predict the size of future issuances of CEC Common Stock or other securities or the effect, if any, that future issuances and sales of CEC Common Stock or other securities, including future sales by the Sponsors, will have on the market price of CEC Common Stock. Sales of substantial amounts of common stock (including shares of common stock issued in connection with an acquisition), or the perception that such sales could occur, may adversely affect prevailing market prices for CEC Common Stock.

***The price and trading volume of CEC Common Stock may fluctuate significantly.***

The market price of CEC Common Stock may be highly volatile and could be subject to wide fluctuations. In addition, the trading volume of CEC Common Stock may fluctuate and cause significant price variations to occur. Volatility in the market price of CEC Common Stock may prevent a holder of CEC Common Stock from being able to sell their shares. The market price for CEC Common Stock could fluctuate significantly for various reasons, including:

CEC's operating and financial performance and prospects;

CEC's quarterly or annual earnings or those of other companies in CEC's industry;

news or developments related to CEC's ongoing Bankruptcy proceedings and negotiations with its creditors;

conditions that impact demand for CEC's products and services;

the public's reaction to CEC's press releases, other public announcements and filings with the SEC;

changes in earnings estimates or recommendations by securities analysts who track CEC Common Stock;

market and industry perception of CEC's success, or lack thereof, in pursuing CEC's growth strategy;

strategic actions by CEC or CEC's competitors, such as acquisitions or restructurings;



changes in government and environmental regulation, including gaming taxes;

changes in accounting standards, policies, guidance, interpretations or principles;

arrival and departure of key personnel;

changes in CEC's capital structure;

sales of CEC Common Stock by CEC or members of CEC's management team;

issuance of CEC Common Stock in connection with the merger with CAC;

the expiration of contractual lockup agreements; and

changes in general market, economic and political conditions in the United States and global economies or financial markets, including those resulting from natural disasters, terrorist attacks, acts of war and responses to such events.

In addition, the stock market experiences significant price and volume fluctuations. This volatility has had a significant impact on the market price of securities issued by many companies, including companies in the gaming, lodging, hospitality and entertainment industries. The changes frequently appear to occur without regard

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to the operating performance of the affected companies. Hence, the price of CEC Common Stock could fluctuate based upon factors that have little or nothing to do with CEC, and these fluctuations could materially reduce CEC's share price.

***Because CEC has not paid dividends since being acquired by the Sponsors in 2008 and does not anticipate paying dividends on CEC Common Stock in the foreseeable future, holders of CEC Common Stock should not expect to receive dividends on shares of CEC Common Stock.***

CEC has no present plans to pay cash dividends to CEC's stockholders and, for the foreseeable future, intends to retain all of CEC's earnings for use in CEC's business. The declaration of any future dividends by CEC is within the discretion of CEC board of directors and will be dependent on CEC's earnings, financial condition and capital requirements, as well as any other factors deemed relevant by CEC's board of directors.

***CEC's by-laws and certificate of incorporation contain provisions that could discourage another company from acquiring CEC and may prevent attempts by CEC's stockholders to replace or remove CEC's current management.***

Provisions of CEC's by-laws and CEC's certificate of incorporation may delay or prevent a merger or acquisition that stockholders may consider favorable, including transactions in which you might otherwise receive a premium for your shares. In addition, these provisions may frustrate or prevent any attempts by CEC's stockholders to replace or remove CEC's current management by making it more difficult for stockholders to replace or remove CEC's directors. These provisions include:

establishing a classified board of directors;

establishing limitations on the removal of directors;

permitting only an affirmative vote of at least two-thirds of the board of directors of CEC to fix the number of directors;

prohibiting cumulative voting in the election of directors;

empowering only the board of directors to fill any vacancy on the board of directors, whether such vacancy occurs as a result of an increase in the number of directors or otherwise;

authorizing the issuance of blank check preferred stock without any need for action by stockholders;

eliminating the ability of stockholders to call special meetings of stockholders;

prohibiting stockholders from acting by written consent if less than 50.1% of outstanding shares of CEC Common Stock is controlled by the Sponsors;

prohibiting amendments to the by-laws without the affirmative vote of at least two-thirds of the board of directors or the affirmative vote of at least two-thirds of the total voting power of the outstanding shares entitled to vote;

prohibiting amendments to the certificate of incorporation relating to stockholder meetings, amendments to the by-laws or certificate of incorporation, or the election or classification of the board of directors without the affirmative vote of two-thirds of the shares entitled to vote on any matter; and

establishing advance notice requirements for nominations for election to the board of directors or for proposing matters that can be acted on by stockholders at stockholder meetings.

CEC's issuance of shares of preferred stock could delay or prevent a change of control of CEC. CEC's board of directors has the authority to cause CEC to issue, without any further vote or action by the stockholders, shares of preferred stock, par value \$0.01 per share, in one or more series, to designate the number of shares constituting any series, and to fix the rights, preferences, privileges and restrictions thereof, including dividend

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rights, voting rights, rights and terms of redemption, redemption price or prices and liquidation preferences of such series. The issuance of shares of preferred stock may have the effect of delaying, deferring or preventing a change in control of CEC's company without further action by the stockholders, even where stockholders are offered a premium for their shares.

Together, these charter and statutory provisions could make the removal of management more difficult and may discourage transactions that otherwise could involve payment of a premium over prevailing market prices for CEC Common Stock. Furthermore, the existence of the foregoing provisions, as well as the significant common stock controlled by Hamlet Holdings, could limit the price that investors might be willing to pay in the future for shares of CEC Common Stock. They could also deter potential acquirers of CEC's company, thereby reducing the likelihood that you could receive a premium for your common stock in an acquisition.

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**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

This joint proxy statement/prospectus and the information incorporated by reference herein contain or may contain forward-looking statements intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. You can identify these statements by the fact that they do not relate strictly to historical or current facts. These statements contain words such as may, will, might, expect, intend, could, v estimate, or the negative of these words or other words or expressions of similar meaning may identify forward-looking statements and are found at various places throughout this joint proxy statement/prospectus and the information incorporated by reference herein. These forward-looking statements, including, without limitation, those relating to the Merger and the Restructuring under the Plan, wherever they occur in this joint proxy statement/prospectus or in the information incorporated by reference herein, are based on current expectations about future events and are necessarily estimates reflecting the best judgment of management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements.

Investors are cautioned that forward-looking statements are not guarantees of future performance or results and involve risks and uncertainties that cannot be predicted or quantified, and, consequently, actual results may differ materially from those expressed or implied by such forward-looking statements. Such risks and uncertainties include, but are not limited to, the following factors, as well as other factors described in the section entitled Risk Factors beginning on page 69, and from time to time in CEC's and CAC's reports filed with the SEC (including the sections entitled Risk Factors and Management's Discussion and Analysis of Financial Condition and Results of Operations of Caesars Entertainment Corporation contained therein):

the outcome of currently pending or threatened litigation and demands for payment by certain creditors and the NRF against CEC;

the Merger Agreement may not be approved by the CEC and CAC stockholders at the respective special meetings or the failure to satisfy any of the other closing conditions of the Merger Agreement;

the Merger may not be completed or one or more events, changes or other circumstances that could occur that could give rise to the termination of the Merger Agreement;

the price of, market for and potential market price volatility of CEC Common Stock and of CAC Common Stock;

CEC's limited cash balances and sources of available cash, including CEC's ability (or inability) to secure additional liquidity to meet its ongoing obligations and its commitments to support the Restructuring as necessary and CEC's financial obligations exceeding or becoming due earlier than what is currently forecast;

increased costs of financing, a reduction in the availability of financing and fluctuations in interest rates in connection with the Restructuring;

economic, business, competitive, and/or regulatory factors affecting the businesses of CEC and CAC and their respective subsidiaries generally;

the ability to retain key employees during the pendency of the Merger and the Restructuring;

the ability of customer tracking, customer loyalty, and yield management programs to continue to increase customer loyalty and same-store or hotel sales;

the effects of the Chapter 11 Cases on CEOC and its subsidiaries and affiliates, including CEC, and the interests of various creditors, equity holders and other constituents;

the indirect effects of the Chapter 11 Cases on CAC;

the ability to recoup costs of capital investments through higher revenues;

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the event that the RSAs may not be completed in accordance with their terms, or persons not party to an RSA may successfully challenge the implementation thereof;

the effect of the Bankruptcy Court's rulings in the Chapter 11 Cases and the outcome of such cases in general;

the length of time CEOC will operate under the Chapter 11 Cases or CEOC's ability to comply with the milestones provided by the RSAs;

risks associated with third-party motions in the Chapter 11 Cases, which may hinder or delay CEOC's ability to complete the Plan;

the adverse effects of the Chapter 11 Cases and related litigation on CEC's liquidity or results of operations;

the ability (or inability) of CEC and CEOC to satisfy the conditions to the effectiveness of the Plan;

the financial and operating results of New CEC;

the impact of New CEC's and its subsidiaries' substantial indebtedness and the restrictions contained in the agreements governing such indebtedness;

access to available and reasonable financing on a timely basis, including the ability of CEC and CAC to refinance indebtedness on acceptable terms;

litigation outcomes and judicial and governmental body actions, including gaming legislative action, referenda, regulatory disciplinary actions, and fines and taxation;

the effects of local and national economic, credit and capital market conditions on the economy in general, and on the gaming industry in particular;

changes in laws, including increased tax rates, smoking bans, regulations or accounting standards, third-party relations and approvals, and decisions, disciplines, and fines of courts, regulators, and governmental bodies;

the effects of competition, including locations of competitors, competition for new licenses and operating and market competition;

the ability to timely and cost-effectively integrate companies that New CEC acquires into its operations;

the potential difficulties in employee retention and recruitment as a result of New CEC's substantial indebtedness or any other factor;

abnormal gaming holds ( gaming hold is the amount of money that is retained by the casino from wagers by customers);

construction factors, including delays, increased costs of labor and materials, availability of labor and materials, zoning issues, environmental restrictions, soil and water conditions, weather and other hazards, site access matters, and building permit issues;

acts of war or terrorist incidents, severe weather conditions, uprisings or natural disasters, including losses therefrom, losses in revenues and damage to property, and the impact of severe weather conditions on the ability to attract customers to certain facilities;

the effects of environmental and structural building conditions relating to CEC's, CAC's and CEOC's properties;

access to insurance on reasonable terms for CEC, CAC and CEOC's assets;

the rapidly growing and changing industry in which CGP operates, such as CIE's internet gaming business; and

the impact, if any, of unfunded pension benefits under multi-employer pension plans.



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You are cautioned to not place undue reliance on these forward-looking statements, which speak only as of the date of this joint proxy statement/prospectus. CEC and CAC undertake no obligation to publicly update or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this joint proxy statement/prospectus or to reflect the occurrence of unanticipated events, except as required by law.

**Table of Contents****THE COMPANIES****Caesars Entertainment Corporation*****Overview***

CEC is one of the largest global gaming and hospitality companies, with a world-class portfolio of properties offering gaming, lodging, entertainment, food and beverage, convention space and retail. CEC has established a rich history of industry-leading growth and expansion since it commenced operations in 1937. In addition to its brick and mortar assets, CEC, through certain of its subsidiaries, operates an online gaming business that provides real money games in certain jurisdictions. As of December 31, 2016, through CEC's consolidated entities, CEC owned 12 casinos in the United States, with over one million square feet of gaming space and approximately 24,000 hotel rooms. CEC's properties are concentrated in Las Vegas, where 8 of the 12 casinos are located. CEC is primarily a holding company with no independent operations of its own and operates its business through various subsidiaries, including through CERP, CGP and CES, which are further described below.

In addition to the consolidated subsidiaries listed above, CEC owns a majority interest in CEOC, which owns and manages a total of 35 casinos. On January 15, 2015, CEOC and the other Debtors filed the Bankruptcy Petitions for reorganization under Chapter 11 of the Bankruptcy Code in the Bankruptcy Court. Due to the commencement of the Chapter 11 Cases, the operations and affairs of the Debtors are subject to the supervision and jurisdiction of the Bankruptcy Court, as provided under the Bankruptcy Code. Accordingly, CEC deconsolidated CEOC and its subsidiaries from CEC's financial results, effective as of January 15, 2015.

On January 13, 2017, the Debtors filed the Plan with the Bankruptcy Court that replaced all previously filed plans. CEC, CAC, the Debtors, and the Debtors' major creditor groups have agreed to support the Plan, which was confirmed by the Bankruptcy Court on January 17, 2017. The Plan (a) provides for, among other things, (1) a global settlement of all claims the Debtors may have against, and comprehensive releases for, CEC and its affiliates and CAC and its affiliates, as discussed below and (2) CEOC to be divided into two companies, OpCo and PropCo, whereby OpCo would operate CEOC's properties and facilities and PropCo would hold certain of CEOC's real property assets and related fixtures and would lease those assets to OpCo and (b) is conditioned upon, among other things, completion of the Merger of CAC with and into CEC, with CEC as the surviving company (the surviving company which, after giving effect to the Merger and the Restructuring, is referred to herein as *New Caesars Entertainment Corporation* or *New CEC*). Pursuant to the Plan, it is anticipated that OpCo (which is also referred to herein as *New Caesars Entertainment Operating Company* or *New CEOC*) will be a consolidated, wholly owned subsidiary of New CEC. See the section entitled *Summary The CEOC Restructuring* beginning on page 26 for additional information. The Restructuring will significantly de-lever the Debtors' capital structure, leaving New CEOC and its subsidiaries with approximately \$1.6 billion in outstanding debt at the Plan Effective Time. Additionally, pursuant to the Merger Agreement, CAC will merge with and into CEC, with CEC as the surviving company, and CAC stockholders will receive in exchange for each share of CAC Common Stock a number of shares of CEC Common Stock equal to the Exchange Ratio.

CEC Common Stock trades on the NASDAQ under the symbol *CZR*. Hamlet Holdings currently beneficially owns a majority of CEC's voting common stock, as discussed below. As a result, CEC is a *controlled company* within the meaning of NASDAQ corporate governance standards. The principal executive offices of CEC are located at One Caesars Palace Drive, Las Vegas, Nevada 89109; its telephone number is (702) 407-6000; and its website is [www.caesarscorporate.com](http://www.caesarscorporate.com).

***Business Operations***

As of December 31, 2016, CEC's consolidated business was composed of four complementary businesses that reinforce, cross-promote, and build upon each other: casino entertainment operations, food and beverage operations, rooms and hotel operations, and entertainment and other business operations.

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### *Casino Entertainment Operations*

CEC's casino entertainment operations include revenues from approximately 15,000 slot machines and 1,200 table games, as well as other games such as keno, poker, and race and sports books, all of which comprised approximately 49% of CEC's total net revenues in 2016. Slot revenues generate the majority of CEC's gaming revenue and are a key driver of revenue, particularly in CEC's properties located outside of the Las Vegas market. CEC is testing a number of skill-based games as it implements product offerings intended to appeal to all demographics, and expects to expand these offerings as required regulatory approvals are obtained.

### *Food and Beverage Operations*

CEC's food and beverage operations generate revenues primarily from over 50 buffets, restaurants, bars, nightclubs, and lounges located throughout CEC's casinos, as well as banquets and room service, and represented approximately 18% of CEC's total net revenues in 2016. Many of CEC's properties include several dining options, ranging from upscale dining experiences to moderately-priced restaurants and buffets.

### *Rooms and Hotel Operations*

Rooms and hotel operations revenue comprised approximately 21% of CEC's total net revenues in 2016 and is primarily generated from hotel stays at CEC's casino properties and CEC's approximately 24,000 guest rooms and suites. CEC's properties operate at various price and service points, allowing CEC to host a variety of casino guests who are visiting CEC's properties for gaming and other casino entertainment options and non-casino guests who are visiting CEC's properties for other purposes, such as vacation travel or conventions.

### *Entertainment and Other Business Operations*

CEC provides a variety of retail and entertainment offerings in CEC's casinos and The LINQ promenade. CEC operates several entertainment venues across the United States, including The AXIS at Planet Hollywood, which was ranked as one of the top theater venues in the United States in 2016 based on ticket sales. This award winning theater hosts several prominent headliners, such as Jennifer Lopez, Lionel Richie, and Britney Spears. CEC intends to continue hosting such popular acts, and CEC recently announced that the Backstreet Boys will have performances starting in early 2017.

The LINQ promenade and CEC's retail stores offer guests a wide range of options from high-end brands and accessories to souvenirs and decorative items. The LINQ promenade is an open-air dining, entertainment, and retail development located between The LINQ Hotel and the Flamingo Las Vegas, and also features The High Roller, CEC's 550-foot observation wheel at The LINQ promenade.

In addition, CIE operates a regulated online real money gaming business in Nevada and New Jersey and owns the WSOP tournaments and brand, and also licenses WSOP trademarks for a variety of products and businesses related to this brand.

### **Caesars Acquisition Company**

CAC was formed on February 25, 2013 to make an equity investment in CGP, a joint venture between CAC and certain subsidiaries of CEC, and directly owns 100% of the voting membership units of CGP and serves as CGP's managing member. Certain subsidiaries of CEC hold 100% of the non-voting membership units of CGP. Additionally, under the CGP structure, as of December 31, 2016, CAC and CEC owned 39% and 61% of the economic interests in

CGP, respectively. CGP was formed on July 16, 2013 to pursue high-growth operating acquisitions and investments in the gaming and interactive entertainment industries. Through its relationship with CEC, CGP has the ability to access CEC's proven management expertise, brand equity, Total Rewards loyalty program and structural synergies. CAC does not own any other material assets or have any operations other than through its interest in CGP.

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CAC Common Stock trades on NASDAQ under the symbol CACQ. Hamlet Holdings currently beneficially owns a majority of CAC's voting common stock, as discussed below. As a result, CAC is a controlled company within the meaning of NASDAQ corporate governance standards. The principal executive offices of CAC are located at One Caesars Palace Drive, Las Vegas, Nevada 89109; its telephone number is (702) 407-6000; and its website is [www.caesarsacquisitioncompany.com](http://www.caesarsacquisitioncompany.com).

## **New Caesars Entertainment Corporation**

### ***Overview***

At the Merger Effective Time, CAC will merge with and into CEC, with CEC as the surviving company (which, after giving effect to the Merger and the Restructuring, is referred to herein as New Caesars Entertainment Corporation or New CEC). Upon completion of the Merger and the Restructuring, CGP and New CEOC will become wholly owned subsidiaries of New CEC. Based on operational and business information as of December 31, 2016, New CEC will operate 47 properties in 13 U.S. states and five countries. The facilities at the properties will comprise an aggregate of over 2.8 million square feet of gaming offerings, 39,000 hotel rooms and 1.6 million square feet of convention space, retail stores, restaurant outlets, and entertainment venues. Of the 47 properties, 35 properties are in the United States, while 12 properties are internationally operated, eight of which are located in the United Kingdom. New CEC will also own a strong portfolio of widely recognized brands and run the industry's first and award-winning loyalty program, Total Rewards.

New CEC's strategic objectives are intended to be as follows:

Invigorate hospitality and loyalty marketing programs.

Invest in the business infrastructure to enhance long-term value.

Institute a continuous improvement-focus operating model.

Inspire a sales and service culture.

Optimize the CEC network through expansion and licensing.

Create the customer experience of the future.

The chart below summarizes the anticipated corporate structure of New CEC:

- (1) Represents New CEC after giving effect to the Merger and the Restructuring.
- (2) CEOC will be divided into two companies in connection with the Restructuring: OpCo and PropCo. OpCo, or New CEOC, as CEOC's successor and a wholly owned subsidiary of New CEC, will operate CEOC's

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properties and facilities. PropCo, as a subsidiary of a real estate investment trust intended to be wholly owned by certain creditors of the Debtors and to be independent from New CEC, will own certain of CEOC's real property assets and related fixtures previously owned by CEOC or otherwise transferred to it pursuant to the Restructuring, and will lease those assets to OpCo.

- (3) CES will provide certain corporate and administrative services for the New CEOC, CERP and CGP properties, among others. CES will also manage certain enterprise assets and other assets it owns, licenses or controls, and employ certain of the corresponding employees.

New CEC will primarily be a holding company with no independent operations of its own, and will operate the business through the following entities (with operations below as of December 31, 2016):

CERP. CERP will own six casinos in the United States and The LINQ promenade, as well as lease the Octavius Tower to New CEOC and gaming space at The LINQ promenade to CGP.

CGP. CGP will own six casinos in the United States and, through its indirect subsidiary CIE, will own and operate a regulated online real money gaming business and own the WSOP tournaments and brand. On September 23, 2016, CIE sold the SMG Business as it existed at that time, including Playtika, Ltd., to Alpha Frontier Limited for approximately \$4.4 billion in cash.

New CEOC. New CEOC will lease and operate 18 casinos in the United States, own and operate one casino in the United States and nine internationally, most of which will be located in the United Kingdom, and manage seven casinos owned by unrelated third parties.

CES. CES will continue to be a joint venture by and among CERP, New CEOC and CGPH, an indirect subsidiary of CGP, that will provide certain corporate, administrative and management services for their casino properties and related entities.

### ***Business Operations***

New CEC's business will be composed of four complementary businesses that reinforce, cross-promote, and build upon each other: casino entertainment operations, food and beverage operations, rooms and hotel operations, and entertainment and other business operations. The following describes these businesses based on operational and business information as of December 31, 2016, after giving effect to the Merger and the Restructuring.

#### ***Casino Entertainment Operations***

New CEC's casino entertainment operations will include revenues from over 49,000 slot machines and nearly 3,300 table games, all of which would have comprised approximately 58% of New CEC's total net revenues.

#### ***Food and Beverage Operations***

New CEC's food and beverage operations will generate revenues from over 160 buffets, restaurants, bars, nightclubs, and lounges located throughout its casinos, as well as banquets and room service, and would have represented approximately 16% of New CEC's total net revenues. Many of New CEC's properties will include several dining options, ranging from upscale dining experiences to moderately-priced restaurants and buffets.



*Rooms and Hotel Operations*

Rooms and hotel revenue would have compromised approximately 15% of New CEC's total net revenues and will be primarily generated from hotel stays at the casino properties and more than 39,000 guest rooms and suites.

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New CEC's properties will operate at various price and service points, which will allow New CEC to host a variety of casino guests who are visiting the properties for gaming and other casino entertainment options and non-casino guests who are visiting the properties for other purposes, such as vacation travel or conventions.

### *Entertainment and Other Business Operations*

New CEC will operate several entertainment venues across the United States, and when combined with revenues from other business operations, would have comprised approximately 11% of New CEC's total revenues. Entertainment venues include, among others, the Colosseum at Caesars Palace Las Vegas and The AXIS at Planet Hollywood, both of which were ranked among the top theater venues in the United States in 2016. These award winning theaters have hosted prominent headliners, such as Celine Dion, Britney Spears, Jennifer Lopez, Elton John, Reba and Brooks & Dunn. New CEC intends for these theaters to continue hosting such prominent headliners.

The LINQ promenade and New CEC's retail stores will offer guests a wide range of options from high-end brands and accessories to souvenirs and decorative items. The LINQ promenade is an open-air dining, entertainment, and retail development located between The LINQ Hotel and the Flamingo Las Vegas, and also features The High Roller, a 550-foot observation wheel.

In addition, New CEC, through CIE, will (1) operate its regulated online real money gaming business in Nevada and New Jersey, (2) own the WSOP tournaments and brand, and (3) license WSOP trademarks for a variety of products and businesses related to this brand.

### *New Investments*

#### *Casino Entertainment Operations*

New CEC will continue investing in gaming products to appeal to all demographics, as CEC was the first casino operator in the United States to offer skill based games on its slot floor at Caesars, Harrah's and Bally's in Atlantic City. After obtaining the proper regulatory approvals, these games are expected to be placed in trial locations in Las Vegas and in California at Harrah's Resort Southern California.

#### *Food and Beverage Operations*

Over the last several years, a number of new food and beverage offerings have been opened, including Mr. Chow, Montecristo Cigar Bar, Brioche and Alto Bar at Caesars Palace Las Vegas, Gordon Ramsay Fish & Chips, In-N-Out Burger and Virgil's Real Barbecue at The LINQ promenade, Guy Fieri's Philly Kitchen and Bar at Harrah's Philadelphia, The Eatery at Horseshoe Hammond and the Blind Tiger at Harrah's Gulf Coast. Various new restaurants are expected at The LINQ promenade, including Canter's Deli. New CEC will continue updating the food and beverage offerings at its properties.

#### *Rooms and Hotel Operations*

New CEC will continue with the large capital reinvestment plan previously commenced during 2015 and 2016, focusing primarily on room product across the United States. Over 10,000 rooms in Las Vegas will have been renovated from 2014 through the middle of 2017, across properties such as Caesars Palace Las Vegas, Planet Hollywood Las Vegas, The LINQ Hotel & Casino and Paris Las Vegas. These renovations are estimated to result in an ADR uplift, based on historical project results such as the Jubilee Tower at Bally's Las Vegas and the rebranding of The LINQ Hotel & Casino. In addition, New CEC plans to continue expanding the roll out of self-check-in kiosks in

Las Vegas in order to help reduce customer wait times and improve labor efficiencies.

**Table of Contents***Entertainment and Other Business Operations*

New CEC expects to expand its entertainment offerings over the next several years, including with the addition of an entertainment venue at Harrah's New Orleans and expansion of the entertainment area at Harrah's Philadelphia along with new talent, such as the recently announced Backstreet Boys at Planet Hollywood.

*Summary Financial Overview of New CEC*

New CEC will offer a diverse revenue base by product offering and region. CEC, with CEOC, has maintained a top two market position in key domestic markets over the last several years and has also improved revenue and EBITDA since 2015 by executing on its various growth initiatives and focusing on the top line through improved amenities and continued investment.

**Revenue by Region****Revenue By Business Operations****CEC**

\$ millions

	\$ Change Year-Over-Year		\$ Change Year-Over-Year		
	FY 2016	Favorable/(Unfavorable)	FY 2015 <sup>(1)</sup>	Favorable/(Unfavorable)	FY 2014 <sup>(2)</sup>
Net Revenue	\$ 3,877	\$ (52)	\$ 3,929	\$ (4,038)	\$ 7,967
Adjusted EBITDA	1,070	51	1,019	(472)	1,491

**CEOC**

\$ millions

	\$ Change Year-Over-Year		\$ Change Year-Over-Year		
	FY 2016	Favorable/(Unfavorable)	FY 2015	Favorable/(Unfavorable)	FY 2014
Net Revenue	\$ 4,702	\$ (13)	\$ 4,715	\$ (378)	\$ 5,093
Adjusted EBITDA	1,167	37	1,130	239	891

(1) Includes 15 days of CEOC financials, for a total impact of approximately \$158 million on net revenue and \$34 million on adjusted EBITDA.

(2) Includes CEOC, as it was consolidated during the entire reporting period.

For purposes of the calculations above and the reconciliation tables below, Adjusted EBITDA is defined as property earnings before interested, taxes, depreciation and amortization, or Property EBITDA, further adjusted to exclude certain non-cash and other items as exhibited in the reconciliation tables below. Property EBITDA is calculated as revenue less property operating expenses and is comprised of net income/(loss) before (i) interest expense, net of interest capitalized and interest income, (ii) income tax provision, (iii) depreciation



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and amortization, (iv) corporate expenses, and (v) certain items that are not considered indicative of ongoing operating performance at an operating property level. Adjusted EBITDA is a non-GAAP financial measure and should not be construed as an alternative to net income/(loss) as an indicator of operating performance or as an alternative to cash flow provided by operating activities as a measure of liquidity (as determined in accordance with GAAP).

Adjusted EBITDA may not be comparable to similarly titled measures reported by other companies within the industry. Adjusted EBITDA is included because management uses Adjusted EBITDA to measure performance and allocate resources, and believes that Adjusted EBITDA provides investors with additional information consistent with that used by management. CEC believes that Adjusted EBITDA provides investors with additional information and allows a better understanding of the results of operational activities separate from the financial impact of decisions made for the long-term benefit of the CEC and CEOC. In addition, compensation of management is in part determined by reference to certain of such financial information. As a result, CEC believes this supplemental information is useful to investors who are trying to understand the results of CEC and CEOC.

In evaluating Adjusted EBITDA, investors should be aware that, in the future, CEC and CEOC may incur expenses that are the same or similar to some of the adjustments in this presentation. The presentation of Adjusted EBITDA should not be interpreted as an inference that future results will be unaffected by unusual or unexpected items.

The following tables reconcile net income/(loss) attributable to CEC and CEOC to Adjusted EBITDA for the years indicated:

**Reconciliation of Net Income/(Loss) Attributable to CEC to Adjusted EBITDA**

<i>(In millions)</i>	Years Ended December 31,		
	2016	2015	2014
Net income/(loss) attributable to CEC	\$ (3,569)	\$ 5,920	\$ (2,783)
Net income/(loss) attributable to non-controlling interests	822	132	(83)
Net (income)/loss from discontinued operations	(3,380)	(155)	143
Income tax (benefit)/provision	27	(119)	(596)
Deconsolidation and restructuring and other <sup>(1)</sup>	5,758	(6,115)	95
Interest expense	599	683	2,669
<b>Income/(loss) from operations</b>	<b>257</b>	<b>346</b>	<b>(555)</b>
Depreciation and amortization	\$ 439	\$ 374	\$ 658
Impairments of goodwill			695
Impairments of tangible and intangible assets		1	299
Other operating costs <sup>(2)</sup>	89	152	203
Corporate expense	166	174	232
CIE stock-based compensation	189	31	49
EBITDA attributable to discontinued operations			(7)
<b>Property EBITDA</b>	<b>1,140</b>	<b>1,078</b>	<b>1,574</b>
Corporate expense	\$ (166)	\$ (174)	\$ (232)
Stock-based compensation expense <sup>(3)</sup>	40	62	45

Adjustments to include 100% of Baluma S.A. s adjusted EBITDA <sup>(1)</sup>		3	29
Other items <sup>(5)</sup>	56	50	75
<b>Adjusted EBITDA</b>	<b>\$ 1,070</b>	<b>\$ 1,019</b>	<b>\$ 1,491</b>

(1) Amounts during 2016 primarily represent CEC s estimated costs in connection with the Restructuring. Amounts during 2015 primarily represent CEC s gain recognized upon the deconsolidation of CEOC.

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- (2) Amounts primarily represent pre-opening costs incurred in connection with property openings and expansion projects at existing properties and costs associated with the acquisition and development activities and reorganization activities.
- (3) Amounts represent stock-based compensation expense related to shares, stock options, and restricted stock units granted to the CEC employees.
- (4) Amounts represent adjustments to include 100% of Baluma S.A. (Conrad Punta del Este) adjusted EBITDA as permitted under the indentures governing CEOC's existing notes and the credit agreement governing CEOC's senior secured credit facilities.
- (5) Amounts represent add-backs and deductions from EBITDA, permitted under certain indentures. Such add-backs and deductions include litigation awards and settlements, costs associated with the Restructuring and related litigation, severance and relocation costs, sign-on and retention bonuses, permit remediation costs, and business optimization expenses.

**Reconciliation of Net Income/(Loss) Attributable to CEOC to Adjusted EBITDA**

<i>(In millions)</i>	<b>Years Ended December 31,</b>		
	<b>2016</b>	<b>2015<sup>(1)</sup></b>	<b>2014<sup>(1)</sup></b>
Net income/(loss)	\$ 337.1	\$ (2,433.5)	\$ (2,260.1)
Loss from discontinued operations, net of income taxes	4.3	13.2	172.4
Income tax provision/(benefit)	13.7	(25.9)	(493.6)
Other income, including interest income	(46.9)	(7.9)	(18.2)
Reorganization items	223.0	2,615.2	
Loss on early extinguishment of debt			114.6
Loss on partial sale of subsidiary			3.1
Interest expense	260.2	343.5	2,216.0
<b>Income/(loss) from operations</b>	<b>791.4</b>	<b>504.6</b>	<b>(265.8)</b>
Depreciation and amortization	\$ 379.3	\$ 347.2	\$ 355.8
Write-downs, reserves, and project opening costs, net of recoveries	9.3	81.0	56.6
Impairment of intangible assets		130.4	532.3
(Gain)/loss on interests in non-consolidated affiliates	(1.8)	(0.7)	13.7
Corporate expense	72.1	66.7	135.4
Acquisition and integration costs	1.1	6.2	37.9
Amortization of intangible assets	28.5	39.1	49.0
Impact of consolidating The LINQ and Octavius Tower	(13.9)	(14.0)	(23.8)
EBITDA attributable to discontinued operations	(0.2)	0.4	(5.9)
<b>Property EBITDA</b>	<b>1,265.8</b>	<b>1,160.9</b>	<b>885.2</b>
Corporate expense	\$ (72.1)	\$ (66.7)	\$ (135.4)
Stock-based compensation expense	0.2	1.2	41.4
Adjustments to include 100% of Baluma S.A.'s adjusted EBITDA	21.0	25.8	29.4
Other	(47.5)	8.4	70.4
<b>Adjusted EBITDA</b>	<b>\$ 1,167.4</b>	<b>\$ 1,129.6</b>	<b>\$ 891.0</b>



- (1) Certain prior year amounts have been reclassified to conform to the current year's presentation. For the years ended December 31, 2015 and 2014, \$51.8 million and \$49.7 million, respectively, of depreciation expense previously reported as corporate expense was reclassified to depreciation and amortization expense.

***Capital Structure***

New CEC will have a significantly decreased debt exposure post-Emergence compared to CEC, with total debt decreasing from approximately \$25 billion as of January 15, 2015 to approximately \$9.7 billion. After giving effect to the Merger and the Restructuring, New CEC's capital structure will be as follows:

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## New CEC Consolidated Debt

As of December 31, 2016, pro forma for the Merger and the Restructuring

(in millions)	Amount	Interest	Maturity
<b><u>CERP</u></b>			
Revolving Credit Facility	\$ 40	L + 6.00%	2018
Term Loan <sup>(a)</sup>	\$ 2,425	L + 6.00%	2020
First Lien Bonds	\$ 1,000	8.000%	2020
Second Lien Bonds	\$ 1,150	11.000%	2021
Capital Leases and Slot Financing	\$ 3		
<b>Total CERP</b>	<b>\$ 4,618</b>		
<b><u>CGPH</u></b>			
Revolving Credit Facility	\$		
Term Loan <sup>(a)</sup>	\$ 1,146	L + 5.25%	2021
Second Lien Bonds	\$ 675	9.375%	2022
Clark County Bonds (Bally s)	\$ 14	5.300%	2037
Capital Leases and Slot Financing	\$ 1		
<b>Total CGPH</b>	<b>\$ 1,836</b>		
<b><u>The Cromwell</u></b>			
Credit Facility <sup>(b)</sup>	\$ 171	L + 9.75%	2019
<b>Total The Cromwell</b>	<b>\$ 171</b>		
<b><u>Horseshoe Baltimore</u></b>			
Revolving Credit Facility	\$		
Credit Facility <sup>(b)</sup>	\$ 297	7.000%	2020
FF&E Facility <sup>(b)</sup>	\$ 22	7.500%	2019
Other	\$ 4		2018
<b>Total Horseshoe Baltimore</b>	<b>\$ 323</b>		
<b>Total (w/o CEOC &amp; CEC)</b>	<b>\$ 6,948</b>		
<b><u>Chester Downs</u></b>			
Senior Secured Notes	\$ 330	9.250%	2020
Capital Leases and Slot Financing	\$		
<b>Total Chester Downs</b>	<b>\$ 330</b>		
<b><u>New CEOC</u></b>			
\$200 million Revolver	\$		
Term Loan	\$ 1,235		

Other Debt	\$ 45	
<b>Total New CEOC</b>	<b>\$ 1,280</b>	
<u>New CEC</u>		
Convertible Notes	\$ 1,119	
<b>Total New CEC Consolidated Debt<sup>(1)</sup></b>	<b>\$ 9,677</b>	
Cash and Cash Equivalents	\$ 1,357	<u>Note</u> <i>(a)LIBOR Floor of 1.00%</i>
<b>Total New CEC Net Debt</b>	<b>\$ 8,320</b>	<i>(b)LIBOR Floor of 1.25%</i>

(1) Excludes the finance obligations of approximately \$5.03 billion primarily related to the real estate assets that will be transferred to PropCo and leased back to New CEOC. See section entitled The CEOC Restructuring The Plan Master Lease Agreements, Golf Course Use Agreement beginning on page 206 for additional information.

Table of ContentsNew CEC Equity<sup>(1)</sup>

As of December 31, 2016, pro forma for the Merger and the Restructuring

(in millions)	Amount	Total Equity %
CEC Stockholders	\$[ ]	8.7%
CAC Stockholders	\$[ ]	32.9%
CEOC Creditors	\$[ ]	58.4%
<b>Total Equity</b>	<b>\$[ ]</b>	<b>100%</b>

New CEC Enterprise Value<sup>(1)</sup>

(in millions)	Amount	Total EV %
Total Equity	\$ [ ]	[ ]%
Total Net Debt	\$ 8,320	[ ]%
<b>Total Enterprise Value</b>	<b>\$ [ ]</b>	<b>100%</b>

- (1) Calculated based solely on the \$[ ] closing price of a share of CEC Common Stock on NASDAQ on [ ], 2017, the most recent practicable trading day prior to the date of this joint proxy statement/prospectus, after giving effect to the Emergence Stock Issuance and assuming completion of \$1.0 billion of the CEC Common Equity Buyback.

*CERP*

CERP is a wholly owned subsidiary of CEC that owns six casinos in the United States and The LINQ promenade along with leasing Octavius Tower to CEOC and gaming space at The LINQ promenade to CGP. CERP's senior secured revolving credit facility, intended to satisfy short term liquidity needs, allows for borrowings in an aggregate principal amount of up to \$270 million. CERP's term loans require scheduled quarterly payments of \$6 million, with the balance due at maturity. The applicable credit facility agreements each have a contractual maturity of greater than one year. CERP also issued \$1,000 million aggregate principal amount of 8% First-Priority Senior Secured Notes due 2020 and \$1,150 million aggregate principal amount of 11% Second-Priority Senior Secured Notes due 2021 in October 2013.

*CGPH*

CGPH is an indirect wholly owned subsidiary of CGP that serves as a holding company for various properties, including The Cromwell, The LINQ Hotel & Casino, and Bally's Las Vegas. On May 8, 2014, CGPH closed on a \$1.175 billion term loan pursuant to a first lien credit agreement (the CGPH Term Loan). This credit agreement also provided for a \$150.0 million revolving line of credit. CGPH also issued \$675.0 million aggregate principal amount of 9.375% Second-Priority Senior Secured Notes due 2022 pursuant to an indenture dated as of April 17, 2014 (the CGPH 2022 Notes). The assets of Harrah's New Orleans, Bally's Las Vegas, Planet Hollywood and The LINQ Hotel & Casino were pledged as collateral for both the CGPH Term Loan and the CGPH 2022 Notes.

*The Cromwell*

On May 5, 2014, CGPH acquired through one or more wholly owned subsidiaries Corner Investment Company, LLC and its subsidiaries (collectively known as The Cromwell ). The Cromwell is a boutique lifestyle hotel and casino located at the heart of the Las Vegas Strip, offering a new, sophisticated Las Vegas experience that is intended to fill a gap in the market for an upscale, boutique lifestyle hotel. In November 2012, Corner Investment PropCo, LLC, a wholly owned subsidiary in The Cromwell group, entered into a \$185.0 million, seven-year senior secured credit facility (the Cromwell Credit Facility ), to fund renovations in connection with its rebranding as a boutique lifestyle hotel. The assets of The Cromwell have been pledged as collateral for the Cromwell Credit Facility.

**Table of Contents***Horseshoe Baltimore*

Caesars Baltimore Investment Company, LLC (the CBIC), a wholly owned subsidiary of CGP, indirectly holds approximately 40.9% interests in CBAC Gaming, LLC (CBAC Gaming), which owns the Horseshoe Baltimore Casino in Maryland, a licensed casino that opened in August 2014 (the Horseshoe Baltimore). In July 2013, CBAC Borrower, LLC (CBAC Borrower), a subsidiary of CBAC Gaming, entered into a \$300.0 million senior secured term facility with a seven-year maturity and a \$10.0 million senior secured revolving facility with a five-year maturity (the Baltimore Credit Facility). The assets of Horseshoe Baltimore were pledged as collateral for the Baltimore Credit Facility. Concurrently with the Baltimore Credit Facility, CBAC Borrower entered into an equipment financing term loan facility for up to \$30.0 million (the Baltimore FF&E Facility), for the financing or reimbursement of the purchase price and certain related costs for furniture, furnishings and equipment in building the Horseshoe Baltimore Casino and its parking garage. The Baltimore FF&E Facility will mature in 2019.

*Chester Downs*

Chester Downs & Marina LLC (Chester Downs) owns Harrah's Philadelphia Casino and Racetrack, a casino and racetrack property based in Chester, Pennsylvania, and operates as a subsidiary of Harrah's Chester Downs Investment Company, LLC (Harrah's CDIC), a wholly owned subsidiary of CEOC. In February 2012, Chester Downs issued \$330.0 million in aggregate principal amount of 9.25% Senior Secured Notes due 2020 through a private placement. The assets of Chester Downs were pledged as collateral for the 9.25% Senior Secured Notes due 2020.

*New CEOC (OpCo)*

New CEOC, which will be the largest operating subsidiary of New CEC, will lease and operate 18 casinos in the United States, own and operate one casino in the United States and nine internationally, most of which will be located in the United Kingdom, and manage seven casinos owned by unrelated third parties. As part of the Restructuring, CEOC will be divided into two companies, OpCo and PropCo, whereby OpCo would operate CEOC's properties and facilities and PropCo would hold certain of CEOC's real property assets and related fixtures and will lease those assets to OpCo. It is anticipated that OpCo, or New CEOC, will be a consolidated subsidiary of New CEC upon completion of the Restructuring and have funded debt obligations of at least \$1,235 million.

*New CEC*

New CEC will be the resulting surviving company upon completion of the Merger and the Restructuring. As part of the Restructuring, CEC is expected to enter into an indenture for the issuance of the Convertible Notes. Under the indenture that will govern the Convertible Notes, CEC will issue approximately \$1.1 billion of Convertible Notes at 5.00% per annum that will mature in 2024, to creditors of CEOC and the other Debtors in connection with the Emergence. The Convertible Notes will be convertible at the option of holders into a number of shares of CEC Common Stock that, were they issued at the Plan Effective Time, would represent approximately 17.9% of the shares of CEC Common Stock outstanding at the Plan Effective Time, assuming completion of \$1.0 billion of the CEC Common Equity Buyback. The Convertible Notes will be subject to mandatory conversion at the option of CEC following the third anniversary of the issuance of the Convertible Notes if the last reported sale price of CEC Common Stock equals or exceeds 140% of the conversion price for the Convertible Notes in effect on each of at least 20 trading days during any 30 consecutive trading day period.

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**Table of Contents*****Competitive Strengths***

CEC attributes its operating success and historical industry performance in part to certain key strengths. New CEC expects to carry out its intended strategic objectives by leveraging these key strengths as follows:

***Total Rewards Database and Loyalty Programs***

The Total Rewards and loyalty programs database system of New CEC will include over 50 million program members. New CEC plans to leverage this system to stimulate cross-market play as well as target marketing efforts and expenditures on areas and customer segments that generate the highest return. Additionally, through this system, New CEC will continue presenting an advantaged value proposition to loyal players with its ability to offer attentive and customized services in destination markets as a reward for their loyalty. New CEC's plan to leverage this system is anticipated, in turn, to result in further expansion of the Total Rewards and other loyalty programs membership, and accordingly, build customer and operational analytics to promote operational efficiencies and advance New CEC's plan for driving a sales and service culture.

***Leading Market Position and Brand Recognition***

New CEC intends to use its anticipated market leading position and brand recognition, in combination with proprietary marketing technology and customer loyalty programs, to foster revenue growth by encouraging both repeat and new business. New CEC will be one of the world's largest gaming companies (as measured by net revenues and individual casinos) and the most geographically diverse United States casino operator. As of December 31, 2016, New CEC would have operated 47 casinos in 13 U.S. states and five countries. Additionally, New CEC will own, operate or manage casinos that bear many of the most highly recognized brand names in the gaming industry, including Caesars, Harrah's, Horseshoe, Rio, Paris, Bally's, Flamingo, The LINQ, High Roller, Nobu Hotel and Planet Hollywood. New CEC will also own the Total Rewards loyalty program and the WSOP brand. Many of these brands have a strong identity and enjoy widespread customer recognition. This market leading position and brand recognition is expected to allow New CEC to appeal to a wide range of customer preferences and capture multiple visits by offering differentiated gaming experiences.

Additionally, this anticipated market leading position and brand recognition, coupled with the power of the Total Rewards loyalty program, is expected to position New CEC to expand into underdeveloped regional markets and pursue attractive asset acquisition, management or licensing opportunities. New CEC intends to pursue such opportunities from time to time post-Emergence. New CEC's operating expertise and network synergies are expected to assist it in creating value. The geographically broad-based experience of New CEC's management team is expected to provide New CEC with a strong understanding of a property's revenue potential and enable New CEC to be a purchaser or partner for select assets. Continued legalization of gaming in new jurisdictions may result in newly created United States regional markets and expansion opportunities, for which New CEC is expected to be positioned to pursue and develop. New CEC is also projected to be well-positioned for international gaming growth and legalization in Asia, South America and Europe. The Caesars brand remains one of the most recognized casino brands in the world, and New CEC plans to leverage the power of this brand, along with other brands, to expand into international markets and continue investigating various opportunities to own, operate or manage international resorts and casinos. In addition to international gaming opportunities, New CEC intends to pursue non-gaming management, branding, and development opportunities where brands and reputation are already well-recognized assets.

***Scalable Business Model***

New CEC will own a scalable business of facilities comprising an aggregate of over 2.8 million square feet of gaming offerings, 39,000 hotel rooms and 1.6 million square feet of convention space, retail stores, restaurant outlets, and entertainment venues. These facilities produced over 100 million guest visits in 2016. The facilities breadth and scope of existing gaming, hospitality and leisure offerings will allow New CEC to boost sales and



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guest visits without proportionate increases in variable operational costs to accommodate additional visitor traffic. New CEC intends to continue modernizing and developing its facilities and gaming, hospitality and leisure offerings to leverage this scalability, which is expected to enhance long-term value. New CEC also plans to leverage this scalability by increasing investment in its information technology infrastructure to maximize existing marketing tools and analytics and reshape customer experiences. This effort is expected to enable New CEC to more efficiently market its products to a large recurring customer base as well as to untapped consumer segments. New CEC will also seek to expand its marketing approach through information technology infrastructure by continuing to employ and refine mobile applications that allow customers to see company hospitality and gaming offers and receive information on events at properties across the entire network.

*Efficient Operating Model Culture*

New CEC will inherit a corporate culture focused on cultivating an efficient operating model. With an emphasis on analytics to drive this efficient operating model culture, CEC has consolidated activities, refined target marketing strategies and driven procurement efficiencies. Most recently, CEC implemented a Six Sigma black belt training and certification to property site leaders designed to create a sustainable platform and culture to continuously drive process improvement and efficiency gains as well as enhance customer experience, particularly at the property level. In 2015, CEC implemented efficiency initiatives that resulted in incremental EBITDA that exceeded CEC's original \$300 million cost-saving objective. New CEC expects to build upon such efforts using this analytical emphasis to facilitate a continuous improvement-focused operating model for delineating further efficiencies in the business and promoting a lower cost operating structure, quality performance from employees and improved service to customers.

This efficient operating model culture has also led to an established marketing organization that adheres to the scientific method of test and control. The structure and procedures embedded in such marketing organization will enable New CEC to conduct impartial evaluations and the rapid transfer of best practices while ensuring that individual creativity flourishes. The evolution of CEC's structure combined with the use of analytics has enabled CEC to respond more quickly to changes in customer elasticity and to have confidence in the marketing approach with respect to its offerings and incentives, from which New CEC expects to continue benefitting. The historical knowledge and refined decision modeling procedures will enable New CEC to utilize best practices to ensure expenditures are being used most efficiently. Combined with the historical investments in information technology infrastructure and the anticipated broad geographic footprint of New CEC, New CEC's efficient operating model culture is projected to provide a competitive advantage with respect to stimulating revenues.

*Property*

As of December 31, 2016, CEC, through its various subsidiaries, owned the following casino properties. All amounts are approximations.

Property	Location	Casino	Slot	Hotel Rooms	
		Space Sq. Ft.	Machines	Table Games	and Suites
Bally's Las Vegas	Las Vegas, NV	68,400	990	70	2,810
The Cromwell	Las Vegas, NV	40,000	390	50	190
Flamingo Las Vegas	Las Vegas, NV	72,300	1,090	110	3,460
Harrah's Atlantic City	Atlantic City, NJ	155,200	2,180	180	2,590
Harrah's Las Vegas	Las Vegas, NV	90,600	1,250	90	2,530
Harrah's Laughlin	Laughlin, NV	56,000	910	40	1,510

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Harrah's New Orleans	New Orleans, LA	125,100	1,580	150	450
Horseshoe Baltimore	Baltimore, MD	122,000	2,200	180	
The LINQ Hotel & Casino	Las Vegas, NV	31,900	760	70	2,250
Paris Las Vegas	Las Vegas, NV	95,300	1,020	100	2,920
Planet Hollywood Resort & Casino	Las Vegas, NV	64,500	1,080	100	2,500
Rio All-Suites Hotel & Casino	Las Vegas, NV	117,300	1,060	70	2,520

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As of December 31, 2016, CEC, through CEOC, owned the following casino properties. All amounts are approximations.

<b>Property</b>	<b>Location</b>	<b>Casino Space Sq. Ft.</b>	<b>Slot Machines</b>	<b>Table Games</b>	<b>Hotel Rooms and Suites</b>
Bally's Atlantic City	Atlantic City, NJ	121,600	1,790	170	1,250
Caesars Atlantic City	Atlantic City, NJ	115,200	1,850	140	1,140
Caesars Palace Las Vegas	Las Vegas, NV	124,200	1,280	170	3,980
Harrah's Gulf Coast	Biloxi, MS	31,400	770	30	500
Harrah's Council Bluffs	Council Bluffs, IA	25,000	560	20	250
Harrah's Joliet	Joliet, IL	39,000	1,100	40	200
Harrah's Lake Tahoe	Lake Tahoe, NV	45,100	830	70	510
Harrah's Metropolis	Metropolis, IL	23,700	830	20	260
Harrah's North Kansas City	N. Kansas City, MO	60,100	1,330	60	390
Harrah's Philadelphia	Chester, PA	112,600	2,450	110	
Harrah's Reno	Reno, NV	40,200	640	30	930
Harveys Lake Tahoe	Lake Tahoe, NV	44,200	750	60	740
Horseshoe Bossier City	Bossier City, LA	28,100	1,370	70	600
Horseshoe Council Bluffs	Council Bluffs, IA	78,800	1,390	70	
Horseshoe Hammond	Hammond, IN	121,500	2,560	150	
Horseshoe Southern Indiana	Elizabeth, IN	86,600	1,640	100	500
Horseshoe Tunica	Tunica, MS	63,000	1,100	100	510
Louisiana Downs	Bossier City, LA	12,000	1,040		
Tunica Roadhouse	Tunica, MS	33,000	690	20	130
Alea Glasgow	United Kingdom	15,000	50	30	
Alea Nottingham	United Kingdom	10,000	50	30	
The Empire Casino	United Kingdom	20,900	110	40	
Emerald Safari Resort	South Africa	37,700	520	30	190
Manchester235	United Kingdom	11,500	50	40	
Playboy Club London	United Kingdom	6,200	20	20	
Rendezvous Brighton	United Kingdom	7,800	50	20	
Rendezvous Southend-on-Sea	United Kingdom	8,600	40	20	
The Sportsman Club	United Kingdom	5,200	40	20	

As of December 31, 2016, CEC, through CEOC, managed the following casino properties. All amounts are approximations.

<b>Property</b>	<b>Location</b>	<b>Casino Space Sq. Ft.</b>	<b>Slot Machines</b>	<b>Table Games</b>	<b>Hotel Rooms and Suites</b>
Caesars Cairo	Egypt	5,500	30	20	
Caesars Windsor	Ontario, Canada	100,000	2,260	90	760
Harrah's Ak-Chin	Phoenix, AZ	38,800	1,100	30	300
Harrah's Cherokee	Cherokee, NC	176,800	3,560	160	1,110
Harrah's Cherokee Valley River	Cherokee, NC	65,000	1,030	70	300

Harrah's Resort Southern California	San Diego, CA	72,900	1,680	70	1,090
Ramses Casino	Egypt	2,700	50	20	

***Sales and Marketing***

CEC believes the portfolio of properties (including the CEOC properties) that operate under the Total Rewards program enable CEC to capture a larger share of CEC's customers' entertainment spending when they travel among markets versus that of a standalone property, which is core to CEC's cross-market strategy. CEC believes that its high concentration of properties in the center of the Las Vegas Strip generates increased revenues and enables CEC to capture more of its customers' gaming dollars than would be generated if the properties were operated separately.

CEC believes the Total Rewards program, in conjunction with this distribution system, allows CEC to capture a growing share of CEC's customers' entertainment spending and compete more effectively. Members

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earn Reward Credits at all affiliated properties in the United States and Canada for on-property entertainment expenses, including gaming, hotel, dining, and retail shopping. Members may also earn Reward Credits through the Total Rewards Visa credit card and can redeem Reward Credits with CEC's many partners, including Atlantis Paradise Island Resort and Norwegian Cruise Line. Total Rewards members can redeem Reward Credits for amenities or other items such as merchandise, gift cards, and travel. Total Rewards is structured in tiers (designated as Gold, Platinum, Diamond or Seven Stars), each with increasing member benefits and privileges.

Members are also provided promotional offers and rewards based on their engagement with affiliated properties, aspects of their casino gaming play, and their preferred spending choices outside of gaming. Member information is also used for marketing promotions, including direct mail campaigns, electronic mail, CEC's website, mobile devices, social media, and interactive slot machines.

New CEC will continue to emphasize the Total Rewards program and leverage CEC's cross-marketing strategy to capture market share and customers' entertainment spending.

## ***Intellectual Property***

The development of intellectual property is part of CEC's overall business strategy. CEC regards its intellectual property to be an important element of CEC's success. While CEC's business as a whole is not substantially dependent on any one patent, trademark, copyright or combination of several of CEC's intellectual property rights, New CEC will continue to seek to establish and maintain existing proprietary rights in business operations and technology through the use of patents, trademarks and copyrights and trade secret laws. CEC files applications for and obtains patents, trademarks, and copyrights in the United States and foreign countries where CEC believes filing for such protection is appropriate, including United States and foreign patent applications covering certain proprietary technology of CEOC. CEC also seeks to maintain CEC's trade secrets and confidential information by nondisclosure policies and through the use of appropriate confidentiality agreements. CEOC's United States patents have varying expiration dates, the last of which is 2031. New CEC plans to sustain this aggressive strategy of protecting intellectual property rights by continuing to exploit the use of patents, trademarks and copyrights and trade secret laws, make appropriate governmental and regulatory intellectual property filings and applications, and maintain robust nondisclosure policies to protect trade secrets and confidential information.

New CEC will own or have from CEC the right to use proprietary rights to a number of trademarks that are considered to be, along with the associated name recognition, valuable to the business, including the following:

CEOC's marks include Caesars, Harrah's, Horseshoe, Bally's, and Total Rewards;

CERP's marks include Rio, Flamingo, and Paris;

CIE's marks include WSOP; and

CGP holds a license for the Planet Hollywood mark used in connection with the Planet Hollywood Resort & Casino in Las Vegas (Planet Hollywood).

*Omnibus License and Enterprise Services Agreement*

The members of CES entered into an Omnibus License and Enterprise Services Agreement (the Omnibus Agreement ) in May 2014, which granted various licenses to the members through CES and allowed the members to continue to use the intellectual property each of the properties owned or managed by the members used in their associated businesses, including Total Rewards. See CEC and CAC Proposal 1: Adoption of the Merger Agreement and Approval of the Merger Certain Relationships between CEC and CAC CES Agreements beginning on page 313 for a complete discussion of CES and the Omnibus Agreement.

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**Table of Contents***CIE's Sale of the Social and Mobile Games Business*

On September 23, 2016, CIE sold its social and mobile games business as it existed at that time, including Playtika, Ltd., to Alpha Frontier Limited for approximately \$4.4 billion in cash. In connection with such sale, CIE granted Playtika, Ltd. licenses to certain intellectual property owned by or licensed to CIE, and Playtika, Ltd. granted a license to CIE in certain patents owned by Playtika, Ltd. and Playtika Santa Monica, LLC.

CIE granted an exclusive license to Playtika, Ltd. with respect to the WSOP and other WSOP-related trademarks and designs for use in Playtika, Ltd.'s social and mobile games for a 3% royalty on net revenues (the WSOP License). The WSOP License will remain in effect until September 23, 2031, but may be renewed for an additional ten (10) year term if a specified minimum aggregate amount of royalties is paid to CIE during the initial term. CIE has agreed that, during the term of the WSOP License, it will not use, or license any of the WSOP licensed property in connection with Play-For-Fun Gaming; provided, however, that CIE may use or license the WSOP licensed property in connection with Play-For-Fun Gaming so long as it is not offered as a stand-alone product and CIE or its licensee do not sell virtual coins in connection with such Play-For-Fun Gaming. CIE is also obligated to market and promote Playtika, Ltd.'s WSOP-branded games on CIE's WSOP website and on other marketing channels.

CIE also sublicensed on an exclusive basis to Playtika, Ltd. certain of the trademarks licensed to CIE by CEOC and certain of its affiliates under the Cross Marketing and Trademark License Agreement (as defined below) for use in Playtika, Ltd.'s social and mobile games for a 3% royalty on net revenues. The sublicense agreement will remain in effect for the term of the Cross Marketing and Trademark License Agreement. CIE has agreed that, during the term of the sublicense agreement, it will not use, or license any of the sub-licensed marks in connection with Play-For-Fun Gaming; provided, however, that CIE may use or license the sub-licensed marks in connection with Play-For-Fun Gaming so long as it is not offered as a stand-alone product and CIE or its licensee do not sell virtual coins in connection with such Play-For-Fun Gaming.

Playtika, Ltd. and Playtika Santa Monica, LLC have granted CIE a royalty-free, non-exclusive license under patents owned by them for use in CIE's and its affiliates' Real-Money Gaming business. The patent license also permits CIE and its affiliates to offer Play-For-Fun games in connection with Real Money Gaming so long as they (1) are not offered as stand-alone products and virtual coins are not sold in connection with them and (2) are not offered in a manner that would violate the WSOP License or the trademark sublicense agreement. The patent license does not restrict CIE and its affiliates from offering Play-For-Fun games whose operation would not infringe the licensed patents. The patent license will remain in effect on a country-by-country basis until the expiration of all valid claims in the licensed patents in such country.

**Competition**

The casino entertainment business is highly competitive. The industry is comprised of a diverse group of competitors that vary considerably in size and geographic diversity, quality of facilities and amenities available, marketing and growth strategies, and financial condition. In most markets, CEC competes directly with other casino facilities operating in the immediate and surrounding areas. CEC's Las Vegas Strip hotels and casinos also compete, in part, with each other. CEC also competes with other non-gaming resorts and vacation areas, various other entertainment businesses, and other forms of gaming, such as state lotteries, on-and off-track wagering, video lottery terminals and card parlors. CEC's non-gaming offerings also compete with other retail facilities, amusement attractions, food and beverage offerings, and entertainment venues. CEC's non-gaming offerings also compete with other retail facilities, amusement attractions, food and beverage offerings, and entertainment venues. New CEC will continue to be subject to such competition as it seeks to expand its gaming and non-gaming offerings.

In recent years, many casino operators, including CEC, have been reinvesting in existing facilities, developing new casino or complementary facilities, and acquiring established facilities. These reinvestment and



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expansion efforts combined with aggressive marketing strategies by CEC and many of CEC's competitors have resulted in increased competition in many markets. New CEC intends to pursue similar reinvestment and expansion efforts and aggressive marketing strategies.

The expansion of casino properties and entertainment venues into new markets also presents competitive issues for CEC that have had a negative impact on CEC's financial results. Atlantic City, in particular, has seen a decline of more than 50% in gaming revenues compared with 2006 levels, primarily due to the addition of gaming capacity associated with the expansion of gaming in Maryland, New York, and Pennsylvania. This has resulted in several casino closings in recent years, including CEC's Showboat Atlantic City casino and four competitor casinos since 2014. More recently, CEC's property in Baltimore has also experienced competitive pressure. New CEC will be affected by similar competitive issues and potential market declines.

### ***Governmental Regulation***

The gaming industry is highly regulated, and CEC must maintain CEC's licenses and pay gaming taxes to continue CEC's operations. Each of CEC's casinos is subject to extensive regulation under the laws, rules, and regulations of the jurisdiction in which it is located. 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. Violations of laws in one jurisdiction could result in disciplinary action in other jurisdictions. A more detailed description of the regulations to which CEC is subject, and after the Merger, to which New CEC will be subject, is contained in the section entitled "Gaming Regulatory Overview of Caesars Entertainment Corporation" beginning on page 122.

CEC's businesses are subject to other various foreign, federal, state, and local laws and regulations, in addition to gaming regulations. These laws and regulations include, but are not limited to, restrictions and conditions concerning alcoholic beverages, smoking, environmental matters, employees, currency transactions, taxation, zoning and building codes, construction, land use, and marketing and advertising. CEC also deals with significant amounts of cash in CEC's operations and are subject to various reporting and AML regulations. Such laws and regulations could change or could be interpreted differently in the future, or new laws and regulations could be enacted. Material changes, new laws or regulations, or material differences in interpretations by courts or governmental authorities could adversely affect CEC's operating results. See "Risk Factors - Risks Related to CEC's Business" beginning on page 81 for additional discussion.

After the Merger, the businesses and properties of CEC will be consolidated into New CEC, and therefore, New CEC will likewise be subject to a similar legal and regulatory environment. New CEC will be required to maintain licenses, pay gaming taxes to continue operations and abide by extensive gaming regulations. New CEC will also need to abide by other laws and regulations similarly applicable to CEC, including the aforementioned restrictions and conditions concerning alcoholic beverages, smoking, environmental matters, employees, currency transactions, taxation, zoning and building codes, construction, land use, and marketing and advertising as well as AML regulations.

**Table of Contents****Employee Relations**

As of December 31, 2016, CEC employed approximately 31,000 employees and approximately 17,000 employees were covered by collective bargaining agreements with certain subsidiaries, relating to certain casino, hotel, and restaurant employees. The majority of these employees are covered by the following agreements:

<b>Employee Group</b>	<b>Approximate Number of Active Employees Represented</b>	<b>Union</b>	<b>Date on which Collective Bargaining Agreement Becomes Amendable</b>
Las Vegas Culinary Employees	8,700	Culinary Workers Union, Local 226	Various up to July 31, 2018
Atlantic City Food & Beverage and Hotel employees	1,600	UNITE HERE, Local 54	February 28, 2020
Las Vegas Bartenders	1,200	Bartenders Union, Local 165	Various up to July 31, 2018
Las Vegas Dealers	1,800	Transport Workers Union of America and UAW	Various up to September 30, 2019

After giving effect to the Merger and the Restructuring, based on operational and business information as of December 31, 2016, New CEC will employ over 65,000 employees throughout New CEC's organization worldwide, with approximately 28,000 employees being covered by collective bargaining agreements with certain of New CEC's subsidiaries, relating to certain casino, hotel, and restaurant employees. The majority of these employees will be covered by the following agreements:

<b>Employee Group</b>	<b>Approximate Number of Active Employees Represented</b>	<b>Union</b>	<b>Date on which Collective Bargaining Agreement Becomes Amendable</b>
Las Vegas Culinary Employees	12,400	Culinary Workers Union, Local 226	Various up to July 31, 2018
Atlantic City Food & Beverage and Hotel employees	3,500	UNITE HERE, Local 54	February 28, 2020
Las Vegas Bartenders	1,500	Bartenders Union, Local 165	Various up to July 31, 2018
Las Vegas Dealers	3,300	Transport Workers Union of America and UAW	Various up to September 30, 2019

**Gaming Regulatory Overview of Caesars Entertainment Corporation**

*General*

The ownership and operation of casino entertainment facilities are subject to pervasive regulation under the laws, rules and regulations of each of the jurisdictions in which CEC operates. Gaming laws are based upon declarations of public policy designed to ensure that gaming is conducted honestly, competitively and free of criminal and corruptive elements. Since the continued growth and success of gaming is dependent upon public confidence, gaming laws protect gaming consumers and the viability and integrity of the gaming industry, including prevention of cheating and fraudulent practices. Gaming laws may also be designed to protect and maximize state and local revenues derived through taxation and licensing fees imposed on gaming industry participants and enhance economic development and tourism. To accomplish these public policy goals, gaming laws establish procedures to ensure that participants in the gaming industry meet certain standards of character and fitness, or suitability. In addition, gaming laws require gaming industry participants to:

establish and maintain responsible accounting practices and procedures;

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maintain effective controls over their financial practices, including establishment of minimum procedures for internal fiscal affairs and the safeguarding of assets and revenues;

maintain systems for reliable record keeping;

file periodic reports with gaming regulators; and

maintain strict compliance with various laws, regulations and required minimum internal controls pertaining to gaming.

Typically, regulatory environments in the jurisdictions in which CEC operates are established by statute and are administered by a regulatory agency or agencies with interpretive authority with respect to gaming laws and regulations and broad discretion to regulate the affairs of owners, managers, and persons/entities with financial interests in gaming operations. Among other things, gaming authorities in the various jurisdictions in which CEC operates:

adopt rules and regulations under the implementing statutes;

make appropriate investigations to determine if there has been any violation of laws or regulations;

enforce gaming laws and impose disciplinary sanctions for violations, including fines and penalties;

review the character and fitness of participants in gaming operations and make determinations regarding their suitability or qualification for licensure;

grant licenses for participation in gaming operations;

collect and review reports and information submitted by participants in gaming operations;

review and approve transactions, such as acquisitions or change-of-control transactions of gaming industry participants, securities offerings and debt transactions engaged in by such participants; and

establish and collect fees and/or taxes.

After the Merger, the businesses and properties of CEC will be consolidated into New CEC, and therefore, New CEC will likewise be subject to similar legal and regulatory conditions in the jurisdictions in which CEC currently operates.

***Licensing and Suitability Determinations***

Gaming laws require CEC, each of CEC's subsidiaries engaged in gaming operations, certain of CEC's directors, officers and employees, and in some cases, CEC's stockholders and holders of CEC's debt securities, to obtain licenses or findings of suitability from gaming authorities. Licenses or findings of suitability typically require a determination that the applicant qualifies or is suitable. Gaming authorities have very broad discretion in determining whether an applicant qualifies for licensing or should be deemed suitable. Subject to certain administrative proceeding requirements, the gaming regulators have the authority to deny any application or limit, condition, restrict, revoke or suspend any license, registration, finding of suitability or approval, or fine any person licensed, registered or found suitable or approved, for any cause deemed reasonable by the gaming authorities. Criteria used in determining whether to grant a license or finding of suitability, while varying between jurisdictions, generally include consideration of factors such as:

the financial stability, integrity and responsibility of the applicant, including whether the operation is adequately capitalized in the jurisdiction and exhibits the ability to maintain adequate insurance levels;

the quality of the applicant's casino facilities;

the amount of revenue to be derived by the applicable jurisdiction through operation of the applicant's gaming facility;

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the applicant's practices with respect to minority hiring and training; and

the effect on competition and general impact on the community.

In evaluating individual applicants, gaming authorities consider the individual's reputation for good character and criminal and financial history and the character of those with whom the individual associates.

Many jurisdictions limit the number of licenses granted to operate gaming facilities within the jurisdiction, and some jurisdictions limit the number of licenses granted to any one gaming operator. For example, in Indiana, state law allows CEC to only hold two gaming licenses. Licenses under gaming laws are generally not transferable unless the transfer is approved by the requisite regulatory agency. Licenses in many of the jurisdictions in which CEC conducts gaming operations are granted for limited durations and require renewal from time to time. In Iowa, CEC's ability to continue CEC's casino operations is subject to a referendum every eight years or at any time upon petition of the voters in the county in which CEC operates; the most recent referendum occurred in 2010. CEC's New Orleans casino operates under a contract with the Louisiana gaming authorities which extends until 2018, with a ten-year renewal period. There can be no assurance that any of CEC's licenses or any of the above mentioned contracts will be renewed, or with respect to CEC's gaming operations in Iowa, that continued gaming activity will be approved in any referendum.

Most jurisdictions have statutory or regulatory provisions that govern the required action that must be taken in the event that a license is revoked or not renewed. For example, under Indiana law, a trustee approved by gaming authorities will assume complete operational control of CEC's riverboat in the event CEC's license is revoked or not renewed, and will be authorized to take any action necessary to sell the property if CEC is unable to find a suitable buyer within 180 days.

In addition to CEC and CEC's direct and indirect subsidiaries engaged in gaming operations, gaming authorities may investigate any individual or entity having a material relationship to, or material involvement with, any of these entities to determine whether such individual is suitable or should be licensed as a business associate of a gaming licensee. Certain jurisdictions require that any change in CEC's directors or officers, including the directors or officers of CEC's subsidiaries, must be approved by the requisite regulatory agency. CEC's officers, directors and certain key employees must also file applications with the gaming authorities and may be required to be licensed, qualified or be found suitable in many jurisdictions. Gaming authorities may deny an application for licensing for any cause which they deem reasonable. Qualification and suitability determinations require submission of detailed personal and financial information followed by a thorough investigation. The burden of demonstrating suitability is on the applicant, who must pay all of the costs of the investigation. Changes in licensed positions must be reported to gaming authorities and in addition to their authority to deny an application for licensure, qualification or a finding of suitability, gaming authorities have jurisdiction to condition, limit or disapprove of a change in a corporate position.

If gaming authorities were to find that an officer, director or key employee fails to qualify or is unsuitable for licensing or unsuitable to continue having a relationship with CEC, CEC would have to sever all relationships with such person. In addition, gaming authorities may require CEC to terminate the employment of any person who refuses to file appropriate applications.

Moreover, in many jurisdictions, any of CEC's stockholders or holders of CEC's debt securities may be required to file an application, be investigated, and qualify or have his, her or its suitability determined. For example, under Nevada gaming laws, each person who acquires, directly or indirectly, beneficial ownership of any voting security, or beneficial or record ownership of any non-voting security or any debt security in a public corporation which is registered with the Nevada Gaming Commission, or the Gaming Commission, such as CEC, may be required to be

found suitable if the Gaming Commission has reason to believe that his or her acquisition of that ownership, or his or her continued ownership in general, would be inconsistent with the declared public policy of Nevada, in the sole discretion of the Gaming Commission. Any person required by the Gaming

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Commission to be found suitable will apply for a finding of suitability within 30 days after the Gaming Commission's request that he or she should do so and, together with his or her application for suitability, deposit with the Nevada Gaming Control Board a sum of money which, in the sole discretion of the Nevada Gaming Control Board, will be adequate to pay the anticipated costs and charges incurred in the investigation and processing of that application for suitability, and deposit such additional sums as are required by the Nevada Gaming Control Board to pay final costs and charges.

Furthermore, any person required by a gaming authority to be found suitable, who is found unsuitable by the gaming authority, will not be able to hold directly or indirectly the beneficial ownership of any voting security or the beneficial or record ownership of any nonvoting security or any debt security of any public corporation which is registered with the gaming authority, such as CEC, beyond the time prescribed by the gaming authority. A violation of the foregoing may constitute a criminal offense. A finding of unsuitability by a particular gaming authority impacts that person's ability to associate or affiliate with gaming licensees in that particular jurisdiction and could impact the person's ability to associate or affiliate with gaming licensees in other jurisdictions.

Many jurisdictions also require any person who acquires beneficial ownership of more than a certain percentage of CEC's voting securities and, in some jurisdictions, CEC's non-voting securities, typically 5%, to report the acquisition to gaming authorities, and gaming authorities may require such holders to apply for qualification or a finding of suitability. Most gaming authorities, however, allow an institutional investor to apply for a waiver that allows the institutional investor to acquire, in most cases, up to 15% of CEC's voting securities without applying for qualification or a finding of suitability. An institutional investor is generally defined as an investor acquiring and holding voting securities in the ordinary course of business as an institutional investor, and not for the purpose of causing, directly or indirectly, the election of a majority of the members of CEC's board of directors, any change in CEC's corporate charter, by-laws, management, policies or operations, or those of any of CEC's gaming affiliates, or the taking of any other action which gaming authorities find to be inconsistent with holding CEC's voting securities for investment purposes only. An application for a waiver as an institutional investor requires the submission of detailed information about the company and its regulatory filings, the name of each person that beneficially owns more than 5% of the institutional investor's voting securities or other equivalent and a certification made under oath or penalty for perjury, that the voting securities were acquired and are held for investment purposes only. Even if a waiver is granted, an institutional investor generally may not take any action inconsistent with its status when the waiver was granted without once again becoming subject to the foregoing reporting and application obligations. A change in the investment intent of an institutional investor must be reported to certain regulatory authorities immediately after its decision.

Notwithstanding, each person who acquires directly or indirectly, beneficial ownership of any voting security, or beneficial or record ownership of any nonvoting security or any debt security in CEC may be required to be found suitable if a gaming authority has reason to believe that such person's acquisition of that ownership would otherwise be inconsistent with the declared policy of the jurisdiction.

Generally, any person who fails or refuses to apply for a finding of suitability or a license within the prescribed period after being advised it is required by gaming authorities may be denied a license or found unsuitable, as applicable. The same restrictions may also apply to a record owner if the record owner, after request, fails to identify the beneficial owner. Any person found unsuitable or denied a license and who holds, directly or indirectly, any beneficial ownership of CEC's securities beyond such period of time as may be prescribed by the applicable gaming authorities may be guilty of a criminal offense. Furthermore, CEC may be subject to disciplinary action if, after CEC receives notice that a person is unsuitable to be a stockholder or to have any other relationship with CEC or any of CEC's subsidiaries, CEC:



pays that person any dividend or interest upon CEC's voting securities;

allows that person to exercise, directly or indirectly, any voting right conferred through securities held by that person;

pays remuneration in any form to that person for services rendered or otherwise; or

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fails to pursue all lawful efforts to require such unsuitable person to relinquish his voting securities including, if necessary, the immediate purchase of said voting securities for cash at fair market value.

Although many jurisdictions generally do not require the individual holders of debt securities such as notes to be investigated and found suitable, gaming authorities may nevertheless retain the discretion to do so for any reason, including but not limited to, a default, or where the holder of the debt instruments exercises a material influence over the gaming operations of the entity in question. Any holder of debt securities required to apply for a finding of suitability or otherwise qualify must generally pay all investigative fees and costs of the gaming authority in connection with such an investigation. If the gaming authority determines that a person is unsuitable to own a debt security, CEC may be subject to disciplinary action, including the loss of CEC approvals, if without the prior approval of the gaming authority, CEC:

pays to the unsuitable person any dividend, interest or any distribution whatsoever;

recognizes any voting right by the unsuitable person in connection with those securities;

pays the unsuitable person remuneration in any form; or

makes any payment to the unsuitable person by way of principal, redemption, conversion, exchange, liquidation or similar transaction.

Certain jurisdictions impose similar restrictions in connection with debt securities and retain the right to require holders of debt securities to apply for a license or otherwise be found suitable by the gaming authority.

Under New Jersey gaming laws, if a holder of CEC's debt or equity securities is required to qualify, the holder may be required to file an application for qualification or divest itself of the securities. If the holder files an application for qualification, it must place the securities in trust with an approved trustee. If the gaming regulatory authorities approve interim authorization, and while the application for plenary qualification is pending, such holder may, through the approved trustee, continue to exercise all rights incident to the ownership of the securities. If the gaming regulatory authorities deny interim authorization, the trust will become operative and the trustee will have the authority to exercise all of the rights incident to ownership, including the authority to dispose of the securities and the security holder will have no right to participate in casino earnings and may only receive a return on its investment in an amount not to exceed the actual cost of the investment (as defined by New Jersey gaming laws). If the security holder obtains interim authorization but the gaming authorities later find reasonable cause to believe that the security holder may be found unqualified, the trust will become operative and the trustee will have the authority to exercise all rights incident to ownership pending a determination on such holder's qualifications. However, during the period the securities remain in trust, the security holder may petition the New Jersey gaming authorities to direct the trustee to dispose of the trust property and distribute proceeds of the trust to the security holder in an amount not to exceed the lower of the actual cost of the investment or the value of the securities on the date the trust became operative. If the security holder is ultimately found unqualified, the trustee is required to sell the securities and to distribute the proceeds of the sale to the applicant in an amount not exceeding the lower of the actual cost of the investment or the value of the securities on the date the trust became operative and to distribute the remaining proceeds to the state. If the security holder is found qualified, the trust agreement will be terminated.

Additionally, following the Reclassification, the Certificates of Incorporation of CEC and CEOC contain provisions establishing the right to redeem the securities of disqualified holders if necessary to avoid any regulatory sanctions, to prevent the loss or to secure the reinstatement of any license or franchise, or if such holder is determined by any gaming regulatory agency to be unsuitable, has an application for a license or permit denied or rejected, or has a previously issued license or permit rescinded, suspended, revoked or not renewed. The Certificates of Incorporation also contain provisions defining the redemption price and the rights of a disqualified security holder. In the event a security holder is disqualified, the New Jersey gaming authorities are empowered to propose any necessary action to protect the public interest, including the suspension or revocation of the licenses for the casinos CEC owns in New Jersey.

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Many jurisdictions also require that manufacturers and distributors of gaming equipment and suppliers of certain goods and services to gaming industry participants be licensed and require CEC to purchase and lease gaming equipment, supplies and services only from licensed suppliers.

### ***Violations of Gaming Laws***

If CEC or CEC's subsidiaries violate applicable gaming laws, CEC's gaming licenses could be limited, conditioned, suspended or revoked by gaming authorities, and CEC and any other persons involved could be subject to substantial fines. Further, a supervisor or conservator can be appointed by gaming authorities to operate CEC's gaming properties, or in some jurisdictions, take title to CEC's gaming assets in the jurisdiction, and under certain circumstances, earnings generated during such appointment could be forfeited to the applicable jurisdictions. Furthermore, violations of laws in one jurisdiction could result in disciplinary action in other jurisdictions. As a result, violations by CEC of applicable gaming laws could have a material adverse effect on CEC's financial condition, prospects and results of operations.

### ***Reporting and Recordkeeping Requirements***

CEC is required periodically to submit detailed financial and operating reports and furnish any other information about CEC and CEC's subsidiaries which gaming authorities may require. Under federal law, CEC is required to record and submit detailed reports of currency transactions involving greater than \$10,000 at CEC's casinos and Suspicious Activity Reports (SARCs) if the facts presented so warrant. Some jurisdictions require CEC to maintain a log that records aggregate cash transactions in the amount of \$3,000 or more. CEC is required to maintain a current stock ledger which may be examined by gaming authorities at any time. CEC may also be required to disclose to gaming authorities upon request the identities of the holders of CEC's debt or other securities. If any securities are held in trust by an agent or by a nominee, the record holder may be required to disclose the identity of the beneficial owner to gaming authorities. Failure to make such disclosure may be grounds for finding the record holder unsuitable. In Indiana, CEC is required to submit a quarterly report to gaming authorities disclosing the identity of all persons holding interests of 1% or greater in a riverboat licensee or holding company. Gaming authorities may also require certificates for CEC's stock to bear a legend indicating that the securities are subject to specified gaming laws. In certain jurisdictions, gaming authorities have the power to impose additional restrictions on the holders of CEC's securities at any time.

### ***Review and Approval of Transactions***

Substantially all material loans, leases, sales of securities and similar financing transactions by CEC and CEC's subsidiaries must be reported to, or approved by, gaming authorities. Neither CEC nor any of CEC's subsidiaries may make a public offering of securities without the prior approval of certain gaming authorities if the securities or the proceeds therefrom are intended to be used to construct, acquire or finance gaming facilities in such jurisdictions, or to retire or extend obligations incurred for such purposes. Such approval, if given, does not constitute a recommendation or approval of the investment merits of the securities subject to the offering. Changes in control through merger, consolidation, stock or asset acquisitions, management or consulting agreements, or otherwise, require prior approval of gaming authorities in certain jurisdictions. Entities seeking to acquire control of CEC or one of CEC's subsidiaries must satisfy gaming authorities with respect to a variety of stringent standards prior to assuming control. Gaming authorities may also require controlling stockholders, officers, directors and other persons having a material relationship or involvement with the entity proposing to acquire control, to be investigated and licensed as part of the approval process relating to the transaction.

Certain gaming laws and regulations in jurisdictions in which CEC operates establish that certain corporate acquisitions opposed by management, repurchases of voting securities and corporate defense tactics affecting CEC or CEC's subsidiaries may be injurious to stable and productive corporate gaming, and as a result, prior approval may be required before CEC may make exceptional repurchases of voting securities (such as repurchases which treat holders differently) above the current market price and before a corporate acquisition

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opposed by management can be completed. In certain jurisdictions, the gaming authorities also require prior approval of a plan of recapitalization proposed by the board of directors of a publicly traded corporation which is registered with the gaming authority in response to a tender offer made directly to the registered corporation's stockholders for the purpose of acquiring control of the registered corporation.

Because licenses under gaming laws are generally not transferable, CEC's ability to grant a security interest in any of CEC's gaming assets is limited and may be subject to receipt of prior approval from gaming authorities. A pledge of the stock of a subsidiary holding a gaming license and the foreclosure of such a pledge may be ineffective without the prior approval of gaming authorities in certain jurisdictions. Moreover, CEC's subsidiaries holding gaming licenses may be unable to guarantee a security issued by an affiliated or parent company pursuant to a public offering, or pledge their assets to secure payment of the obligations evidenced by the security issued by an affiliated or parent company, without the prior approval of certain gaming authorities. CEC is subject to extensive prior approval requirements relating to certain borrowings and security interests with respect to CEC's New Orleans casino. If the holder of a security interest wishes operation of the casino to continue during and after the filing of a suit to enforce the security interest, it may request the appointment of a receiver approved by Louisiana gaming authorities, and under Louisiana gaming laws, the receiver is considered to have all CEC's rights and obligations under CEC's contract with Louisiana gaming authorities.

Some jurisdictions also require CEC to file a report with the gaming authority within a prescribed period of time following certain financial transactions and the offering of debt securities. Were they to deem it appropriate, certain gaming authorities reserve the right to order such transactions rescinded.

Certain jurisdictions require the implementation of a compliance review and reporting system created for the purpose of monitoring activities related to CEC's continuing qualification. These plans require periodic reports to senior management of CEC and to the regulatory authorities.

Certain jurisdictions require that an independent audit committee oversee the functions of surveillance and internal audit departments at CEC's casinos.

### ***License Fees and Gaming Taxes***

CEC pays substantial license fees and taxes in many jurisdictions, including the counties, cities, and any related agencies, boards, commissions, or authorities, in which CEC's operations are conducted, in connection with CEC's casino gaming operations, computed in various ways depending on the type of gaming or activity involved. Depending upon the particular fee or tax involved, these fees and taxes are payable either daily, monthly, quarterly or annually. License fees and taxes are based upon such factors as:

a percentage of the gross revenues received;

the number of gaming devices and table games operated;

franchise fees for riverboat casinos operating on certain waterways; and

admission fees for customers boarding CEC's riverboat casinos.

In many jurisdictions, gaming tax rates are graduated with the effect of increasing as gross revenues increase. Furthermore, tax rates are subject to change, sometimes with little notice, and CEC has recently experienced tax rate increases in a number of jurisdictions in which CEC operates. A live entertainment tax is also paid in certain jurisdictions by casino operations where entertainment is furnished in connection with the selling or serving of food or refreshments or the selling of merchandise.

***Operational Requirements***

In many jurisdictions, CEC is subject to certain requirements and restrictions on how CEC must conduct its gaming operations. In many jurisdictions, CEC is required to give preference to local suppliers and include minority-owned and women-owned businesses in construction projects to the maximum extent practicable.

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Some jurisdictions also require CEC to give preferences to in-state or minority-owned and women-owned businesses in the procurement of goods and services. Some of CEC's operations are subject to restrictions on the number of gaming positions CEC may have, the minimum or maximum wagers allowed by CEC's customers, and the maximum loss a customer may incur within specified time periods.

CEC's land-based casino in New Orleans operates under a casino operating contract (the COC) with the State of Louisiana Gaming Control Board, assuming the regulatory authority, control and jurisdiction of the Louisiana Economic Development Control Board pursuant to Louisiana Revised Statute 27:15.

Pursuant to the terms and conditions of the COC, CEC's New Orleans casino is subject to not only many of the foregoing operational requirements, but also to restrictions on CEC's food and beverage operations, including with respect to the size, location and marketing of eating establishments at CEC's casino entertainment facility. Furthermore, with respect to the hotel tower, CEC is subject to restrictions on the number of rooms within the hotel, the amount of meeting space within the hotel and how CEC may market and advertise the rates CEC charges for rooms.

In Mississippi, CEC is required to include adequate parking facilities (generally 500 spaces or more) in close proximity to CEC's existing casino complexes, as well as infrastructure facilities, such as hotels, that will amount to at least 25% of the casino cost. The infrastructure requirement was increased to 100% of the casino cost for any new casinos in Mississippi.

To comply with requirements of Iowa gaming laws, CEC has entered into management agreements with Iowa West Racing Association, a non-profit organization. The Iowa Racing and Gaming Commission has issued a joint license to Iowa West Racing Association and Harveys Iowa Management Company, Inc. for the operation of the Harrah's Council Bluffs Casino, which was an excursion gambling boat but is now land based, and issued a license for the Horseshoe Council Bluffs Casino at Bluffs Run Greyhound Park which is a full service, land based casino and a greyhound racetrack. The company operates both facilities pursuant to the management agreements.

The United Kingdom Gambling Act of 2005 which became effective in September 2007, replaced the Gaming Act 1968, and removed most of the restrictions on advertising. Though the 2005 Act controls marketing, advertising gambling is now controlled by the Advertising Standards Authority through a series of codes of practice. Known as the CAP codes, the codes offer guidance on the content of print, television and radio advertisements.

In Indiana, CEC is required to submit a quarterly report to gaming authorities disclosing the identity of all persons holding interests of 1% or greater in a riverboat licensee or holding company. Under an omnibus update to its rules, publicly traded companies are now exempt from this requirement. The amendment to 68 IAC 1-31-1 went into effect in early January 2013.

## ***Indian Gaming***

The terms and conditions of management contracts and the operation of casinos and all gaming on Indian land in the United States are subject to the Indian Gaming Regulatory Act of 1988, (the IGRA), which is administered by the National Indian Gaming Commission, (the NIGC), the gaming regulatory agencies of tribal governments, and Class III gaming compacts between the tribes for which CEC manages casinos and the states in which those casinos are located. IGRA established three separate classes of tribal gaming-Class I, Class II and Class III. Class I includes all traditional or social games solely for prizes of minimal value played by a tribe in connection with celebrations or ceremonies. Class II gaming includes games such as bingo, pulltabs, punchboards, instant bingo and non-banked card games (those that are not played against the house) such as poker. Class III gaming includes casino-style gaming such



as banked table games like blackjack, craps and roulette, and gaming machines such as slots and video poker, as well as lotteries and pari-mutuel wagering.

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Harrah's Ak-Chin and Harrah's Resort Southern California (Rincon) provide Class II gaming and, as limited by the tribal-state compacts, Class III gaming. Harrah's Cherokee currently provides only Class III gaming.

IGRA prohibits all forms of Class III gaming unless the tribe has entered into a written agreement or compact with the state that specifically authorizes the types of Class III gaming the tribe may offer. These compacts may address, among other things, the manner and extent to which each state will conduct background investigations and certify the suitability of the manager, its officers, directors, and key employees to conduct gaming on tribal lands. CEC has received permanent certification from the Arizona Department of Gaming as management contractor for the Ak-Chin Indian Community's casino, a Tribal-State Compact Gaming Resource Supplier Finding of Suitability from the California Gambling Control Commission in connection with management of the Rincon San Luiseno Band of Indians casino, and has been licensed by the relevant tribal gaming authorities to manage the Ak-Chin Indian Community's casino, the Eastern Band of Cherokee Indians' casino and the Rincon San Luiseno Band of Indians' casino, respectively.

IGRA requires NIGC approval of management contracts for Class II and Class III gaming as well as the review of all agreements collateral to the management contracts. Management contracts which are not so approved are void. The NIGC will not approve a management contract if a director or a 10% stockholder of the management company:

is an elected member of the Native American tribal government which owns the facility purchasing or leasing the games;

has been or is convicted of a felony gaming offense;

has knowingly and willfully provided materially false information to the NIGC or the tribe;

has refused to respond to questions from the NIGC; or

is a person whose prior history, reputation and associations pose a threat to the public interest or to effective gaming regulation and control, or create or enhance the chance of unsuitable activities in gaming or the business and financial arrangements incidental thereto.

In addition, the NIGC will not approve a management contract if the management company or any of its agents have attempted to unduly influence any decision or process of tribal government relating to gaming, or if the management company has materially breached the terms of the management contract or the tribe's gaming ordinance, or a trustee, exercising due diligence, would not approve such management contract. A management contract can be approved only after the NIGC determines that the contract provides, among other things, for:

adequate accounting procedures and verifiable financial reports, which must be furnished to the tribe;

tribal access to the daily operations of the gaming enterprise, including the right to verify daily gross revenues and income;

minimum guaranteed payments to the tribe, which must have priority over the retirement of development and construction costs;

a ceiling on the repayment of such development and construction costs; and

a contract term not exceeding five years and a management fee not exceeding 30% of net revenues (as determined by the NIGC); provided that the NIGC may approve up to a seven year term and a management fee not to exceed 40% of net revenues if NIGC is satisfied that the capital investment required, and the income projections for the particular gaming activity require the larger fee and longer term.

Management contracts can be modified or canceled pursuant to an enforcement action taken by the NIGC based on a violation of the law or an issue affecting suitability.

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Indian tribes are sovereign with their own governmental systems, which have primary regulatory authority over gaming on land within the tribes' jurisdiction. Therefore, persons engaged in gaming activities, including CEC, are subject to the provisions of tribal ordinances and regulations on gaming. These ordinances are subject to review by the NIGC under certain standards established by IGRA. The NIGC may determine that some or all of the ordinances require amendment, and that additional requirements, including additional licensing requirements, may be imposed on the management company. The possession of valid licenses from the Ak-Chin Indian Community, the Eastern Band of Cherokee Indians and the Rincon San Luiseno Band of Indians, are ongoing conditions of CEC's agreements with these tribes.

***Riverboat Casinos***

In addition to all other regulations applicable to the gaming industry generally, some of CEC's riverboat casinos are also subject to regulations applicable to vessels operating on navigable waterways, including regulations of the U.S. Coast Guard. These requirements set limits on the operation of the vessel, mandate that it must be operated by a minimum complement of licensed personnel, establish periodic inspections, including the physical inspection of the outside hull, and establish other mechanical and operational rules.

***Racetracks***

CEC owns a full service casino which includes a full array of table games in conjunction with a greyhound racetrack in Council Bluffs, Iowa. The casino operation and the greyhound racing operation are regulated by the same state agency and are subject to the same regulatory structure established for all Iowa gaming facilities. A single operating license covers both parts of the operation in Council Bluffs. CEC also owns slot machines at a thoroughbred racetrack in Bossier City, Louisiana, and CEC owns a combination harness racetrack and casino in southeastern Pennsylvania in which the company, through various subsidiary entities, owns a 99.5% interest in the entity licensed by the Pennsylvania Gaming Control Board. Generally, CEC's slot operations at the Iowa racetrack are regulated in the same manner as CEC's other gaming operations in Iowa. In addition, regulations governing racetracks are typically administered separately from CEC's other gaming operations (except in Iowa), with separate licenses and license fee structures. For example, racing regulations may limit the number of days on which races may be held. In Kentucky, CEC owns and operates Bluegrass Downs, a harness racetrack located in Paducah.

In 2015, CEC divested its 20% interest in Rock Ohio Caesars, LLC, a venture with Rock Ohio Ventures, LLC (formerly Rock Gaming, LLC). However, CEC entities continued as the employer and manager of the Ohio properties during part of 2016. Between March and June 2016, the management agreements of the Ohio properties terminated and the employees of the three Ohio properties were transferred to the new employer and manager.

***Internet***

An affiliate of CEC, CIE, engages in lawful real money online internet gaming activity in the United Kingdom through two outside third-party operators. This internet gaming is offered to residents of the United Kingdom by the third-party operators pursuant to remote casino operating licenses issued to these operators by the Gambling Commission, following the implementation of the point of consumption licensing regime from November 1, 2014. To date, the key gaming regulatory authorities governing online internet gaming are the UK Gambling Commission, the Gibraltar Regulatory Authority, the Alderney Gambling Control Commission and the Isle of Man Gambling Supervision Commission. In addition, the State of Nevada legalized real money online internet poker within the State. The Nevada Gaming Commission adopted regulations and established licensing requirements for the operation of real money online internet poker in the State of Nevada. CIE obtained the appropriate licenses in Nevada and, pursuant to a relationship with a third-party software provider, field trial operation of its real money website began in September

2013. The State of New Jersey also legalized real money online internet gaming within the State. The New Jersey regulators adopted regulations and established licensing

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requirements for the operation of real money online internet gaming in the State of New Jersey. Caesars Interactive Entertainment New Jersey, LLC, a wholly owned subsidiary of CIE, obtained a casino license and was issued an Internet Gaming Permit, pursuant to relationships with two third-party software providers, operation of its real money websites began in November 2013.

## **Corporate Citizenship, Social Responsibility and Sustainability of Caesars Entertainment Corporation**

CEC's board of directors and senior executives are committed to maintaining CEC's position as an industry leader in corporate citizenship, corporate social responsibility, and sustainability. In 2016, CEC continued to engage with its CEO-level external environmental sustainability advisory board with experts representing non-governmental organizations, business strategy, academia, and investors and used their advice to modify CEC's citizenship priority focus for 2016 and 2017. In 2016, CEC published its seventh annual Citizenship Report in accordance with Global Reporting Initiative G4 framework.

### ***Code of Commitment***

For more than 15 years, CEC's Code of Commitment has guided CEC's approach to responsible and ethical business, compliance and anti-corruption. Training events reinforce CEC's expectations of all employees.

For the second year running, CEC was recognized on the Civic 50, an initiative organized by Points of Light and Bloomberg that recognizes companies for their commitment to improving the quality of life in their home communities. CEC was the first company to develop responsible gaming programs informed by science, evaluated objectively and created in conjunction with leading researchers. In 2016, CEC confirmed its support for the UN Sustainable Development Goals and identified eight goals where CEC can make the most significant contribution and expand CEC's impact in coming years.

### ***Environmental Stewardship***

Since 2007, CEC has advanced a strategy to contribute to global climate change and sustainability initiatives that reduce its impact on the environment. CEC's structured, data-driven CodeGreen program leverages the passion of its employees and engages its guests and suppliers. Between 2007 and 2015, CEC reduced energy consumption across its properties by 23.4% per air-conditioned sq. ft. and greenhouse gas emissions by 28.3%. Since 2008, CEC has reduced water consumption by 20.4%. In 2015, 38% of CEC's total waste was recycled in addition to an overall 28% reduction in waste across its operations.

In 2016, CEC surpassed its Green Key certification goal of having 90% of owned or managed North American hotel resort properties achieve a 4 Key rating or higher. Including the properties owned and operated by CEOC, thirty of CEC's hotel resort properties are rated 4 Keys, more than any other casino-entertainment company in the world. Recently recognized by the Global Sustainable Tourism Council, Green Key is a rigorous program that ranks, certifies, and inspects hotels and resorts based on their commitment to sustainable operations. Green Key uses a rating system of 1 to 5 Keys, with 5 being the highest possible attainment.

For its work in 2016, CEC received A scores for carbon (A) and water (A-) impact and supplier engagement (A-) from the formerly named Carbon Disclosure Project (CDP), the international not-for-profit that drives sustainable economies. Thousands of companies submit annual climate disclosures to CDP for independent assessment against its scoring methodology. CEC is one of 193 A Listers on its carbon disclosure, which has been produced at the request of 827 investors with assets of \$100 trillion. Just 9% of the corporations participating in CDP's climate change program are awarded a position on the Climate A List.

***Diversity, Inclusion and Employee Wellbeing***

CEC creates a dynamic and innovative working culture where individual growth is rewarded, recognized, and celebrated. CEC is the only company in the casino entertainment industry to receive a perfect score on the

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Human Rights Campaign Corporate Equality Index for ten consecutive years, including 2016. CEC encourages diversity and the advancement of women, and in 2015, 34% of its managers belonged to minority groups and 42% of its managers were women. CEC continues to fund more than \$15 million each year to support its Employee Wellness Program, including 29 nurses and coaches across its properties. The program proves itself year after year with improved health metrics for participating employees, more than \$2,500 annual saving per employee on healthcare and insurance savings for CEC due to lower health risk.

***Community Investment***

Established in 2002, the Caesars Foundation (the Foundation) is a private charitable foundation funded by a portion of operating income from CEC's resorts. Since its inception, the Foundation has gifted more than \$72 million to support vibrant communities. In 2015, CEC's total community investment (including Caesars Foundation, corporate, mandated and discretionary giving, and the value of employee volunteering hours) amounted to \$67.2 million. Employee volunteering in 2015 reached 260,000 hours CEC's highest annual level of volunteering on record.

**Legal Proceedings of Caesars Entertainment Corporation*****Noteholder Disputes***

On August 4, 2014, Wilmington Savings Fund Society, FSB, solely in its capacity as successor Indenture Trustee for the 10.00% Second-Priority Senior Secured Notes due 2018 (the 10.00% Second-Priority Notes), on behalf of itself and, it alleges, derivatively on behalf of CEOC, filed a lawsuit (the Delaware Second Lien Lawsuit) in the Court of Chancery in the State of Delaware against CEC and CEOC, CGP, CAC, CERP, CES, Eric Hession, Gary Loveman, Jeffrey D. Benjamin, David Bonderman, Kelvin L. Davis, Marc C. Rowan, David B. Sambur and Eric Press. The lawsuit alleges claims for breach of contract, intentional and constructive fraudulent transfer, breach of fiduciary duty, aiding and abetting breach of fiduciary duty, and corporate waste. The lawsuit seeks (1) an award of money damages; (2) to void certain transfers, the earliest of which dates back to 2010; (3) an injunction directing the recipients of the assets in these transactions to return them to CEOC; (4) a declaration that CEC remains liable under the parent guarantee formerly applicable to the 10.00% Second-Priority Notes; (5) to impose a constructive trust or equitable lien on the transferred assets; and (6) an award to plaintiffs for their attorneys' fees and costs. CEC believes this lawsuit is without merit and is defending itself vigorously. A motion to dismiss this action was filed by CEC and other defendants in September 2014, and the motion was argued in December 2014. During the pendency of the Chapter 11 Cases, the action has been automatically stayed with respect to CEOC. The motion to dismiss with respect to CEC was denied on March 18, 2015. In a Verified Supplemental Complaint filed on August 3, 2015, the plaintiff stated that due to CEOC's bankruptcy filing, the continuation of all claims was stayed pursuant to the bankruptcy except for Claims II, III, and X. These are claims against CEC only, for breach of contract in respect of the release of the parent guarantee formerly applicable to the CEOC 10.00% Second-Priority Notes, for declaratory relief in respect of the release of this guarantee, and for violations of the Trust Indenture Act in respect of the release of this guarantee. Fact discovery in the case is complete, and cross-motions for summary judgment have been filed by the parties. On January 26, 2017, the Bankruptcy Court entered an agreed order staying this proceeding (and others). The stay will remain in effect until the earlier of (a) the Plan Effective Time, (b) the termination of the restructuring support agreement with the official committee of second priority noteholders or (c) further order of the Bankruptcy Court.

On September 3, 2014, holders of approximately \$21 million of CEOC's 6.50% Senior Notes due 2016 (the 6.50% Senior Unsecured Notes) and 5.75% Senior Unsecured Notes due 2017 (together with the 6.50% Senior Unsecured Notes, the Senior Unsecured Notes) filed suit in federal district court in Manhattan against CEC and CEOC, claiming broadly that an August 12, 2014 Note Purchase and Support Agreement between CEC and CEOC (on the one hand) and certain other holders of the Senior Unsecured Notes (on the other hand) impaired their own rights under the Trust



Indenture Act of 1939 and the indentures governing the Senior Unsecured Notes.

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The lawsuit seeks both declaratory and monetary relief. On October 2, 2014, a holder of CEOC's 6.50% Senior Unsecured Notes due 2016 purporting to represent a class of all persons who held these Notes from August 11, 2014 to the present filed a substantially similar suit in the same court, against the same defendants, relating to the same transactions (the Danner Lawsuit). Both lawsuits (the Senior Unsecured Lawsuits) were assigned to the same judge. The claims against CEOC have been automatically stayed during its Chapter 11 Cases. The court denied a motion to dismiss both lawsuits with respect to CEC. The parties have completed fact discovery with respect to both plaintiffs' claims against CEC. On October 23, 2015, plaintiffs in the Senior Unsecured Lawsuits moved for partial summary judgment, and on December 29, 2015, those motions were denied. On December 4, 2015, plaintiff in the action brought on behalf of holders of CEOC's 6.50% Senior Unsecured Notes moved for class certification, and briefing has been completed. The judge presiding over these cases thereafter retired, and a new judge was appointed to preside over these lawsuits. That judge set a new summary judgment briefing schedule, and the parties filed cross-motions for summary judgment, which remain pending. On January 26, 2017, the Bankruptcy Court entered an agreed order staying this proceeding (and others). The stay will remain in effect until the earlier of (a) the Plan Effective Time, (b) the termination of the restructuring support agreement with the official committee of second priority noteholders or (c) further order of the Bankruptcy Court.

On November 25, 2014, UMB Bank (UMB), as successor indenture trustee for CEOC's 8.50% Senior Secured Notes due 2020 (the 8.50% Senior Secured Notes), filed a verified complaint (the Delaware First Lien Lawsuit) in Delaware Chancery Court against CEC, CEOC, CERP, CAC, CGP, CES, and against individual past and present members of the board of directors, Loveman, Benjamin, Bonderman, Davis, Press, Rowan, Sambur, Hession, Colvin, Kleisner, Swann, Williams, Housenbold, Cohen, Stauber, and Winograd, alleging generally that defendants improperly stripped CEOC of certain assets, wrongfully effected a release of CEC's parent guarantee of the 8.50% Senior Secured Notes and committed other wrongs. Among other things, UMB asked the court to appoint a receiver over CEOC. In addition, the suit pleads claims for fraudulent conveyances/transfers, insider preferences, illegal dividends, declaratory judgment (for breach of contract as regards to the parent guarantee and also as to certain covenants in the bond indenture), tortious interference with contract, breach of fiduciary duty, usurpation of corporate opportunities, and unjust enrichment, and seeks monetary, equitable and declaratory relief. The lawsuit has been automatically stayed with respect to CEOC during its Chapter 11 Cases. Pursuant to the First Lien Bond RSA, the lawsuit also has been stayed in its entirety, with the consent of all of the parties to it.

On February 13, 2015, CEC received a Demand For Payment of Guaranteed Obligations (the February 13 Notice) from Wilmington Savings Fund Society, FSB, in its capacity as successor Trustee for CEOC's 10.00% Second-Priority Notes. The February 13 Notice alleges that CEOC's commencement of the Chapter 11 Cases constituted an event of default under the indenture governing the 10.00% Second-Priority Notes; that all amounts due and owing on the 10.00% Second-Priority Notes therefore immediately became payable; and that CEC is responsible for paying CEOC's obligations on the 10.00% Second-Priority Notes, including CEOC's obligation to timely pay all principal, interest, and any premium due on these notes, as a result of a parent guarantee provision contained in the indenture governing the notes that the February 13 Notice alleges is still binding. The February 13 Notice accordingly demands that CEC immediately pay Wilmington Savings Fund Society, FSB, cash in an amount of not less than \$3.7 billion, plus accrued and unpaid interest (including without limitation the \$184 million interest payment due December 15, 2014 that CEOC elected not to pay) and accrued and unpaid attorneys' fees and other expenses. The February 13 Notice also alleges that the interest, fees and expenses continue to accrue.

On February 18, 2015, CEC received a Demand For Payment of Guaranteed Obligations (the February 18 Notice) from BOKF, N.A. (BOKF), in its capacity as successor Trustee for CEOC's 12.75% Second-Priority Senior Secured Notes due 2018 (the 12.75% Second-Priority Notes). The February 18 Notice alleges that CEOC's commencement of the Chapter 11 Cases constituted an event of default under the indenture governing the 12.75% Second-Priority Notes; that all amounts due and owing on the 12.75% Second-Priority Notes therefore immediately became payable; and that

CEC is responsible for paying CEOC's obligations on the 12.75% Second-Priority Notes, including CEOC's obligation to timely pay all principal, interest and any

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premium due on these notes, as a result of a parent guarantee provision contained in the indenture governing the notes that the February 18 Notice alleges is still binding. The February 18 Notice therefore demands that CEC immediately pay BOKF cash in an amount of not less than \$750 million, plus accrued and unpaid interest, accrued and unpaid attorneys' fees, and other expenses. The February 18 Notice also alleges that the interest, fees and expenses continue to accrue.

In accordance with the terms of the applicable indentures, CEC is not subject to the above-described guarantees. As a result, CEC believes the demands for payment are meritless.

On March 3, 2015, BOKF filed a lawsuit (the New York Second Lien Lawsuit) against CEC in federal district court in Manhattan, in its capacity as successor trustee for CEOC's 12.75% Second-Priority Notes. On June 15, 2015, UMB filed a lawsuit (the New York First Lien Lawsuit) against CEC, also in federal district court in Manhattan, in its capacity as successor trustee for CEOC's 11.25% Senior Secured Notes due 2017, 8.50% Senior Secured Notes due 2020, and 9.00% Senior Secured Notes due 2020. Plaintiffs in these actions allege that CEOC's filing of the Chapter 11 Cases constitutes an event of default under the indentures governing these notes, causing all principal and interest to become immediately due and payable, and that CEC is obligated to make those payments pursuant to parent guarantee provisions in the indentures governing these notes that plaintiffs allege are still binding. Both plaintiffs bring claims for violation of the Trust Indenture Act of 1939, breach of contract, breach of duty of good faith and fair dealing and for declaratory relief, and BOKF brings an additional claim for intentional interference with contractual relations. The cases were both assigned to the same judge presiding over the other Parent Guarantee Lawsuits (as defined below) that are taking place in Manhattan. CEC filed its answer to the BOKF complaint on March 25, 2015, and to the UMB complaint on August 10, 2015. On June 25, 2015, and June 26, 2015, BOKF and UMB, respectively, moved for partial summary judgment, specifically on their claims alleging a violation of the Trust Indenture Act of 1939, seeking both declaratory relief and damages. On August 27, 2015, those motions were denied. The court, on its own motion, certified its order with respect to the interpretation of the Trust Indenture Act for interlocutory appeal to the United States Court of Appeals for the Second Circuit, and on December 22, 2015, the appellate court denied CEC's motion for leave to appeal. On November 20, 2015, BOKF and UMB again moved for partial summary judgment. These motions likewise were denied. The judge presiding over these cases thereafter retired, and a new judge was appointed to preside over these lawsuits. That judge set a new summary judgment briefing schedule, and the parties submitted cross-motions for summary judgment, which remain pending. On January 26, 2017, the Bankruptcy Court entered an agreed order staying this proceeding (and others). The stay will remain in effect until the earlier of (a) the Plan Effective Time, (b) the termination of the restructuring support agreement with the official committee of second priority noteholders or (c) further order of the Bankruptcy Court.

On October 20, 2015, Wilmington Trust, National Association (Wilmington Trust), filed a lawsuit (the New York Senior Notes Lawsuit) and, together with the Delaware Second Lien Lawsuit, the Delaware First Lien Lawsuit, the Senior Unsecured Lawsuits, the New York Second Lien Lawsuit, and the New York First Lien Lawsuit, the Parent Guarantee Lawsuits) against CEC in federal district court in Manhattan in its capacity as successor indenture trustee for CEOC's 10.75% Senior Notes due 2016 (the 10.75% Senior Notes). Plaintiff alleges that CEC is obligated to make payment of amounts due on the 10.75% Senior Notes pursuant to a parent guarantee provision in the indenture governing those notes that plaintiff alleges is still in effect. Plaintiff raises claims for violations of the Trust Indenture Act of 1939, breach of contract, breach of the implied duty of good faith and fair dealing, and for declaratory judgment, and seeks monetary and declaratory relief. CEC filed its answer to the complaint on November 23, 2015. As with the other parent guaranty lawsuits taking place in Manhattan, the judge presiding over these cases thereafter retired, and a new judge was appointed to preside over these lawsuits. That judge set a new summary judgment briefing schedule, and the parties submitted cross-motions for summary judgment, which remain pending. On January 26, 2017, the Bankruptcy Court entered an agreed order staying this proceeding (and others). The stay will remain in effect until the earlier of (a) the Plan Effective Time, (b) the termination of the restructuring support

agreement with the official committee of second priority noteholders or (c) further order of the Bankruptcy Court.

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On May 13, 2016, the Second Lien Committee in the CEOC bankruptcy case filed a motion in that case to obtain standing to pursue claims on behalf of CEOC in a lawsuit (the Proposed Second Lien Lawsuit) against CEC and a number of its affiliates, as well as against various other parties. As set forth in a proposed complaint submitted with its motion, the Second Lien Committee seeks to assert claims against CEC to recover alleged constructive and intentional fraudulent transfers relating to certain transactions between CEOC and entities controlled by CEC and others. The Second Lien Committee also proposes to raise claims against CEC relating to these transactions for breach of fiduciary duty, aiding and abetting breach of fiduciary duty, and unjust enrichment. The proposed complaint seeks money damages against all defendants in the range of \$8.1 billion to \$12.6 billion and to avoid the transfers underlying the claims raised therein, in addition to certain other relief. On October 11, 2016, the court placed the Second Lien Committee's motion in abeyance until the Plan becomes effective or the restructuring support agreement with the Second Lien Committee is terminated. Following the confirmation of the Plan on January 17, 2017, the Bankruptcy Court continued the Second Lien Committee's motion until April 19, 2017.

On August 9, 2016, CEOC and twenty-five other debtors filed an adversary complaint against CEC, certain CEC affiliates, and several of CEC's and CEOC's present and past directors and officers, seeking recovery of certain fraudulent transfers; monetary damages and/or rescission for breaches of fiduciary duties, unjust enrichment, aiding and abetting breaches of fiduciary duties; civil conspiracy; misappropriation of corporate opportunity, and waste of corporate assets; and the imposition of a constructive trust or equitable lien over the transferred assets. As described above, confirmation of the Debtors' Plan and the satisfaction or waiver of all conditions precedent to the effectiveness of the Plan will result in the release of all claims raised in this complaint. Following the confirmation of the Plan on January 17, 2017, the Bankruptcy Court continued the adversary proceeding until April 19, 2017.

CEC believes that the claims and demands described above against CEC are without merit and CEC intends to defend itself vigorously. The claims against CEOC have been stayed due to the Chapter 11 Cases and, as described above, the actions against CEC have now also been stayed. See additional disclosure relating to CEOC's Chapter 11 filing in Note 1 to the 2016 CEC Financial Statements. In the event that the litigation stays are ever lifted, CEC believes that the Noteholder Disputes and the Parent Guarantee Lawsuits present a reasonably possible likelihood of an adverse outcome. Should these matters ultimately be resolved through litigation outside of the Restructuring, and should a court find in favor of the claimants in some or all of the Noteholder Disputes, such determination would likely lead to a CEC reorganization under Chapter 11 of the Bankruptcy Code (see Note 1 to the 2016 CEC Financial Statements). CEC is not able to estimate a range of reasonably possible losses should any of the Noteholder Disputes ultimately be resolved against CEC, although they could potentially exceed \$11 billion.

***CEC-CAC Merger Litigation***

On December 30, 2014, Nicholas Koskie, on behalf of himself and, he alleged, all others similarly situated, filed the Merger Lawsuit in the Clark County District Court in the State of Nevada against CAC, CEC and the CAC Directors. The Merger Lawsuit alleged claims for breach of fiduciary duty against the CAC Directors and aiding and abetting breach of fiduciary duty against CAC and CEC. It sought (1) an order directing the CAC Directors to fulfill alleged fiduciary duties to CAC in connection with the proposed merger between CAC and CEC announced on December 22, 2014, specifically by announcing their intention to (a) cooperate with bona fide interested parties proposing alternative transactions, (b) ensure that no conflicts exist between the CAC Directors' personal interests and their fiduciary duties to maximize stockholder value in the Merger, or resolve all such conflicts in favor of the latter, and (c) act independently to protect the interests of the stockholders; (2) an order directing the CAC Directors to account for all damages suffered or to be suffered by plaintiff and the putative class as a result of the Merger; and (3) an award to plaintiff for his costs and attorneys' fees. On October 13, 2016, the court dismissed the Merger Lawsuit for lack of prosecution. Pursuant to local rule, the case could have been reinstated at the plaintiff's written request, provided such request was filed within 30 days of the date of service of written notice of the dismissal. The 30-day time period has

now expired.

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In December 1998, Hilton Hotels Corporation ( Hilton ) spun-off its gaming operations as Park Place Entertainment Corporation ( Park Place ). In connection with the spin-off, Hilton and Park Place entered into various agreements, including an Employee Benefits and Other Employment Allocation Agreement dated December 31, 1998 (the Allocation Agreement ) whereby Park Place assumed or retained, as applicable, certain liabilities and excess assets, if any, related to the Hilton Hotels Retirement Plan (the Hilton Plan ) based on the benefits of Hilton employees and Park Place employees. CEOC is the ultimate successor to Park Place under this Allocation Agreement. In 2013, a lawsuit was settled relating to the Hilton Plan, which retroactively and prospectively increased total benefits to be paid under the Hilton Plan. In 2009, CEC received a letter from Hilton, notifying CEC of a lawsuit related to the Hilton Plan that alleged that CEC had a potential liability for the additional claims under the terms of the Allocation Agreement.

On December 24, 2014, Hilton, the Plan Administrator of the Hilton Plan, and a representative of the Plan Administrator (the Hilton Parties ) sued CEC and CEOC in federal court in Virginia primarily under the Employee Retirement Income Security Act ( ERISA ), and also under state contract and unjust enrichment law theories, for monetary and equitable relief in connection with this ongoing dispute. On April 14, 2015, the federal court dismissed the Hilton Parties' unjust enrichment claim with prejudice and ordered that the remainder of the case be transferred to the Bankruptcy Court based upon its relationship to the CEOC bankruptcy case.

On June 9, 2016, CEC, CEOC and the Hilton Parties entered into a settlement of the Hilton Parties' claims (the Settlement Agreement ). Under the settlement, Hilton will receive a general unsecured claim in CEOC's bankruptcy case for an amount equal to \$51 million plus 31.75% of amounts paid by Hilton to the Hilton Plan due after July 16, 2016. For periods following the Plan Effective Time, CEC shall assume certain of CEOC's obligations under the Allocation Agreement. In exchange, Hilton shall turn over to CEC the distributions on account of \$24.5 million of Hilton's claim in the CEOC bankruptcy. On June 21, 2016, the parties sought approval of the Settlement Agreement. The Bankruptcy Court approved the Settlement Agreement on July 19, 2016. The settlement amount is fully accrued in liabilities subject to compromise at CEOC, and the Settlement Agreement is subject to the effectiveness of the Plan.

***National Retirement Fund***

In January 2015, a majority of the Trustees of the National Retirement Fund ( NRF ), a multi-employer defined benefit pension plan, voted to expel the five indirect subsidiaries of CEC which were required to make contributions to the legacy plan of the NRF (the Five Employers ). The NRF contended that the financial condition of the Five Employers controlled group (the CEC Controlled Group ) and CEOC's then-potential bankruptcy presented an actuarial risk to the plan because, depending on the outcome of any CEOC bankruptcy proceedings, CEC might no longer be liable to the plan for any partial or complete withdrawal liability. As a result, the NRF claimed that the expulsion of the Five Employers constituted a complete withdrawal of the CEC Controlled Group from the plan. CEOC, in its bankruptcy proceedings, has to date not rejected the contribution obligations to the NRF of any of its subsidiary employers. The NRF has advised the CEC Controlled Group (which includes CERP) that the expulsion of the Five Employers has triggered a joint and several withdrawal liability with a present value of approximately \$360 million, payable in 80 quarterly payments of about \$6 million.

Prior to the NRF's vote to expel the Five Employers, the Five Employers reiterated their commitments to remain in the plan and not seek rejection of any collective bargaining agreement in which the obligation to contribute to NRF exists. The Five Employers were current with respect to pension contributions at the time of their expulsion, and are current with respect to pension contributions as of today pursuant to the Standstill Agreement referred to below.

CEC has opposed the various NRF expulsion actions.





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On January 8, 2015, prior to the NRF's vote to expel the Five Employers, CEC filed an action in the SDNY Court against the NRF and its board of trustees, seeking a declaratory judgment that they did not have the authority to expel the Five Employers and thus allegedly trigger withdrawal liability for the CEC Controlled Group (the CEC Action). On December 25, 2015, the District Judge entered an order dismissing the CEC Action on the ground that CEC's claims in this action must first be arbitrated under ERISA. CEC has appealed this decision to the United States Court of Appeals for the Second Circuit. Oral argument on this appeal was heard on January 30, 2017, and the Second Circuit has reserved decision on this appeal.

On March 6 and March 27, 2015, CEOC and certain of its subsidiaries filed in the CEOC bankruptcy proceedings two motions to void (1) the purported expulsion of the Five Employers and based thereon the alleged triggering of withdrawal liability for the non-debtor members of the CEC Controlled Group, and (2) a notice and payment demand for quarterly payments of withdrawal liability subsequently made by the NRF to certain non-debtor members of the CEC Controlled Group, respectively, on the ground that each of these actions violated the automatic stay (the 362 Motions). On November 12, 2015, Bankruptcy Judge Goldgar issued a decision denying the 362 Motions on the ground that the NRF's actions were directed at non-debtors and therefore did not violate the automatic stay. CEOC has appealed this decision to the federal district court in Chicago.

On March 6, 2015, CEOC commenced an adversary proceeding against the NRF and its board of trustees in the Bankruptcy Court (the Adversary Proceeding). On March 11, 2015, CEOC filed a motion in that Adversary Proceeding to extend the automatic stay in the CEOC bankruptcy proceedings to apply to the NRF's expulsion of the Five Employers (the 105 Motion). Judge Goldgar has not yet decided the 105 Motion.

On March 20, 2015, CEC, CEOC and CERP, on behalf of themselves and others, entered into an agreement with the NRF and its board of trustees that, among other things, stayed each member of the CEC Controlled Group's purported obligation to commence making quarterly payments of withdrawal liability and instead required the Five Employers to continue making monthly contribution payments to the NRF, unless and until each of the 362 Motions and the 105 Motion had been denied (the Standstill Agreement). As the 105 Motion has not yet been decided, the Standstill Agreement remains in effect.

If both the 105 Motion and CEC's appeal of the CEC Action are denied, then CEC could be required to pay to the NRF joint and several withdrawal liability with a present value of approximately \$360 million, payable in 80 quarterly payments of about \$6 million each while CEC simultaneously arbitrates whether the NRF and its board of trustees had the authority to expel the Five Employers and trigger withdrawal liability for the CEC Controlled Group.

On March 18, 2015, before the Standstill Agreement was executed, the NRF and its fund manager commenced a collection action in the SDNY Court against CEC, CERP and all non-debtor members of the CEC Controlled Group for the payment of the first quarterly payment of withdrawal liability, which the NRF contended was due on March 15, 2015 (the NRF Action). On December 25, 2015, the District Judge entered an Order adopting the Magistrate Judge's recommendation to deny defendants' motion to dismiss over the defendants' objections on the ground that the defendants' arguments must first be arbitrated under ERISA. On February 26, 2016, the NRF and its fund manager filed a motion for summary judgment against CEC and CERP for payment of the first quarterly payment of withdrawal liability and for interest, liquidated damages, attorneys' fees and costs. On November 7, 2016, the District Judge entered an Order adopting the Magistrate Judge's recommendation to grant partial summary judgment to the NRF Action plaintiffs over CEC and CERP's objections on the ground that CEC and CERP's further arguments must also first be arbitrated under ERISA. CEC and CERP filed a Notice of Appeal to protect their rights in response to this Order. Subsequently, the District Judge determined that no final order or judgment was entered, and thus the Notice of Appeal was premature. Accordingly, the parties stipulated to the dismissal of the appeal without prejudice to any party's rights to appeal a final, appealable judgment that may later be entered in the case.



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On December 5, 2016, an interlocutory judgment was entered against CEC and CERP comprising the first quarterly payment of withdrawal liability referred to above, interest and liquidated damages under ERISA. On December 19, 2016, a CEC and CERP filed a motion to certify a final judgment under Rule 54(b) of the Federal Rules of Civil Procedure for immediate appeal and to stay the NRF Action plaintiffs' motions to amend and for summary judgment, as described below. On January 11, 2017, the District Court granted the motion to certify a final judgment under Rule 54(b) in the amount of \$9 million, but denied the motion for a stay, and a judgment in that amount was entered the next day. CEC has appealed this decision to the Second Circuit, and has bonded the judgment pending appeal.

On December 23, 2016, the NRF Action plaintiffs filed a motion to amend their complaint to add claims for the second through eighth quarterly payments of withdrawal liability, which the NRF Action plaintiffs contended were past due, as well as for injunctive relief requiring the defendants to pay all further quarterly payments as they purportedly became due. Also on December 23, 2016, the NRF Action plaintiffs simultaneously filed a motion for summary judgment against CEC and CERP for payment of the second through eighth quarterly payments of withdrawal liability, for interest, liquidated damages, attorneys' fees and costs, and for injunctive relief requiring the defendants to pay all further quarterly payments as they purportedly became due. These motions have not yet been fully submitted to the District Court.

CEC believes its legal arguments against the actions undertaken by NRF are strong and will pursue them vigorously, and will defend vigorously against the claims raised by the NRF in the NRF Action. Since settlement discussions with the NRF are continuing and no material discovery has yet been performed with respect to any of the above actions, CEC cannot currently provide assurance as to the ultimate outcome of the matters at issue.

## ***Other Matters***

In recent years, governmental authorities have been increasingly focused on AML policies and procedures, with a particular focus on the gaming industry. In October 2013, CEOC's subsidiary, Desert Palace, Inc. (the owner of and referred to within this section as Caesars Palace), received a letter from the Financial Crimes Enforcement Network of the United States Department of the Treasury ( FinCEN ), stating that FinCEN was investigating Caesars Palace for alleged violations of the Bank Secrecy Act to determine whether it is appropriate to assess a civil penalty and/or take additional enforcement action against Caesars Palace. Caesars Palace responded to FinCEN's letter in January 2014. Additionally, CEC was informed in October 2013 that a federal grand jury investigation regarding AML practices of CEC and its subsidiaries had been initiated. CEC and Caesars Palace have been cooperating with FinCEN, the Department of Justice and the Nevada Gaming Control Board (the GCB ) on this matter. On September 8, 2015, FinCEN announced a settlement pursuant to which Caesars Palace agreed to an \$8 million civil penalty for its violations of the Bank Secrecy Act, which penalty shall be treated as a general unsecured claim in Caesars Palace's bankruptcy proceedings. In addition, Caesars Palace agreed to conduct periodic external audits and independent testing of its AML compliance program, report to FinCEN on mandated improvements, adopt a rigorous training regime and engage in a look-back for suspicious transactions. The terms of the FinCEN settlement were approved by the Bankruptcy Court on October 19, 2015.

CEOC and the GCB reached a settlement on the same facts as above, wherein CEC agreed to pay \$1.5 million and provide to the GCB the same information that is reported to FinCEN and to resubmit its updated AML policies. On September 17, 2015, the settlement agreement was approved by the Nevada Gaming Commission. CEOC continues to cooperate with the Department of Justice in its investigation of this matter.

CEC is party to other ordinary and routine litigation incidental to its business. CEC does not expect the outcome of any such litigation to have a material effect on its consolidated financial position, results of operations, or cash flows, as CEC does not believe it is reasonably possible that it will incur material losses as a result of such litigation.



**Table of Contents****Management's Discussion and Analysis of Financial Condition and Results of Operations of Caesars Entertainment Corporation**

*In this discussion, the term CEC (parent entity) refers to the parent holding company, Caesars Entertainment Corporation, exclusive of its consolidated subsidiaries and variable interest entities, unless otherwise stated or the context otherwise requires. The word CEC refers to Caesars Entertainment Corporation, inclusive of its consolidated subsidiaries and variable interest entities, unless otherwise stated or the context otherwise requires.*

*CEC also refers to (1) its Consolidated Financial Statements as its Financial Statements, (2) its Consolidated Statements of Operations and Comprehensive Income as its Statements of Operations, and (3) its Consolidated Balance Sheets as its Balance Sheets. Note references are to the notes to the 2016 CEC Financial Statements.*

*The following discussion and analysis of CEC for the years ended December 31, 2016, 2015 and 2014, should be read in conjunction with the audited consolidated financial statements and notes thereto (the 2016 CEC Financial Statements ) and other financial information.*

*The statements in this discussion regarding CEC's expectations regarding its future performance, liquidity and capital resources, and other non-historical statements are forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties. CEC's actual results may differ materially from those contained in or implied by any forward-looking statements. See the section entitled Cautionary Statement Regarding Forward-Looking Statements beginning on page 102.*

**Overview**

CEC's business is operated through CEC (parent entity), which is primarily a holding company with no independent operations of its own, and CEC's two reportable segments. Through June 30, 2016, CEC aggregated the operating segments within CGP into two separate reportable segments: Caesars Growth Partners Casino Properties and Developments ( CGP Casinos ) and CIE. Subsequent to CIE's sale of its SMG Business (see discussion under Summary of 2016 Events below), the remaining CIE business is not material, and CEC no longer considers CIE to be a separate reportable segment from CGP Casinos. Therefore, CGP Casinos and CIE have been combined for all periods presented to form the CGP segment. In addition, CEC deconsolidated CEOC from its results following of its bankruptcy filing in January 2015, and therefore CEOC is not included in its financial results for the majority of 2015 and all of 2016, and is no longer a reportable segment. The CERP and CGP segments include the following properties and assets: <sup>(1)</sup>

**CERP<sup>(2)</sup>**

Flamingo Las Vegas

Harrah's Atlantic City

Harrah's Las Vegas

Harrah's Laughlin

Paris Las Vegas

Rio All-Suites Hotel &amp; Casino

**CGP**

Bally's Las Vegas

The Cromwell

Harrah's New Orleans

Horseshoe Baltimore

The LINQ Hotel &amp; Casino

Planet Hollywood Resort &amp; Casino

CIE Real-Money Online Gaming

CIE World Series of Poker

- (1) CEOC remained a reportable segment until its deconsolidation effective January 15, 2015 (see Note 2 to the 2016 CEC Financial Statements).
- (2) CERP also owns The LINQ promenade and Octavius Tower.

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***Summary of 2016 Events and Key Drivers of Annual Performance***

The following are the significant events of 2016 and the key drivers of CEC's performance. Accordingly, these key drivers are described here, and the remainder of the discussion and analysis of results should be read in conjunction with these explanations.

*CEC (Parent Entity) Going Concern*

As a result of the following circumstances, CEC has substantial doubt about its ability to continue as a going concern:

CEC has limited unrestricted cash available to meet the financial commitments of CEC, primarily resulting from significant expenditures made to (1) defend against the litigation matters disclosed below and (2) support the Restructuring;

CEC has made material future commitments to support the Restructuring described below; and

CEC is a defendant in litigation relating to certain CEOC transactions dating back to 2010 and other legal matters (see Note 3 to the 2016 CEC Financial Statements) that could result in one or more adverse rulings against CEC if the Restructuring is not completed.

In connection with the Restructuring and litigation noted above, during 2016 and 2015, CEC has incurred legal and professional fees and expenses at levels significantly higher than historical amounts. For example, as of December 31, 2016, CEC had accrued \$6.6 billion of restructuring and support expenses, and during 2016 and 2015, CEC incurred \$70 million and \$73 million, respectively, in legal and professional fees associated with reorganization efforts and ongoing litigation. CEC expects to continue to incur additional expenses until CEOC's successful emergence from bankruptcy.

The circumstances set forth above and described in more detail in Note 1 to the 2016 CEC Financial Statements, individually and collectively, raise substantial doubt about the ability of CEC (parent entity) to continue as a going concern between now and the Plan Effective Time of the Restructuring. CEC does not currently have sufficient cash to meet its financial commitments to support the Plan or to satisfy the potential obligations that would arise in the event of an adverse ruling on one or all of the litigation matters disclosed below. The completion of the Merger is expected to allow CEC (parent entity) to fulfill its financial commitments in support of the Restructuring. However, if the Merger is not completed for any reason, CEC (parent entity) would still be liable for many of these obligations. In addition, although under the terms of the Restructuring, all related litigation is expected to be resolved, there remain the outstanding litigation matters that are currently stayed pending the Emergence.

CEC entered into the CIE Proceeds and Reservation Rights Agreement (as amended on October 7, 2016) with CIE, CEOC and CAC (the "CIE Proceeds Agreement"), which allows for up to \$235 million of the proceeds from the SMG Business sale to be distributed to CEC in order to pay certain fees in support of the Restructuring ("CEC Expense Amounts"). After taking into account the cash available to pay the CEC Expense Amounts under the CIE Proceeds Agreement and other sources of liquidity, under the CIE Proceeds Agreement and other sources of liquidity, CEC expects to have sufficient cash to meet its ongoing obligations as they come due for at least 12 months beyond the issuance date of these financial statements. However, there are restrictions governing when and how the cash designated for CEC Expense Amounts can be used (see Note 2 to the 2016 CEC Financial Statements). CEC also



expects to gain access to the remaining proceeds from the sale of the SMG Business upon completion of the Merger, which will be used to fund its other commitments in support of the Restructuring.

If CEC is unable to access additional sources of cash when needed, in the event of a material adverse ruling on one or all of the litigation matters disclosed in Note 1 to the 2016 CEC Financial Statements, or if CEOC does not emerge from bankruptcy on a timely basis on terms and under circumstances satisfactory to CEC, it is likely that CEC would seek reorganization under Chapter 11 of the Bankruptcy Code.

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### *CEOC Restructuring*

On January 13, 2017, the Debtors filed an amended Plan with the Bankruptcy Court that replaced all previously filed plans. CEC, CAC, the Debtors and CEOC's major creditor groups have agreed to support the Plan. The Bankruptcy Court confirmed the Plan on January 17, 2017.

As part of the Plan, it is anticipated that CEOC will be divided into two companies OpCo and PropCo. OpCo will operate CEOC's properties and facilities. PropCo will hold certain of CEOC's real property assets and related fixtures and will lease those assets to OpCo. It is anticipated that OpCo will be a wholly owned consolidated subsidiary of CEC subsequent to the Emergence, and it that will contract with other subsidiaries of CEC to manage the facilities to be leased from PropCo.

Although the Plan has been confirmed by the Bankruptcy Court, CEC must still obtain regulatory approval in all of the jurisdictions in which it has gaming operations in order for CEOC to successfully emerge from bankruptcy, and CEC is unable to determine when all necessary requirements will be satisfied. In addition, the Plan remains subject to completion of the Merger, certain financing transactions, and various other closing conditions.

### *CIE's Sale of the SMG Business*

On September 23, 2016, CIE sold the SMG Business for cash consideration of \$4.4 billion, subject to customary purchase price adjustments, and retained only its WSOP and regulated online real money gaming businesses. This resulted in a pre-tax gain of approximately \$4.2 billion. The SMG Business represented the majority of CIE's operations and was classified as discontinued operations for the year ended December 31, 2016. Historical results of the SMG Business have been recast as discontinued operations for the years ended December 31, 2015 and 2014, and the related assets and liabilities have been recast as held for sale as of December 31, 2015 (see Discontinued Operations in the Discussion of Operating Results section below and Note 17 to the 2016 CEC Financial Statements).

Upon closing the sale of the SMG Business, all outstanding CIE stock-based compensation awards were deemed fully vested and subsequently canceled in return for the right to receive a cash payment. CIE's stock-based compensation expense directly identifiable with employees of the SMG Business was \$264 million, \$29 million, and \$38 million during the years ended December 31, 2016, 2015, and 2014, respectively. These expense amounts were reclassified to discontinued operations for all periods presented in the Statements of Operations. Stock-based compensation expense not directly identifiable with employees of the SMG Business was \$189 million, \$31 million, and \$49 million during the years ended December 31, 2016, 2015, and 2014, respectively, and was included in property, general, administrative, and other in the Statements of Operations. For the year ended December 31, 2016, the majority of stock-based compensation expense resulted from the acceleration of the vesting of CIE stock-based compensation awards.

### *Discussion of Operating Results*

As described above and in Note 1 to the 2016 CEC Financial Statements, CEC deconsolidated CEOC effective January 15, 2015. Headings below labeled CERP and CGP represent the combined results of the entities that remain in the consolidated CEC entity subsequent to the deconsolidation of CEOC, and do not include the results of CEOC or the SMG Business. Where CEC has presented an analysis of other factors affecting net income/(loss) and consolidated results by reportable segment, this information includes CEOC as a reportable segment for the first 15 days of 2015.

Segment results in this MD&A are presented consistent with the way CEC management assesses the results subsequent to the deconsolidation of CEOC, which is a consolidated view that adjusts for the impact of certain

transactions between reportable segments within CEC for all periods presented. Therefore, the results of certain

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reportable segments presented in this filing differ from the financial statement information presented in their separate filings. Other includes parent, consolidating, and other adjustments to reconcile to consolidated CEC results.

**Consolidated Operating Results**

<i>(Dollars in millions)</i>	Years Ended December 31,				(A) vs. (B) Fav/(Unfav)	
	2016	2015		Consolidated CEC		
	(A) CERP and CGP <sup>(1)</sup>	(B) CERP and CGP <sup>(1)</sup>	CEOC <sup>(2)</sup>		\$	%
Casino revenues	\$ 2,177	\$ 2,168	\$ 118	\$ 2,286	\$ 9	0.4%
Net revenues	3,877	3,771	158	3,929	106	2.8%
Income from operations	257	337	9	346	(80)	(23.7)%
Deconsolidation and restructuring of CEOC and other	(5,758)	6,115		6,115	(11,873)	*
Income/(loss) from continuing operations, net of income taxes	(6,127)	5,975	(78)	5,897	(12,102)	*
Discontinued operations, net of income taxes	3,380	162	(7)	155	3,218	*
Net income/(loss) attributable to CEC	(3,569)	6,005	(85)	5,920	(9,574)	*
Property EBITDA <sup>(3)</sup>	1,140	1,047	31	1,078	93	8.9%
Operating Margin <sup>(4)</sup>	6.6%	8.9%	5.7%	8.8%		(2.3)pts

<i>(Dollars in millions)</i>	Year Ended December 31,			(B) vs. (C) Fav/(Unfav)	
	2014				
	(C) CERP and CGP <sup>(1)</sup>	CEOC <sup>(2)</sup>	Consolidated CEC	\$	%
Casino revenues	\$ 1,923	\$ 3,495	\$ 5,418	\$ 245	12.7%
Net revenues	3,372	4,595	7,967	399	11.8%
Loss from operations	(245)	(310)	(555)	582	*
Deconsolidation and restructuring of CEOC and other	142	(237)	(95)	5,973	*
Loss from continuing operations, net of income taxes	(382)	(2,341)	(2,723)	6,357	*
Discontinued operations, net of income taxes	34	(177)	(143)	128	*
Net loss attributable to CEC	(429)	(2,354)	(2,783)	6,434	*
Property EBITDA <sup>(3)</sup>	755	826	1,581	292	38.7%
Operating Margin <sup>(4)</sup>	(7.3)%	(6.7)%	(7.0)%		16.2pts

\* Not meaningful.

(1) Includes CERP and CGP segments and associated parent company and elimination adjustments.

(2) Includes CEOC segment and associated eliminations of intercompany transactions and other consolidating adjustments.

(3) See the Reconciliation of Non-GAAP Financial Measures section below.

(4) Calculated as income/(loss) from operations divided by net revenues.

Casino revenues, net revenues, income/(loss) from operations, and income/(loss) from continuing operations, net of income taxes for all periods presented in the table above exclude the results of CEC's discontinued operations disclosed in Note 17 to the 2016 CEC Financial Statements.

**Table of Contents***Analysis of Key Drivers of Revenue Performance for CERP and CGP*Net Revenues by Category

<i>(Dollars in millions)</i>	Years Ended			2016 vs. 2015		2015 vs. 2014	
	December 31,			Fav/(Unfav)		Fav/(Unfav)	
	2016	2015	2014	\$	%	\$	%
Casino	\$ 2,177	\$ 2,168	\$ 1,923	\$ 9	0.4%	\$ 245	12.7%
Food and beverage	788	798	760	(10)	(1.3)%	38	5.0%
Rooms	923	860	753	63	7.3%	107	14.2%
Other	527	487	479	40	8.2%	8	1.7%
Less: casino promotional allowances	(538)	(542)	(543)	4	0.7%	1	0.2%
Net revenues	\$ 3,877	\$ 3,771	\$ 3,372	\$ 106	2.8%	\$ 399	11.8%

*Increase/(Decrease) in Net Revenues by Category**Years Ended December 31, 2014 through December 31, 2016*Net Revenues Segment

<i>(Dollars in millions)</i>	Years Ended			2016 vs. 2015		2015 vs. 2014	
	December 31,			Fav/(Unfav)		Fav/(Unfav)	
	2016	2015	2014	\$	%	\$	%
CERP	\$ 2,195	\$ 2,154	\$ 2,065	\$ 41	1.9%	\$ 89	4.3%
CGP	1,697	1,620	1,319	77	4.8%	301	22.8%
Other	(15)	(3)	(12)	(12)	*	9	75.0%
Total CERP and CGP	3,877	3,771	3,372	106	2.8%	399	11.8%
CEOC		164	4,812	*	*	*	*
Other		(6)	(217)	*	*	*	*
Total CEOC		158	4,595	*	*	*	*

Consolidated CEC

\$ 3,877    \$ 3,929    \$ 7,967    \*    \*    \*    \*

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*Cash ADR<sup>(1)</sup>*

*Years Ended December 31, 2014, 2015, and 2016*

(1) Average cash daily rate ( cash ADR ) is a key indicator by which CEC evaluates the performance of its properties and is determined by room revenue and rooms occupied.

**CERP Performance**

Net revenues increased \$41 million, or 1.9%, in 2016 compared with 2015 primarily due to increases in rooms revenue and other revenues. Net revenues increased \$89 million, or 4.3%, in 2015 compared with 2014, primarily due to increases in casino revenues and rooms revenue. The increases were attributable to the following:

Rooms revenue increased \$25 million in 2016 and \$42 million in 2015. The expansion of resort fees to all CERP properties during 2015, improved hotel yield as result of newly renovated rooms becoming available during 2016 at Harrah's Las Vegas, and the opening of the Harrah's Atlantic City Waterfront Conference Center (the Atlantic City Conference Center ) in the third quarter 2015 drove an increase in CERP's cash ADR from \$102 in 2014 to \$114 in 2015 and \$124 in 2016.

Scheduled room renovations caused a reduction of approximately 2% of room nights available during 2016 compared with 2015, primarily at Paris Las Vegas and Harrah's Las Vegas, which partially offset the 2016 increase in rooms revenue.

Casino revenues increased \$32 million in 2015 compared with 2014, due to a reduction in costs related to variable marketing programs, such as REEL REWARDS, discounts, and free play, that are treated as a reduction in revenue.

Other revenues increased \$18 million in 2016 compared with 2015, primarily due to new performers and additional scheduled performances at the Rio Las Vegas, which contributed to higher entertainment revenue in 2016.

**CGP Performance**

Net revenues increased \$77 million, or 4.8%, in 2016 compared with 2015 primarily due to increases in rooms revenue and other revenues. Net revenues increased \$301 million, or 22.8%, in 2015 compared with 2014, primarily due to increases in casino revenues as well as improved food and beverage revenues and rooms revenues. The increases were attributable to the following:



Rooms revenue increased \$38 million in 2016 and \$65 million in 2015. Room renovations at The LINQ Hotel & Casino ( The LINQ Hotel ) were substantially completed and available to guests in early May 2015, which resulted in increases in room nights available of approximately 14% in 2016 and 24% in 2015 compared with the corresponding prior year periods. In addition, the expansion of resort fees and improved hotel yield drove an increase in CGP s cash ADR from \$108 in 2014 to \$123 in 2015 and \$132 in 2016.

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Other revenues increased \$35 million in 2016 compared with 2015, primarily due to new performers at Planet Hollywood Resort & Casino, which contributed to higher entertainment revenue in 2016.

Casino revenues and food and beverage revenues increased \$214 million and \$28 million, respectively, in 2015 compared with 2014, primarily due to higher volume at The LINQ Hotel after the completion of renovations, and the benefit of The Cromwell and Horseshoe Baltimore operating for the full year in 2015 after opening during 2014.

Partially offsetting the 2015 increase in casino revenues was a decline at Harrah's New Orleans, which was mostly due to the New Orleans smoking ban that was enacted in April 2015.

*Analysis of Key Drivers of Income/(Loss) from Operations Performance for CERP and CGP*

Income from operations was \$257 million in 2016 compared with \$337 million in 2015 and a loss from operations of \$245 million in 2014. After net revenues, the key drivers of income/(loss) from operations during 2016 and 2015 were primarily property, administrative, general and other (including CIE stock-based compensation expense); impairments; corporate expense; and depreciation and amortization.

*Income/(Loss) from Operations by Category CERP and CGP*

<i>(Dollars in millions)</i>	Years Ended			2016 vs. 2015		2015 vs. 2014	
	December 31,			Fav/(Unfav)		Fav/(Unfav)	
	2016	2015	2014	\$	%	\$	%
<b>Net revenues</b>	\$ 3,877	\$ 3,771	\$ 3,372	\$ 106	2.8%	\$ 399	11.8%
<b>Operating expenses</b>							
Casino expense	1,128	1,122	1,071	(6)	(0.5)%	(51)	(4.8)%
Food and beverage	383	388	386	5	1.3%	(2)	(0.5)%
Rooms	249	223	209	(26)	(11.7)%	(14)	(6.7)%
Property, general, administrative, and other ( PGA & O )	1,166	1,022	1,000	(144)	(14.1)%	(22)	(2.2)%
Depreciation and amortization	439	361	315	(78)	(21.6)%	(46)	(14.6)%
Impairments		1	435	1	100.0%	434	99.8%
Corporate expense	166	169	95	3	1.8%	(74)	(77.9)%
Other operating costs	89	148	106	59	39.9%	(42)	(39.6)%
<b>Total operating expenses</b>	<b>3,620</b>	<b>3,434</b>	<b>3,617</b>	<b>(186)</b>	<b>(5.4)%</b>	<b>183</b>	<b>5.1%</b>
<b>Income/(loss) from operations</b>	<b>\$ 257</b>	<b>\$ 337</b>	<b>\$ (245)</b>	<b>\$ (80)</b>	<b>(23.7)%</b>	<b>\$ 582</b>	<b>*</b>

\* Not meaningful.



**Table of Contents***Increase/(Decrease) in Income/(Loss) from Operations**Years Ended December 31, 2014 through December 31, 2016**Income/(Loss) from Operations by Segment*

<i>(Dollars in millions)</i>	Years Ended December 31,			2016 vs. 2015		2015 vs. 2014	
	2016	2015	2014	Fav/(Unfav) \$	%	Fav/(Unfav) \$	%
CERP	\$ 389	\$ 411	\$ (32)	\$ (22)	(5.4)%	\$ 443	*
CGP	20	253	(221)	(233)	(92.1)%	474	*
Other	(152)	(327)	8	175	53.5%	(335)	*
Total CERP and CGP	257	337	(245)	(80)	(23.7)%	582	*
CEOC		9	(323)	*	*	*	*
Other			13	*	*	*	*
Total CEOC		9	(310)	*	*	*	*
Consolidated CEC	\$ 257	\$ 346	\$ (555)	*	*	*	*

\* Not meaningful.

*Impairments by Segment<sup>(1)</sup>*

<i>(In millions)</i>	Years Ended December 31,		
	2016	2015	2014
CERP	\$	\$	\$ 277
CGP		1	158
CEOC			559
Total	\$	\$ 1	\$ 994

(1) See Notes 6 and 7 for additional information.



**Table of Contents****CERP Performance**

Income from operations decreased \$22 million in 2016 compared with 2015 primarily due to increases in direct rooms expenses and depreciation and amortization. Income from operations improved \$443 million in 2015 compared with 2014, primarily due to increased revenue combined with a reduction in impairment charges and direct operating expenses. The fluctuations were attributable to the following:

In 2016, direct rooms expenses increased consistently with the increase in rooms revenues, and depreciation and amortization increased due to the removal and replacement of certain assets related to ongoing property renovation projects primarily at Harrah's Las Vegas, Paris Las Vegas, and Flamingo Las Vegas, as well as depreciation expense related to the Atlantic City Conference Center, which opened during 2015. The increase in operating expenses more than offset the increase in net revenues described above.

In 2015, the improvement was primarily attributable to the increase in net revenues and because there were no impairment charges during 2015 compared with \$277 million during 2014 (see Note 7 to the 2016 CEC Financial Statements). In addition, cost savings initiatives implemented in the fourth quarter of 2014 also contributed to the reduction in operating expenses.

**CGP Performance**

Income from operations decreased \$233 million in 2016 compared with 2015 and increased \$474 million in 2015 compared with 2014. CGP's income from operations includes the effect of the change in the liability associated with CGP's contingently issuable non-voting membership units due to CEC, which decreased CGP's income from operations \$117 million in 2016 and increased CGP's income from operations \$156 million in 2015 compared with the corresponding prior year periods. The units were issued to CEC during 2016, and no liability was outstanding for CGP as of December 31, 2016 (see Note 2 to the 2016 CEC Financial Statements). The effect of these changes is eliminated in consolidation with the offsetting amounts being reflected in Other in the Income/(Loss) from Operations by Segment table above.

Excluding the effect of CGP's contingently issuable non-voting membership units from both periods, CGP's income/(loss) from operations decreased \$116 million in 2016 and increased \$318 million in 2015 compared with the corresponding prior year periods.

In 2016, the decrease was primarily due to the accelerated vesting of CIE equity awards resulting in increases in CIE stock-based compensation expense. Stock-based compensation expense was \$189 million in 2016 compared with \$31 million in 2015. In addition, CIE incurred costs related to the sale of the SMG Business. Upon the closing of the SMG Business sale, all outstanding CIE stock-based compensation awards were deemed fully vested and were subsequently paid in cash in connection with the closing of the SMG Business sale, as described in Note 17 to the 2016 CEC Financial Statements.

The portion of CIE's stock-based compensation expense directly identifiable with employees of the SMG Business was reclassified to discontinued operations for all periods presented in the Statements of Operations (see Note 17 to the 2016 CEC Financial Statements). The portion of CIE's stock-based compensation expense not directly identifiable with employees of the SMG Business was included in property, general, administrative, and other in the Statements of Operations. For the year ended December 31, 2016, the majority of stock-based compensation expense resulted from

the acceleration of the vesting of CIE stock-based compensation awards.

In 2015, the improvement was primarily attributable to the increase in net revenues and because there were no material impairment charges during 2015 compared with \$158 million during 2014 (see Note 7 to the 2016 CEC Financial Statements). In addition, cost savings initiatives also contributed to the reduction in operating expenses.

**Table of Contents**Other Performance

As described above, Other in the Income/(Loss) from Operations by Segment table above includes the intercompany elimination that offsets the change in liability associated with CGP's contingently issuable non-voting membership units. Excluding the effect of contingently issuable non-voting membership units, other loss from operations was \$152 million in 2016, \$210 million in 2015, and \$31 million in 2014.

During 2016 and 2015, as described above and in Note 1 to the 2016 CEC Financial Statements, CEC (the parent holding company) incurred expenses related to CEOC's bankruptcy activity and the RSAs and incurred other legal expenses related to ongoing litigation. During 2015, CEC also accrued \$35 million for a payment due to CEOC (see Note 1 to the 2016 CEC Financial Statements).

Interest Expense and Other Factors that Affect Net Income/(Loss)Interest Expense

<i>(Dollars in millions)</i>	Years Ended December 31,			2016 vs. 2015		2015 vs. 2014	
	2016	2015	2014	Fav/(Unfav)		Fav/(Unfav)	
	\$	\$	\$	\$	%	\$	%
CEOC	\$	\$ 87	\$ 2,184	\$ 87	*	\$ 2,097	*
CERP	396	399	389	3	0.8%	(10)	(2.6)%
CGP	198	195	169	(3)	(1.5)%	(26)	(15.4)%
Other <sup>(1)</sup>	5	2	(73)	(3)	(150.0)%	(75)	*
<b>Total</b>	<b>\$ 599</b>	<b>\$ 683</b>	<b>\$ 2,669</b>	<b>\$ 84</b>	<b>*</b>	<b>\$ 1,986</b>	<b>*</b>

\* Not meaningful.

(1) Activity in 2014 primarily consisted of the elimination of intercompany interest paid by CEOC for debt instruments held by CGP.

Other Factors Affecting Net Income/(Loss) (including CEOC)

<i>(Dollars in millions)</i>	Years Ended			2016 vs. 2015		2015 vs. 2014	
	December 31,			Fav/(Unfav)		Fav/(Unfav)	
	2016	2015	2014	\$	%	\$	%
Interest expense	\$ 599	\$ 683	\$ 2,669	\$ 84	*	\$ 1,986	*
Deconsolidation and restructuring of CEOC and other	(5,758)	6,115	(95)	(11,873)	*	6,210	*
Income tax benefit/(provision)	(27)	119	596	(146)	*	(477)	(80.0)%
Discontinued operations	3,380	155	(143)	3,225	*	298	*



\* Not meaningful.

Interest expense is primarily attributable to the outstanding debt described in Note 11 to the 2016 CEC Financial Statements. Interest expense decreased \$84 million in 2016 compared with 2015 and \$2.0 billion in 2015 compared with 2014, both of which were primarily due to the deconsolidation of CEOC. Excluding the effect of the CEOC deconsolidation, interest expense increased \$3 million in 2016 and \$38 million in 2015. The increase in 2015 was primarily due to:

a \$26 million increase in interest associated with the CGPH Term Loan and CGPH Notes, which provided funding for the four properties CGP acquired from CEOC in May 2014, and the Horseshoe Baltimore Credit and FF&E Facilities after Horseshoe Baltimore construction was completed in the second quarter of 2014;

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a \$27 million reduction in capitalized interest due to CERP completing The LINQ promenade in the first quarter of 2014 and CGP completing The Cromwell in the second quarter of 2014 and Horseshoe Baltimore in the third quarter; and

a partially offsetting \$15 million reduction related to the Planet Hollywood debt that was repaid in the second quarter of 2014 with proceeds from the CGPH Term Loan.

**Deconsolidation and Restructuring of CEOC and Other**

As described in Note 1 to the 2016 CEC Financial Statements, CEC recognized certain obligations that it believes will ultimately be settled under the Plan or the RSAs. As a result, during 2016, CEC accrued \$5.7 billion of expenses associated with the Restructuring. A portion of the obligations CEC recognized reflect its estimates of the fair value of the consideration CEC has agreed to provide in exchange for the settlement of litigation claims and potential claims against CEC and its affiliates. As described in Note 8 to the 2016 CEC Financial Statements, these obligations will be accounted for at fair value each period until they are ultimately settled as part of the Restructuring, and a fluctuation in the value of one or more of the inputs to CEC's fair value estimates could result in a significant adjustment to the fair value of these obligations.

As described in Note 2 to the 2016 CEC Financial Statements, effective January 15, 2015, CEC deconsolidated CEOC and recognized a gain of \$7.1 billion during 2015.

CEC recognized losses on extinguishment of debt of \$96 million in 2014, of which \$67 million related to CEOC debt transactions and \$28 million related to CGP.

**Income Taxes**

The effective tax rate was negative 0.4% for 2016, negative 2.1% for 2015, and 18.0% for 2014. See Note 16 to the 2016 CEC Financial Statements for a detailed discussion of income taxes and the effective tax rate.

**Discontinued Operations**

Discontinued operations primarily represent CIE's SMG Business, which was sold on September 23, 2016, as well as activity for certain properties owned by CEOC that occurred prior to its deconsolidation in January 2015. See Note 17 to the 2016 CEC Financial Statements for additional information.

**Reconciliation of Non-GAAP Financial Measures**

Property earnings before interest, taxes, depreciation and amortization (EBITDA) is presented as a measure of CEC's performance. Property EBITDA is defined as revenues less property operating expenses and is comprised of net income/(loss) before (i) interest expense, net of interest capitalized and interest income, (ii) income tax (benefit)/provision, (iii) depreciation and amortization, (iv) corporate expenses, and (v) certain items that CEC does not consider indicative of its ongoing operating performance at an operating property level. As a result of the sale of the SMG Business (see Note 17 to the 2016 CEC Financial Statements), CEC has determined that CIE stock-based compensation expense should be excluded from Property EBITDA as management no longer considers such expense to be indicative of CEC's ongoing consolidated or segment operating performance. Therefore, Property EBITDA has been recast for prior periods to be consistent to the current year presentation.

In the future, CEC may incur expenses that are the same or similar to some of the adjustments in this presentation. The presentation of Property EBITDA should not be construed as an inference that future results will be unaffected by unusual or unexpected items.

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Property EBITDA is a non-GAAP financial measure commonly used in CEC's industry and should not be construed as an alternative to net income/(loss) as an indicator of operating performance or as an alternative to cash flow provided by operating activities as a measure of liquidity (as determined in accordance with GAAP). Property EBITDA may not be comparable to similarly titled measures reported by other companies within the industry. Property EBITDA is included because management uses Property EBITDA to measure performance and allocate resources, and believes that Property EBITDA provides investors with additional information consistent with that used by management.

**Reconciliation of Property EBITDA**

<i>(In millions)</i>	<b>Years Ended December 31,</b>		
	<b>2016</b>	<b>2015</b>	<b>2014</b>
Net income/(loss) attributable to CEC	\$ (3,569)	\$ 5,920	\$ (2,783)
Net income/(loss) attributable to noncontrolling interests	822	132	(83)
Discontinued operations, net of income taxes	(3,380)	(155)	143
Income tax (benefit)/provision	27	(119)	(596)
Deconsolidation and restructuring of CEOC and other	5,758	(6,115)	95
Interest expense	599	683	2,669
Depreciation and amortization	439	374	658
Impairment of goodwill			695
Impairment of tangible and other intangible assets		1	299
Corporate expense	166	174	232
Other operating costs	89	152	203
CIE stock-based compensation	189	31	49
<b>Property EBITDA</b>	<b>\$ 1,140</b>	<b>\$ 1,078</b>	<b>\$ 1,581</b>

**Segment Property EBITDA**

<i>(Dollars in millions)</i>	<b>Years Ended</b>			<b>2016 vs. 2015</b>		<b>2015 vs. 2014</b>	
	<b>December 31,</b>			<b>Increase/(Decrease)</b>		<b>Increase/(Decrease)</b>	
	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>
CERP	\$ 697	\$ 672	\$ 520	\$ 25	3.7%	\$ 152	29.2%
CGP	439	370	235	69	18.6%	135	57.4%
Other	4	5	4	(1)	(20.0)%	1	25.0%
Total CERP and CGP	1,140	1,047	759	93	8.9%	288	37.9%
CEOC		31	822	(31)	*	(791)	*
<b>Total Consolidated CEC</b>	<b>\$ 1,140</b>	<b>\$ 1,078</b>	<b>\$ 1,581</b>	<b>\$ 62</b>	<b>*</b>	<b>\$ (503)</b>	<b>*</b>

\* Not meaningful.

***Liquidity and Capital Resources***

*Liquidity Discussion and Analysis*

As described above, CEOC filed for reorganization under Chapter 11 of the Bankruptcy Code, and CEC deconsolidated CEOC effective January 15, 2015. As such, all amounts presented in the following analysis exclude the amounts related to CEOC as of December 31, 2016 and 2015, and for periods subsequent to the deconsolidation of CEOC.

As stated previously, there is substantial doubt as to CEC's ability to continue as a going concern as it has limited unrestricted cash available to meet the financial commitments of CEC, primarily resulting from significant expenditures made to (1) defend CEC in the litigation discussed in Note 3 to the 2016 CEC Financial

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Statements and (2) support the Restructuring. In addition, CEC has made material future commitments to support the Restructuring, and it is a defendant in litigation, including the Noteholder Disputes, and other noteholder disputes relating to certain CEOC transactions dating back to 2010, that if resolved against CEC would raise substantial doubt about its ability to continue as a going concern. See Note 1 to the 2016 CEC Financial Statements for a full description.

CEC is a highly-leveraged company and had \$6.9 billion in face value of debt outstanding as of December 31, 2016. As a result, a significant portion of CEC's liquidity needs are for debt service, including significant interest payments. As detailed in the table below, CEC's estimated debt service (including principal and interest) is \$659 million for 2017 and \$8.8 billion thereafter to maturity. See Note 11 to the 2016 CEC Financial Statements for details of CEC's debt outstanding and related restrictive covenants.

CEC is primarily a holding company with no independent operations, employees, or debt issuances of its own. It has ownership interests in CEOC, CERP and CGP. CEC has no requirement to fund the operations of CEOC, CERP, CGP, or their subsidiaries. CEC cash outflows are primarily used for corporate development opportunities, other corporate-level activity, litigation, and restructuring expenses associated with CEOC's bankruptcy. CEC does not receive any financial benefit from CEOC during the bankruptcy, as all earnings and cash flows are retained by CEOC. In addition, because CEC has no operations of its own and due to the restrictions under its subsidiaries' lending arrangements, CEC has limited ability to raise additional capital.

Consolidated cash and cash equivalents as of December 31, 2016 as shown in the table below, includes amounts held by CERP, CGP, and CES, which are not readily available to CEC. Other reflects amounts held by CEC and certain of its direct subsidiaries, included \$109 million related to its insurance captives.

**Summary of Cash and Revolver Capacity**

<i>(In millions)</i>	December 31, 2016			
	CERP	CGP	CES	Other
Cash and cash equivalents	\$ 168	\$ 1,050	\$ 107	\$ 188
Revolver capacity	270	160		
Revolver capacity drawn or committed to letters of credit	(40)			
Total	\$ 398	\$ 1,210	\$ 107	\$ 188

**Annual Estimated Debt Service Requirements**

<i>(In millions)</i>	Years ended December 31,						
	2017	2018	2019	2020	2021	Thereafter	Total
CERP	\$ 458	\$ 415	\$ 425	\$ 3,710	\$ 1,280	\$	\$ 6,288
CGP	201	215	388	460	1,189	727	3,180
Total principal and interest	\$ 659	\$ 630	\$ 813	\$ 4,170	\$ 2,469	\$ 727	\$ 9,468

CEC generated consolidated operating cash inflows of \$308 million for the year ended December 31, 2016, including operating cash inflows of \$227 million and \$238 million from CERP and CGP, respectively. CEC's cash flows from operations include outflows by CEC related to the Restructuring and by CES related to cash payments on behalf of its members for expenses accrued but not paid during 2015.

CERP and CGP's sources of liquidity are independent of one another and primarily include currently available cash and cash equivalents, cash flows generated from their operations, and borrowings under their separate revolving credit facilities (see Note 11 to the 2016 CEC Financial Statements). Operating cash inflows are typically used for operating expenses, debt service costs, and working capital needs. CERP and CGP are highly leveraged, and a significant portion of their liquidity needs are for debt service, as summarized above.

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CERP generated a net loss of \$3 million during the year ended December 31, 2016, which includes the effect of non-cash items, including depreciation and amortization expense, of \$279 million during the year. Other than additional depreciation and amortization expense compared with the prior year (described above), CERP's operating activities were relatively stable and yielded operating cash flows of \$227 million, a decrease of 5.8% from the prior year. The decrease was primarily due to the timing of interest payments, partially offset by the increase in net revenues discussed above.

CERP's capital expenditures were \$127 million during 2016 in support of its ongoing property renovations, a decrease of only 1.6% compared with the prior year. In 2016, CERP paid \$426 million in interest, of which \$396 million was incurred in 2016, and repaid \$76 million, net, of debt primarily on its revolving credit facility (\$181 million in payments less \$105 million in revolver draws).

CGP generated a net loss from continuing operations of \$175 million during the year ended December 31, 2016, which includes the effect of non-cash items, such as depreciation and amortization expense of \$180 million, and elevated stock-based compensation expense of \$189 million associated with acceleration of awards in advance of the sale of the SMG Business. CGP's operating cash flows increased to \$238 million, which is an improvement of \$129 million compared with the prior year, primarily due to the improved operating results described above for CGP.

CGP's capital expenditures were \$71 million during the year, which was down \$99 million compared with the prior year. For the year ended December 31, 2015, CGP's capital expenditures were primarily related to The LINQ Hotel renovation. In addition to acquisitions of property and equipment, CGP paid \$208 million in interest, of which \$198 million was incurred in 2016, and repaid \$72 million, net, of debt primarily on its revolving credit facility (\$87 million in payments less \$15 million in revolver draws).

CERP and CGP's ability to fund operations, pay debt obligations, and fund planned capital expenditures depends, in part, upon economic and other factors that are beyond their control, and disruptions in capital markets and restrictive covenants related to their existing debt could impact their ability to fund liquidity needs, pay indebtedness, and secure additional funds through financing activities.

CEC believes that CERP and CGP's cash flows from operations are sufficient to cover planned capital expenditures for ongoing property renovations during 2017 and estimated interest and principal payments due on long-term debt totaling \$659 million. However, if needed, their existing cash and cash equivalents and availability under their revolving credit facilities are available to further support operations during the next 12 months and the foreseeable future. In addition, restrictions under their lending arrangements generally prevent the distribution of cash to CEC, except for certain restricted payments.

The foregoing liquidity discussions are forward-looking statements based on assumptions as of the date of this filing that may or may not prove to be correct. Actual results may differ materially from CEC's present expectations. Factors that may cause actual results to differ materially from present expectations include, without limitation, the results of ongoing bankruptcy proceedings of CEOC and the positive or negative changes in the operational and other matters assumed in preparing the CEC forecasts.

### *Capital Spending and Development*

CEC incurs capital expenditures in the normal course of business, and it performs ongoing refurbishment and maintenance at its existing casino entertainment facilities to maintain its quality standards. CEC also continues to pursue development and acquisition opportunities for additional casino entertainment and other hospitality facilities, and online businesses that meet its strategic and return on investment criteria. Cash used for capital expenditures in the



normal course of business is typically made available from cash flows generated by CEC's operating activities and established debt programs, while cash used for development projects is typically funded from established debt programs, specific project financing, and additional debt offerings.

**Table of Contents**Summary of Consolidated Capital Expenditures

<i>(In millions)</i>	Years Ended December 31,			Increase/(Decrease)	
	2016	2015	2014	2016 vs 2015	2015 vs 2014
Development	\$ 3	\$ 96	\$ 360	\$ (93)	\$ (264)
Renovation/refurbishment	189	207	573	(18)	(366)
Other	28	38	58	(10)	(20)
Total capital expenditures	\$ 220	\$ 341	\$ 991	\$ (121)	\$ (650)

## Included in capital expenditures:

Capitalized payroll costs	\$ 5	\$ 5	\$ 11
Capitalized interest	2	12	45

Summary of Capital Expenditures by Entity

<i>(In millions)</i>	Years Ended December 31,		
	2016	2015	2014
CEOC	\$	\$ 4	\$ 249
CERP	127	129	179
CGP	71	170	558
CES	22	38	5
Total	\$220	\$341	\$991

For the year ended December 31, 2016, capital expenditures were primarily related to hotel renovation projects at Harrah's Las Vegas, Paris Las Vegas, and Planet Hollywood. During the year ended December 31, 2015, capital expenditures were primarily related to The LINQ Hotel renovation and the Atlantic City Conference Center, which was still under construction in the first quarter of 2015. Capital expenditures decreased in 2015 compared with 2014 primarily due to expenditures in 2014 associated with the Horseshoe Baltimore development and renovations for The Cromwell, combined with the decline due to the deconsolidation of CEOC effective January 15, 2015.

Projected Capital Expenditures for 2017

<i>(In millions)</i>	Low	High
CERP	\$ 180	\$ 230
CGP	150	195
CES	40	50
Total	\$ 370	\$ 475

CEC expects to fund these capital expenditures from cash flows generated by its operating activities. CES capital expenditures will be funded by its Members. CEC's projected capital expenditures for 2017 include estimates for:

hotel remodeling projects at CGP's Planet Hollywood, Bally's Las Vegas, and Harrah's New Orleans;

hotel remodeling projects at CERP's Flamingo Las Vegas, Harrah's Atlantic City, Paris Las Vegas, and Harrah's Las Vegas;

hospitality and maintenance projects; and

IT, marketing, analytics, accounting, payroll, and other projects that benefit the operating structures.

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CEC's planned development projects, if they proceed, will require, individually and in the aggregate, significant capital commitments and, if completed, may result in significant additional revenues. The commitment of capital, the timing of completion, and the commencement of operations of development projects are contingent upon, among other things, negotiation of final agreements and receipt of approvals from the appropriate political and regulatory bodies. CEC must also comply with covenants and restrictions set forth in its debt agreements.

There are various risks and uncertainties and the expected capital expenditures set forth above may change for various reasons, including CEC's financial performance, market conditions and the CEOC bankruptcy process.

*Summary of Debt and Revolving Credit Facility Cash Flows from Financing Activities*

<i>(In millions)</i>	December 31, 2016		December 31, 2015	
	Proceeds	Repayments	Proceeds	Repayments
CERP Term Loan	\$	\$ (25)	\$	\$ (25)
CERP Senior Secured Revolving Credit Facility	105	(145)	230	(330)
CGPH Senior Secured Term Loan		(12)		(12)
CGPH Senior Secured Revolving Credit Facility	15	(60)	80	(35)
Horseshoe Baltimore Credit Facility		(3)		
Horseshoe Baltimore FF&E Facility		(5)		(3)
Cromwell Credit Facility		(3)		(10)
Other Debt Activity		(10)		(25)
Capital Lease Payments		(5)		(10)
Total	\$ 120	\$ (268)	\$ 310	\$ (450)

*Related-Party Transactions*

CEC participates with its subsidiaries, including CEOC, in marketing, purchasing, insurance, employee benefit, and other programs that are defined, negotiated and managed by CEC. CEC believes that participating in these consolidated programs is beneficial in comparison to the cost and terms for similar programs that it could negotiate on a standalone basis. For a more complete description of the nature and extent of these transactions, see Note 18 to the 2016 CEC Financial Statements.

*Contractual Obligations and Commitments*

The table below summarizes CEC's contractual obligations and other commitments through their respective maturity or ending dates as of December 31, 2016.

<i>(In millions)</i>	Total	Payments due by Period <sup>(1)</sup>			
		Less than 1 year	1-3 years	4-5 years	After 5 years

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Debt, face value	\$ 6,946	\$ 87	\$ 273	\$ 5,899	\$ 687
Capital lease obligations	2	2			
Estimated interest payments <sup>(2)</sup>	2,520	570	1,170	740	40
Operating lease obligations	1,139	43	76	76	944
Purchase order obligations	378	230	112	24	12
Community reinvestment	47	6	12	12	17
Construction commitments	50	50			
Entertainment obligations <sup>(3)</sup>	2	2			
Other contractual obligations <sup>(4)</sup>	84	25	25	17	17
Total contractual obligations	\$ 11,168	\$ 1,015	\$ 1,668	\$ 6,768	\$ 1,717

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- (1) In addition to the contractual obligations disclosed in this table, CEC has unrecognized tax benefits for which, based on uncertainties associated with the items, it is unable to make reasonably reliable estimates of the period of potential cash settlements, if any, with taxing authorities.
- (2) Estimated interest for variable-rate debt included in this table is based on the 1-month and 3-month LIBOR curve available as of December 31, 2016. Estimated interest includes interest related to capital leases.
- (3) Entertainment obligations represent obligations to pay performers that have contracts for future performances. This amount does not include estimated obligations for future performances where payment is only guaranteed when the performances occur and/or is based on factors contingent upon the profitability of the performances.
- (4) Primarily includes licensing, management, and other fees.

**Management of Caesars Entertainment Corporation****Board of Directors**

As of December 31, 2016, the authorized number of members of the board of directors of CEC was eleven directors.

Pursuant to CEC's certificate of incorporation, CEC's board of directors is divided into three classes. The members of each class will serve for a staggered, three-year term. Upon the expiration of the term of a class of directors, directors in that class will be elected for three-year terms at the annual meeting of stockholders in the year in which their term expires. The names and ages of CEC's directors as of December 31, 2016 are:

Name	Age	Director Since	Position(s)
<b><i>Class I Directors whose terms will expire in 2019</i></b>			
Jeffrey Benjamin	55	2008	Director
Fred J. Kleisner	72	2013	Director
Bernard Zuroff	61	2016	Director
<b><i>Class II Directors whose terms will expire in 2017</i></b>			
Kelvin Davis	53	2008	Director
Eric Press	51	2008	Director
David Sambur	36	2010	Director
Mark Frissora	61	2015	Director, Chief Executive Officer and President
<b><i>Class III Directors whose terms will expire in 2018</i></b>			
Gary Loveman	56	2000	Chairman of the Board
David Bonderman	74	2008	Director
Marc Rowan	54	2008	Director
Christopher J. Williams	59	2008	Director
<b><i>Class I Directors (Current Term Will Expire in 2019)</i></b>			

*Jeffrey Benjamin* became a member of CEC's board of directors in January 2008. Mr. Benjamin has nearly 25 years of experience in the investment industry and has extensive experience serving on the boards of directors of other public and private companies, including Mandalay Resort Group, another gaming company. He has been senior advisor to

Cyrus Capital Partners since June 2008 and serves as a consultant to Apollo Global Management, LLC with respect to investments in the gaming industry. He was a senior advisor to Apollo Global Management, LLC from 2002 to 2008. He has previously served on the boards of directors of Spectrum Group International, Inc., Goodman Global Holdings, Inc., Dade Behring Holdings, Inc., Chiquita Brands International,

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Inc., McLeod USA, Mandalay Resort Group and Virgin Media Inc. and Exco Resources, Inc. Mr. Benjamin is the Chairman of the board of directors of A-Mark Precious Metals, Inc., and also serves on the boards of directors of Chemtura Corporation and American Airlines Group Inc. He holds a bachelor's degree from Tufts University and a master's degree from the Massachusetts Institute of Technology Sloan School of Management. He is also a member of CEC's Human Resources Committee and was elected as a member of CEC's board of directors because the CEC board of directors concluded that Mr. Benjamin's extensive experience in the gaming and investment industries as well as his extensive directorial experience provide the CEC board of directors with a wealth of knowledge regarding the operational issues facing companies in the gaming industry and a business strategy essential to guiding CEC's strategy.

*Fred J. Kleisner* became a member of CEC's board of directors in July 2013. Mr. Kleisner has been Senior Advisor of Morgans Hotel Group Co. since 2006, served as the President and Chief Executive Officer of Hard Rock Hotel Holdings LLC from December 2007 through March 2011 and also served as the President and Chief Executive Officer of Morgans Hotel Group Co. from September 2007 through April 2011. He has also served in management positions with Rex Advisors, LLC, Wyndham International, Inc., and Starwood Hotels & Resorts Worldwide, Inc., Westin Hotels and Resorts, Interstate Hotels Company, The Sheraton Corporation, and Hilton Hotels, Corp. Mr. Kleisner currently serves as a director of Ashford Hospitality Trust, Kindred Healthcare, Inc., Playtime, LLC, as member of the board of managers of Ambridge Hospitality, and on the Advisory Council of Michigan State University's Broad School of Business, Hospitality Business/Real Estate Investment Management Program. He previously served on the board of directors of Apollo Residential Mortgage, Inc., Hard Rock Holdings, LLC, the Museum of Arts & Design, NYC, as a Trustee/Director for the Culinary Institute of America, and as a Trustee of National Outdoor Leadership School. He holds a degree from The School of Hospitality Business at Michigan State University. Mr. Kleisner serves as a member of CEC's Audit Committee and 162(m) Plan Committee and was elected as a member of CEC's board of directors because the board concluded that Mr. Kleisner's extensive experience in the management and operation of the companies in the hospitality and entertainment industry enable him to provide the board of directors with a wealth of knowledge regarding operational issues facing companies in the hospitality and entertainment industry and a business strategy essential to guiding CEC's strategy.

*Bernard Zuroff* became a member of CEC's board of directors in November 2016. Mr. Zuroff is a consultant and associate for Vertical Partners, a real estate development company. He previously held the position of Group Vice President, Secretary, and General Counsel at McLeodUSA, Inc. from August 2006 through February 2008. He has practiced law for over twenty-three years in both private practice and as corporate in-house counsel, and has over nine years of experience in the telecommunications industry. Specifically, from October 2004 to August 2006, Mr. Zuroff was an independent consultant in the telecommunications industry. He also served as General Counsel, Executive Vice President and Secretary of ICG Communications Inc. from October 2000 to October 2004. Prior to this position, Mr. Zuroff was the Assistant General Counsel and Corporate Attorney of ICG Communications Inc. since July 1996. Before joining ICG Communications Inc., he had eleven years of experience as an attorney with Gorsuch Kirgis, LLP, the Resolution Trust Company and Infotel, Inc. Mr. Zuroff has a Bachelor of Arts degree in Accounting from Carroll College, a Juris Doctorate from the University of Montana, and an LLM in Taxation Law from New York University. He served on the board of Directors of Fisker Automotive, Inc. from November 2012 to November 2014 and previously served on the board of trustees of InnKeepersUSA, Inc. from July 2010 to October 2011. Mr. Zuroff was also elected to serve on CEC's Audit Committee and 162(m) Plan Committee.

*Class II Directors (Current Term Will Expire in 2017)*

*Kelvin Davis* became a member of CEC's board of directors in January 2008 upon completion of the acquisition of CEC by the Sponsors. He is the Founder and Co-Head of TPG Real Estate. He has been a Partner at TPG based in San Francisco since 2000 and is a member of the Firm's Management Committee. From 2000 to 2009, Mr. Davis led TPG's North American Buyouts Group, encompassing investments in all non-technology industry sectors. Prior to joining



TPG in 2000, Mr. Davis was President and Chief Operating Officer of Colony

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Capital, LLC, a private international real estate investment firm, based in Los Angeles, which he co-founded in 1991. Prior to the formation of Colony Capital, LLC, Mr. Davis was a principal of RMB Realty, Inc. the real estate investment vehicle of Robert M. Bass. Prior to his affiliation with RMB Realty, Inc., he worked at Goldman, Sachs & Co. in New York and with Trammell Crow Company in Dallas and Los Angeles. Mr. Davis currently serves on the boards of directors of CEOC, Catellus Development Corporation, Taylor Morrison Home Corporation (NYSE:TMHC), AV Homes, Inc. (NASDAQ: AVHI), Evergreen Industrial Properties, Inc., AID Holdings, LLC and Cousins Properties Incorporated. He is also a long-time director (and past Chairman) of Los Angeles Team Mentoring, Inc. (a charitable mentoring organization), is a trustee of Los Angeles County Museum of Art (LACMA), and is on the board of overseers of the Huntington Library, Art Collections and Botanical Gardens. He holds a bachelor's degree in Economics from Stanford University and an M.B.A. from Harvard Business School. He is a member of CEC's Human Resources Committee, the Executive Committee, the Finance Committee and the Nominating and Corporate Governance Committee. Due to Mr. Davis' experience and wealth of knowledge regarding investments, including real-estate related investments, he provides CEC's board of directors with valuable knowledge and insight into investment related matters as well as business strategy relevant to the CEC.

*Eric Press* became a member of CEC's board of directors in January 2008 upon completion of the acquisition of CEC by the Sponsors. Mr. Press has been a Senior Partner at Apollo since 2007 and has been a Partner of other Apollo entities since 1998. Mr. Press has nearly 20 years of experience in financing, analyzing, investing in and/or advising public and private companies and their board of directors. Mr. Press currently serves on the boards of directors of Apollo Commercial Real Estate Finance, Inc., Constellis Holdings, LLC, Princimar Chemical Holdings, LLC, DSP Parent, L.P. and Prime Security Services Borrower, LLC. He has previously served on the board of directors of the Innkeepers Trust USA, Wyndham International, Inc., Quality Distribution, Inc. AEP Industries, Inc., Metals USA Holdings Corp., WMC Finance Corp., Prestige Cruise Holdings, Inc., Athene Holding, Ltd., Affinion Group Holdings, Inc., Noranda Aluminum Holding Corporation and Verso Corporation. Mr. Press graduated magna cum laude from Harvard University with a bachelor's degree in economics and received his law degree from Yale Law School. Mr. Press' extensive experience in financing, analyzing, investing in and/or advising public and private companies and their board of directors and, as such, he provides CEC's board of directors with key insights and knowledge into financing and investment matters as well as general management experience.

*David Sambur* became a member of CEC's board of directors in November 2010. Mr. Sambur is a Senior Partner of Apollo, having joined in 2004. Mr. Sambur has experience in financing, analyzing, investing in and/or advising public and private companies and their board of directors. Prior to joining Apollo, Mr. Sambur was a member of Salomon Smith Barney Inc. Mr. Sambur serves on the board of directors of AGS Capital LLC, CAC, CEOC, Coinstar, LLC, Diamond Resorts International Inc., Rackspace Inc., EcoATM, LLC and Redbox Automated Retail, LLC. Mr. Sambur previously served on the board of directors of Hexion Holdings, LLC, MPM Holdings Inc. and Verso Corporation. Mr. Sambur graduated summa cum laude and Phi Beta Kappa from Emory University with a bachelor's degree in Economics. He is a member of CEC's Executive Committee and Nominating and Corporate Governance Committee. Due to Mr. Sambur's foregoing experience and qualifications, Mr. Sambur was elected as a member of CEC's board of directors.

*Mark Frissora* became a member of CEC's board of directors in February 2015. Mr. Frissora serves as CEC's Chief Executive Officer and President. Mr. Frissora has 38 years of business experience that spans all levels of management and functional roles, including Chairman and CEO of two Fortune 500 companies over the last 14 years. Prior to joining CEC, he served as the Chairman and Chief Executive Officer of Hertz Global Holdings, Inc. from July 2006 until September 2014. Prior to joining Hertz in July 2006, Mr. Frissora led Tenneco, Inc. where he served as Chief Executive Officer from January 2000 to July 2006. His past positions include positions in sales, marketing and brand management at General Electric as well as senior roles overseeing supply chain, engineering and manufacturing at Tenneco and positions at Aeroquip-Vickers Corporation and Philips NV. He also serves as a director of Delphi

Automotive PLC, where he is a member of their Finance Committee and a member of their Nominating and Governance Committee. Mr. Frissora previously

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served as a director of Walgreens Boot Alliance. Mr. Frissora holds a bachelor's degree from The Ohio State University and has completed executive development programs at Babson College and the Thunderbird International School of Management. He is a member of the CEO Roundtables of the American Gaming Association and the U.S. Travel Association. Mr. Frissora was elected as a member of CEC's board because of his significant operational background and his past experience in leading large, complex organizations. He also serves as the Chairman of the CEC Executive Committee.

*Class III Directors (Current Term Will Expire in 2018)*

*Gary Loveman* has been Chairman of CEC's board of directors since January 2005 and has been a member of CEC's board of directors since February 2000. He served as CEC's Chief Executive Officer from January 2003 until July 2015 and President from April 2001 until July 2015. He has over 15 years of experience in retail marketing and service management, and he previously served as an associate professor at the Harvard University Graduate School of Business. Mr. Loveman also serves as Executive Vice President of Aetna, Inc. and President of its Healthagen division, and as Chairman of the board of directors of CEOC. He previously served as a director of Coach, Inc. and FedEx Corporation. He holds a bachelor's degree from Wesleyan University and a Ph.D. in Economics from the Massachusetts Institute of Technology. Mr. Loveman was elected as a member of CEC's board of directors because CEC's board concluded that Mr. Loveman's distinguished career and experience in retail marketing and service management as well as his long service on CEC's board provides continuity to the board and enables Mr. Loveman to contribute valuable insight and guidance on important issues facing the business of CEC.

*David Bonderman* became a member of CEC's board of directors in January 2008 upon completion of the acquisition of CEC by the Sponsors. Mr. Bonderman is a TPG Founding Partner. Prior to forming TPG in 1992, Mr. Bonderman was Chief Operating Officer of the Robert M. Bass Group, Inc. (now doing business as Keystone Group, L.P.) in Fort Worth, Texas. He has previously served on the boards of directors of JSC VTB Bank, General Motors Company, Gemalto N.V., Burger King Holdings, Inc., Washington Mutual, Inc., IASIS Healthcare LLC, Univision Communications, Inc., Armstrong World Industries, Inc. and CoStar Group, Inc. Mr. Bonderman also currently serves on the boards of directors of CEOC, Energy Future Holdings Corp., Kite Pharma, Inc., Pace Holdings Corp. and Ryanair Holdings PLC, of which he is Chairman. He holds a bachelor's degree from the University of Washington and a law degree from Harvard University. Mr. Bonderman was elected as a member of CEC's board of directors because the board concluded that Mr. Bonderman's extensive experience in investment and finance matters as well as his extensive directorial experience and deep understanding of operational issues enable Mr. Bonderman to provide CEC's board with valuable insight and guidance on strategic and operational issues of CEC.

*Marc Rowan* became a member of CEC's board of directors in January 2008 upon completion of the acquisition of CEC by the Sponsors. Mr. Rowan is a co-founder and Senior Managing Director of Apollo, a leading alternative asset manager focused on contrarian and value oriented investments across private equity, credit-oriented capital markets and real estate, a position he has held since 1990. He currently serves on the boards of directors of Apollo, Athene Holding Ltd., and CAC. He has previously served on the boards of directors of AMC Entertainment, Inc., Beats Music, LLC (until its acquisition by Apple Inc.), CableCom GmbH, Countrywide PLC, Culligan Water Technologies, Inc., Furniture Brands International, Inc., Mobile Satellite Ventures, L.P., National Cinemedia, Inc., National Financial Partners, Inc., New World Communications, Inc., New York REIT, Inc., Norwegian Cruise Lines Inc., Quality Distribution, Inc., Samsonite Corporation, SkyTerra Communications, Inc., Unity Media SCA, Vail Resorts, Inc., Wyndham International, Inc. and CEOC (until March 18, 2016). He is a founding member and Chairman of Youth Renewal Fund and a member of the board of overseers of The Wharton School. He serves on the boards of directors of Jerusalem Online and the New York City Police Foundation. Mr. Rowan graduated summa cum laude from the University of Pennsylvania's Wharton School of Business with a bachelor's degree and an M.B.A. in Finance. Mr. Rowan is a member of CEC's Human Resources Committee and Finance Committee. Mr. Rowan was elected as a

member of CEC's board of directors because the board concluded that Mr. Rowan's extensive experience in value oriented investments,

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credit-oriented capital markets and real estate as well as his extensive directorial experience enable Mr. Rowan to provide CEC's board of directors with insight and guidance on strategic matters of CEC.

*Christopher J. Williams* became a member of CEC's board of directors in April 2008. Mr. Williams has been Chairman of the board of directors and Chief Executive Officer of Williams Capital Group, L.P., an investment bank, since 1994, and Chairman of the board of directors and Chief Executive Officer of Williams Capital Management, LLC, an investment management firm, since 2002. Mr. Williams also serves on the boards of directors for Cox Enterprises, Inc., The Clorox Company, and Ameriprise Financial, Inc. Mr. Williams also serves as the Chairman of the board of overseers of the Tuck School of Business at Dartmouth College, and on the board of directors of the Lincoln Center for the Performing Arts and The Partnership for New York City. He previously served on the board of directors of Wal-Mart Stores, Inc. He is Chairman of CEC's Audit Committee and is a member of the 162(m) Plan Committee. Mr. Williams holds a bachelor's degree from Howard University and an M.B.A. from Dartmouth College's Tuck School of Business. Mr. Williams was elected as a member of CEC's board of directors because CEC's board of directors concluded that Mr. Williams' extensive management experience in investment banking provides CEC's board of directors with a wealth of knowledge regarding business operations and business strategy as well as valuable financial and investment experience essential to guiding CEC's strategy.

***Director Independence***

Hamlet Holdings, the members of which are comprised of five individuals affiliated with the Sponsors, as of December 31, 2016, beneficially owned approximately 59.6% of CEC Common Stock pursuant to the CEC Irrevocable Proxy that grants Hamlet Holdings sole voting and sole dispositive power over those shares, and, as a result, the Sponsors have the power to elect all of CEC's directors. Therefore, CEC is a controlled company under NASDAQ corporate governance standards, and CEC has elected not to comply with the NASDAQ corporate governance requirement that a majority of CEC's board of directors and human resources (i.e., compensation) and nominating and corporate governance committees consist of independent directors. See Certain Relationships and Related Party Transactions of Caesars Entertainment Corporation.

CEC's board of directors affirmatively determines the independence of each director and director nominee in accordance with guidelines it has adopted, which include all elements of independence set forth in the applicable rules of listing standards of NASDAQ. These guidelines are contained in CEC's Corporate Governance Guidelines which are posted on the Corporate Governance page of CEC's web site located at <http://investor.caesars.com>.

As of the date of this joint proxy statement/prospectus, CEC's board of directors consisted of 11 members: Gary Loveman, Jeffrey Benjamin, David Bonderman, Kelvin Davis, Mark Frissora, Fred J. Kleisner, Eric Press, Marc Rowan, David Sambur, Christopher J. Williams and Bernard Zuroff. Based upon the listing standards of the NASDAQ, CEC does not believe that Messrs. Loveman, Benjamin, Bonderman, Davis, Frissora, Press, Rowan, or Sambur would be considered independent because of their relationships with certain affiliates of the Sponsors or other relationships with CEC. CEC's board of directors has affirmatively determined that Messrs. Kleisner, Williams and Zuroff are independent from CEC's management under the NASDAQ listing standards. CEC's board of directors has also affirmatively determined that Messrs. Kleisner, Williams and Zuroff, the current members of CEC's Audit Committee, meet the independence requirements of Rule 10A-3 of the Exchange Act.

***Executive Officers***

Executive officers are elected annually and serve at the discretion of CEC's board of directors and hold office until their successors are duly elected and qualified or until their earlier resignation or removal. There are no family relationships among any of CEC's directors or executive officers. Gary Loveman serves as Chairman of the board of

directors and served as Chief Executive Officer and President until July 1, 2015. His business

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experience is discussed above. Mark Frissora serves as Director and, as of July 1, 2015, President and Chief Executive Officer. His business experience is discussed above. Other executive officers and their ages as of December 31, 2016 are:

<b>Name</b>	<b>Age</b>	<b>Position(s)</b>
Janis Jones Blackhurst	67	Executive Vice President, Communications and Government Relations
Richard D. Broome	58	Executive Vice President of Public Affairs and Communications
Timothy R. Donovan	61	Executive Vice President, General Counsel and Chief Regulatory and Compliance Officer
Eric Hession	42	Executive Vice President and Chief Financial Officer
Thomas M. Jenkin	61	Global President of Destination Markets
Robert Morse	61	President of Hospitality
Les Ottolenghi	55	Executive Vice President and Chief Information Officer
Ruben Sigala	41	Executive Vice President and Chief Marketing Officer
Mary Thomas	50	Executive Vice President, Human Resources
Steven Tight	61	President, International Development

*Ms. Jones Blackhurst* became CEC's Executive Vice President, Communications and Government Relations in November 2011. She served as Senior Vice President of Communications and Government Relations from November 1999 to November 2011. Prior to joining CEC, Ms. Blackhurst served as Mayor of Las Vegas from 1991 to 1999.

*Mr. Broome* became CEC's Executive Vice President of Public Affairs and Communications in January 2016. Prior to joining CEC, Mr. Broome served as the Executive Vice President, Corporate Affairs and Communications of Hertz Holdings and Hertz from March 2013 through July 2015. Previously, Mr. Broome served as Senior Vice President, Corporate Affairs and Communications of Hertz Holdings and Hertz from March 2008 to March 2013, and as Vice President, Corporate Affairs and Communications from August 2000 to March 2008.

*Mr. Donovan* became CEC's Executive Vice President in November 2011, General Counsel in April 2009 and CEC's Chief Regulatory and Compliance Officer in January 2011. He served as Senior Vice President from April 2009 to November 2011. Prior to joining CEC, Mr. Donovan served as Executive Vice President, General Counsel and Corporate Secretary of Republic Services, Inc. from December 2008 to March 2009 after a merger with Allied Waste Industries, Inc., where he served in the same capacities from April 2007 to December 2008. Mr. Donovan earlier served as Executive Vice President-Strategy & Business Development and General Counsel of Tenneco, Inc. from July 1999 to March 2007. He currently serves on the board of John B. Sanfilippo Sons, Inc.

*Mr. Hession* became CEC's Executive Vice President and Chief Financial Officer in January 2015 and has been CEC's Treasurer since November 2011. Prior to becoming Senior Vice President and Treasurer in November 2011, Mr. Hession served as CEC's Vice President and Treasurer from July 2010 to November 2011. Prior to his employment with CEC, Mr. Hession spent five years with Merck and Company, working in various capacities in Pennsylvania, North Carolina, and at their New Jersey corporate headquarters.

*Mr. Jenkin* became CEC's Global President of Destination Markets in May 2013. He served as President of Operations from November 2011 through May 2013. He served as Western Division President from January 2004 through November 2011. He served as Senior Vice President-Southern Nevada from November 2002 to December 2003 and Senior Vice President and General Manager-Rio from July 2001 to November 2002.



*Mr. Morse* became CEC's President of Hospitality in April 2014. Prior to joining CEC, he served as Chief Operating Officer for the Americas region of Intercontinental Hotel Group ( IHG ) from February 2012 through April 2014. In his prior role, he was responsible for leading IHG's operations for franchised and managed hotels, including InterContinental Hotels & Resorts, Crowne Plaza Hotels & Resorts, Hotel Indigo, Holiday Inn

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Hotels & Resorts, Holiday Inn Express, Staybridge Suites and Candlewood Suites. Mr. Morse joined IHG from Noble Investment Group where he served as managing principal and Chief Operating Officer from February 2005 through October 2011.

*Mr. Ottolenghi* became CEC's Executive Vice President and Chief Information Officer in January 2016. Prior to joining CEC in early 2016, Mr. Ottolenghi held the same role at Las Vegas Sands Corporation from June 2013 to August 2015. Mr. Ottolenghi was also the Founder and served as CEO of Plat4m Technologies, formerly Firebox, LLC, from August 2007 to May 2013.

*Mr. Sigala* became currently CEC's Executive Vice President and Chief Marketing Officer in December, 2016. He previously served as Senior Vice President and Chief Analytics Officer for the Enterprise Analytics division. Mr. Sigala has been employed with CEC since August 2005 and has held various roles in Revenue Management, Business Intelligence, Planning and Analysis, and Business Strategy. Prior to joining CEC, he worked for Princess Cruises within their Analytics organization and as a consultant in Ernst and Young's National Cash Management Practice. Mr. Sigala has an MBA from Harvard Business School and a B.S. in Finance/Business Administration from the University of Kansas.

*Ms. Thomas* became CEC's Executive Vice President, Human Resources in November 2011. She served as CEC's Senior Vice President, Human Resources from January 2006 to November 2011. Prior to joining CEC, Ms. Thomas served as Senior Vice President, Human Resources North America for Allied Domecq Spirits & Wines from October 2000 to December 2005.

*Mr. Tight* became CEC's President, International Development in July 2011. Prior to joining CEC, Mr. Tight served as Chief Executive Officer of Aquiva Development from August 2008 to August 2009 and Chief Executive Officer of Al Sharq Investment from December 2004 to July 2008. Mr. Tight earlier served as Senior Vice President International Development for the Walt Disney Company from March 2000 to April 2004 and as Vice President of Business Development from July 1996 to February 2000 and Vice President of Finance from July 1992 to June 1996.

## **Executive Compensation of Caesars Entertainment Corporation in 2016**

### ***Compensation Risk Assessment***

The Human Resources Committee of CEC's board of directors (the CEC HRC) evaluates CEC's compensation structure from the perspective of enterprise risk management and the terms of CEC's compensation policies generally. As discussed below, CEC's executive compensation practices are intended to compensate executives primarily on performance, with a large portion of potential compensation at risk. The CEC HRC has set senior executive compensation with two driving principles in mind: (1) delivering financial results to CEC's stockholders, and (2) ensuring that CEC's customers receive a great experience when visiting CEC's properties. To that end, historically the CEC HRC has set CEC's senior executive compensation so that at least 50% of CEC's senior executives' total compensation is at risk based on these objectives. In addition, the CEC HRC has the authority to claw back bonuses paid to participants in the event of a termination for cause or material noncompliance resulting in financial restatement by a plan participant. As a result, together with the restrictions placed on CEC by gaming, compliance and other regulations, the CEC HRC does not believe that CEC's compensation policies and practices provide incentives to take inappropriate business risks.

### ***Named Executive Officers***

CEC's named executive officers in 2016 were Mark Frissora (President and Chief Executive Officer), Eric Hession (Executive Vice President and Chief Financial Officer), Thomas Jenkin (Global President of Destination Markets), Timothy Donovan (Executive Vice President, General Counsel and Chief Regulatory and Compliance Officer), Gary Loveman (Former President and Chief Executive Officer and current Chairman of the Board) and Robert Morse (President, Hospitality).

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### *Compensation Discussion and Analysis*

#### *Executive Summary*

Adjusted EBITDA (as further defined below under Elements of Compensation Cash Incentive Payments Senior Executive Incentive Plan and Annual Management Bonus Plan ) results for 2016 were \$2,516 million. Customer satisfaction, measured through CEC's customer surveys, continued to improve, reaching record high results in 2016.

The CEC HRC set senior executive compensation with two driving principles in mind: (1) delivering financial results to CEC's stockholders and (2) ensuring that CEC's customers have a great experience when visiting its properties. To that end, historically the CEC HRC set CEC's senior executive compensation so that at least 50% of its senior executives' total compensation is based on these objectives:

The most significant compensation plan that is directly affected by the attainment of performance goals is CEC's Annual Management Bonus Plan (the Bonus Plan ). The financial measure for the Caesars Entertainment Corporation 2009 Senior Executive Incentive Plan (the Senior Executive Incentive Plan ) is EBITDA. The financial measurement used to determine the bonus under the Bonus Plan is Adjusted EBITDA. The non-financial measurement used to determine plan payments for all participants is customer satisfaction, as measured by a third party from customer surveys of the loyalty program in which CEC participates ( Total Rewards ).

The 2016 annual cash incentives paid to CEC's named executive officers were based on its Adjusted EBITDA of \$2,516 million and customer satisfaction improvement of 4.1%. The EBITDA results reached 106% of plan. The CEC HRC approved the corporate score of 125 points in December 2016.

CEC has adopted the CEC 2012 PIP, pursuant to which CEC grants annual equity awards to maintain a competitive long-term incentive program. In 2016, CEC granted restricted stock units ( RSUs ) with a target value made up of 100% RSUs for Mr. Frissora, Jenkin, Hession, Morse, and Donovan. Mr. Loveman did not participate in the annual grant. The equity compensation analysis performed by Towers Watson and the available shares under the plan were considered when determining the mix for each participant.

CEC's named executive officers did receive increases in base salary in 2016. Mr. Frissora received an increase in base salary to \$2,000,000, effective July 5, 2016. The increase for Mr. Frissora was approved on July 5, 2016. Messrs. Jenkin, Hession, Morse, and Donovan received 2.5% increases in base salary, effective October 1, 2016.

#### *2016 Say on Pay Vote*

At the 2016 Annual Meeting, the stockholders approved, on an advisory basis, CEC's named executive officer compensation. Approximately 96% of the votes cast on the 2016 say-on-pay vote were in favor of CEC's named executive officer compensation. Also in 2016, the stockholders approved, on an advisory basis, holding future say-on-pay votes every three years (the say-on-frequency vote). In light of the result of the 2016 say-on-frequency vote, the CEC HRC decided that CEC will present future say-on-pay votes every three years until the next required say-on-frequency vote. Accordingly, CEC expects to hold a say-on-pay vote at its 2019 Annual Meeting.

#### *Process*

*CEC's Human Resources Committee.* The CEC HRC serves as CEC's compensation committee with the specific purpose of designing, approving, and evaluating the administration of its compensation plans, policies, and programs. The CEC HRC's role is to ensure that compensation programs are designed to encourage high performance, promote accountability and align employee interests with the interests of CEC's stockholders. The CEC HRC is also charged with reviewing and approving the compensation of the Chief Executive Officer and

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CEC's other senior executives, including all of the named executive officers. The CEC HRC operates under CEC's Human Resources Committee Charter. The CEC HRC Charter was last updated on February 21, 2013. It is reviewed no less than once per year with any recommended changes presented to CEC's board of directors for approval.

The CEC HRC currently consists of Kelvin Davis, Marc Rowan and Jeffrey Benjamin. The qualifications of the CEC HRC members stem from roles as corporate leaders, private investors, and board members of several large corporations. Their knowledge, intelligence, and experience in company operations, financial analytics, business operations, and understanding of human capital management enables the members to carry out the objectives of the CEC HRC. CEC has chosen the controlled company exception under the NASDAQ rules which exempts CEC from the requirement that CEC have a compensation committee composed entirely of independent directors.

In fulfilling its responsibilities, the CEC HRC is entitled to delegate any or all of its responsibilities to a subcommittee of the CEC HRC or to specified executives of CEC, except that it may not delegate its responsibilities for any matters where it has determined such compensation is intended to comply with the exemptions under Section 16(b) of the Exchange Act.

In February 2009, CEC's board of directors formed the 162(m) Plan Committee. Christopher Williams, Fred Kleisner, and Bernard Zuroff are members of the 162(m) Plan Committee. The purpose of the 162(m) Plan Committee is to administer the Senior Executive Incentive Plan.

*CEC HRC Consultant Relationships.* The CEC HRC has the authority to engage services of independent legal counsel, consultants and subject matter experts in order to analyze, review, recommend and approve actions with regard to director compensation for members of CEC's board of directors, executive officer compensation, or general compensation and plan provisions. CEC provides for appropriate funding for any such services commissioned by the CEC HRC. These consultants are used by the CEC HRC for purposes of executive compensation review, analysis, and recommendations. The CEC HRC has engaged and expects to continue to engage external consultants for the purposes of determining Chief Executive Officer and other senior executive compensation. However, with respect to 2016 compensation, the CEC HRC did not engage any consultants. Rather, consultants were engaged by CEC's Human Resources executives, and these consultants helped formulate information that was then provided to the CEC HRC. See *Role of outside consultants in establishing compensation* below.

### *2016 CEC HRC Activity*

During six meetings in 2016, as delineated in the Human Resources Committee Charter and as outlined below, the CEC HRC performed various tasks in accordance with their assigned duties and responsibilities, including:

**Chief Executive Officer Compensation:** reviewed and approved corporate goals and objectives relating to the compensation of the current and former Chief Executive Officer, evaluated the performance of the current and former Chief Executive Officer in light of these approved corporate goals and objectives and relative to peer group, evaluated and awarded the equity compensation and annual bonus of the current and former Chief Executive Officer based on such evaluation.

**Other Senior Executive Officer Compensation:** set base compensation and annual bonus compensation (other than for those executives that receive bonuses under the Senior Executive Incentive Plan), and awarded equity compensation for all senior executives, which included an analysis relative to CEC's competition peer

group.

Director Compensation: reviewed base compensation and awarded equity compensation for non-management directors, which included a review of CEC's practices against peers both in the gaming industry and outside the gaming industry.

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Executive Compensation Plans: reviewed status of various executive compensation plans, programs, and incentives, CEC's various deferred compensation plans, its various equity plans and amendments to plans.

Equity Compensation Plans: approved awards of equity to certain employees under the CEC 2012 PIP.

Talent Succession: reviewed and evaluated the succession plans relating to the Chief Executive Officer and other executive officer positions; approved the Chief Executive Officer succession plan.

*Role of Human Resources Committee.* The CEC HRC has sole authority in setting the material compensation of CEC's senior executives, including base pay, incentive pay (other than those executives that receive bonuses under the Senior Executive Incentive Plan, whose compensation under that plan is determined by the Section 162(m) Plan Committee) and equity awards. The CEC HRC receives information and input from CEC's senior executives and outside consultants (as described below) to help establish these material compensation determinations, but the CEC HRC is the final arbiter on these decisions.

*Role of CEC executives in establishing compensation.* When determining the pay levels for the Chief Executive Officer and CEC's other senior executives, the CEC HRC solicits advice and counsel from internal and external resources. Internal CEC resources include the Chief Executive Officer, Executive Vice President of Human Resources, and Vice President of Compensation & HR Analytics. The Executive Vice President of Human Resources is responsible for developing and implementing CEC's business plans and strategies for all company-wide human resource functions, as well as day-to-day human resources operations. The Vice President of Compensation & HR Analytics is responsible for the design, execution, and daily administration of CEC's compensation operations. Both of these Human Resources executives attend the CEC HRC meetings, at the request of the CEC HRC, and act as a source of informational resources and serve in an advisory capacity.

In 2016, the CEC HRC communicated directly with the Chief Executive Officer and Human Resources executives in order to obtain external market data, industry data, internal pay information, individual and CEC's performance results, and updates on regulatory issues. The CEC HRC also delegated specific tasks to the CEC's Human Resources executives to facilitate the decision making process and to assist in the finalization of meeting agendas, documentation, and compensation data for CEC HRC review and approval.

The Chief Executive Officer annually reviews the performance of CEC's senior executives and, based on these reviews, recommends to the CEC HRC compensation for all senior executives, other than his own compensation. The CEC HRC, however, has the discretion to modify the recommendations and makes the final decisions regarding material compensation to senior executives, including base pay, incentive pay (other than those executives that receive bonuses under the Senior Executive Incentive Plan), and equity awards.

*Role of outside consultants in establishing compensation.* CEC's internal Human Resources executives regularly engage outside consultants to provide advice related to its compensation policies. Standing consulting relationships are held with several global consulting firms specializing in executive compensation, human capital management, and board of director pay practices. During 2016, the services performed by consultants that resulted in information provided to the CEC HRC are set forth below:

Towers Watson provided CEC with advice regarding its equity program and external benchmarking.



Steven Hall provided CEC with advice regarding executive retention and its equity program.

Mercer Investment Consulting was retained by the Savings & Retirement Plan (401k) and Executive Deferred Compensation Plan Investment Committees to advise these committees on investment management performance, monitoring, investment policy development, and investment manager searches.

Stoel Rives LLP was retained by the Savings & Retirement Plan (401k) Administrative Committee to advise this committee on plan design, compliance and operational consulting for CEC's qualified defined contribution plan.

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The consultants provided the information described above to CEC's Human Resources executives to help formulate information that is then provided to the CEC HRC. The direct fees paid to Stoel Rives LLP in 2016 were \$120,308 for the 401(k) Plan. There were additional fees paid to Stoel Rives LLP in 2016, but they were paid for by the plan. For 401(k), Mercer switched to a discretionary consulting model in late 2013, and therefore, the fees for investment consulting are a part of the investment management fees paid by the plan. No direct fees are paid to Mercer Investment Consulting from CEC. For the Executive Deferred Compensation Plans, the fees paid to Mercer Investment Consulting in 2016 are \$76,147. The fees paid to Towers Watson were \$64,322. The fees paid to Mr. Hall were \$116,264.

The CEC HRC has determined that the work of Towers Watson, Steven Hall, Mercer Investment Consulting and Stoel Rives LLP did not raise any conflicts of interest in fiscal 2016. In making this assessment, the CEC HRC considered that neither Towers Watson, Steven Hall, Mercer Investment Consulting nor Stoel Rives LLP provided any other services to CEC unrelated to executive compensation, except for some work performed by Towers Watson related to employee benefits that CEC does not believe raises any potential conflicts, and the other factors enumerated in Rule 10C-1(b) under the Exchange Act.

***Objectives and Philosophy of Compensation Programs***

CEC's executive compensation program is designed to achieve the following objectives:

align CEC's rewards strategy with its business objectives, including enhancing stockholder value and customer satisfaction;

support a culture of strong performance by rewarding employees for results;

attract, retain and motivate talented and experienced executives; and

foster a shared commitment among CEC's senior executives by aligning its and their individual goals.

These objectives are ever-present and are at the forefront of CEC's compensation philosophy and all compensation design decisions.

CEC's compensation philosophy provides the foundation upon which all of its compensation programs are built. CEC's goal is to compensate its executives with a program that rewards loyalty, results-driven individual performance, and dedication to the organization's overall success. These principles define CEC's compensation philosophy and are used to align CEC's compensation programs with its business objectives. Further, the CEC HRC specifically outlines in its charter the following duties and responsibilities in shaping and maintaining CEC's compensation philosophy:

assess whether the components of executive compensation support CEC's culture and business goals;

consider the impact of executive compensation programs on stockholders;

consider issues and approve policies regarding qualifying compensation for executives for tax deductibility purposes;

approve the appropriate balance of fixed and variable compensation; and

approve the appropriate role of performance based and retention based compensation.

CEC's executive compensation programs are structured to reward its executives for their contributions in achieving CEC's mission of providing outstanding customer service and attaining strong financial results, as discussed in more detail below. CEC's executive compensation policy is designed to attract and retain high caliber executives and motivate them to superior performance for the benefit of CEC's stockholders.

Various CEC policies are in place to shape its executive pay plans, including:

salaries are linked to competitive factors, internal equity, and can be increased as a result of successful job performance;

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CEC’s annual bonus programs are competitively based and provide incentive compensation based on CEC’s financial performance and customer service scores;

long-term incentives are tied to enhancing stockholder value and to CEC’s financial performance; and

qualifying compensation paid to senior executives is designed to maximize tax deductibility, where possible. The executive compensation practices are intended to compensate executives primarily on performance, with a large portion of potential compensation at risk. The CEC HRC sets senior executive compensation with two driving principles in mind: (1) delivering financial results to CEC’s stockholders and (2) ensuring that CEC’s customers receive a great experience when visiting CEC’s properties. To that end, historically the CEC HRC has set CEC’s senior executive compensation so that at least 50% of CEC’s senior executives’ total compensation is at risk based on these objectives.

*Compensation Program Design Emphasizes Variable and At Risk Compensation*

The executive compensation program is designed with CEC’s executive compensation objectives in mind and is comprised of fixed and variable pay plans, cash and non-cash plans, and short and long-term payment structures in order to recognize and reward executives for their contributions to CEC today and in the future. The impact of individual performance on compensation is reflected in base pay merit increases, setting the Bonus Plan payout percentages as compared to base pay, and the amount of equity awards granted. The impact of CEC’s financial performance and customer satisfaction is reflected in the calculation of the annual bonus payment and the intrinsic value of equity awards. Supporting a performance-based culture and providing compensation that is directly linked to outstanding individual and overall financial results is at the core of CEC’s compensation philosophy and human capital management strategy.

The table below reflects CEC’s short-term and long-term executive compensation programs during 2016:

**Short-term**

***Fixed and Variable Pay***

Base Salary

Senior Executive Incentive Plan (employing the goals under the Annual Management Bonus Plan)

*Market Review and Competitiveness*

**Long-term**

***Variable Pay***

Equity Awards Cash retention awards and RSUs

CEC periodically assesses and evaluates the internal and external competitiveness for all components of its executive compensation program. Internally, CEC looks at critical and key positions that are directly linked to its profitability and viability. CEC reviews its compensation structure to determine whether the appropriate hierarchy of jobs is in place with appropriate ratios of Chief Executive Officer compensation to other senior executive compensation. CEC believes the appropriate ratio of Chief Executive Officer cash compensation compared to other senior executives ranges from 2.63:1 on the low end to 8.83:1 on the high end. These ratios are merely a reference point for the CEC HRC in setting the compensation of CEC’s Chief Executive Officer, and were set after reviewing the job responsibilities of CEC’s Chief Executive Officer versus other senior executives and a gaming peer group. Internal equity is based on both quantitative and qualitative job evaluation methods, including span of control, required skills

and abilities, long-term career growth opportunities as well as relevant comparative financial and non-financial job metrics. Externally, benchmarks are used to provide guidance and to improve CEC's ability to attract, retain, and recruit talented senior executives. Due to the highly competitive nature of the gaming industry, as well as the competitiveness across industries for talented senior executives, it is important for CEC's compensation programs to provide CEC the ability to internally develop executive talent, as well as recruit highly qualified senior executives.

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The overall design of the executive compensation program and the elements thereof is a culmination of years of development and compensation plan design adjustments. Each year the plans are reviewed for effectiveness, competitiveness, and legislative compliance. The current plans have been put into place with the approval of the CEC HRC and in support of the principles of the compensation philosophy and objectives of CEC's pay practices and policies.

CEC's Human Resources department conducts an annual review of compensation practices of competitors in the gaming industry. The review covers a range of senior roles, including those of CEC's named executive officers and board of directors, and competitive practices relating to cash compensation. The findings of the peer group analysis are presented to the CEC HRC when reviewing cash compensation for CEC's executives. As a result of this review, the CEC HRC believes that the current compensation program adequately compensates and provides incentive to CEC's executives. The companies comprising CEC's peer group for 2016 were:

Boyd Gaming Corporation  
Carnival Corporation  
Hilton Worldwide  
Isle of Capri Casinos, Inc.  
Las Vegas Sands Corp.  
MGM Resorts International

Penn National Gaming, Inc.  
Pinnacle Entertainment, Inc.  
Royal Caribbean  
Starwood  
Station Casinos, Inc.  
Wynn Resorts, Limited

*Elements of Active Employment Compensation and Benefits*

The total cash compensation mix for each named executive officer varies. For CEC's Chief Executive Officer, Mark Frissora, the allocation for 2016 was 30% for base salary and 70% for annual bonus. For the other named executive officers in 2016, the average allocation was 48% for base salary and 52% for annual bonus. Each compensation element is considered individually and as a component within the total compensation package. In reviewing each element of CEC's senior executives' compensation, the CEC HRC reviews peer data, internal and external benchmarks, CEC's performance over the calendar year (as compared to CEC's internal plan as well as compared to other gaming companies) and the executive's individual performance. Prior compensation and wealth accumulation is considered when making decisions regarding current and future compensation; however, it has not been a decision point used to cap a particular compensation element.

**Table of Contents***Named Executive Officer Compensation*

	<b>Base Salary(\$)</b>	<b>Option Awards(\$)</b>	<b>Stock Units or Non-Equity Incentive Awards(\$)</b>	<b>Plan Compensation(\$)</b>	<b>All Other Compensation(\$)</b>
Mark Frissora President and Chief Executive Officer	1,976,923		2,565,001	4,756,771	212,237
Gary Loveman Chairman of the board of directors	1,900,000			3,250,000	822,699
Eric Hession Executive Vice President and Chief Financial Officer	703,990		1,233,440	791,889	21,658
Thomas Jenkin Global President of Destination Markets	1,206,841		1,859,630	1,357,596	45,250
Robert Morse President of Hospitality	854,845		1,393,751	881,459	35,682
Timothy Donovan Executive Vice President, General Counsel and Chief Regulatory & Compliance Officer	703,990		1,351,484	659,891	33,304

In 2016, CEC continued its annual equity program of awarding RSUs to CEC's leadership population, including to the majority of CEC's named executive officers. The Stock Units figures in the above table reflect grant date fair value of the awards granted during 2016. With respect to non-equity incentive plan compensation, CEC's Senior Executive Incentive Plan (in which each of CEC's named executive officers participate) is a program based on CEC's financial performance and customer service improvement. Bonus amounts are determined at the sole discretion of the 162(m) Plan Committee (subject to certain plan limitations), with input from the Chief Executive Officer for the other named executive officers. With respect to all other compensation related to the costs of Mr. Loveman's personal security, aircraft usage and hotel lodging expense while in Las Vegas. See Note 5 of the Summary Compensation Table.

***Elements of Compensation******Base Salary***

Salaries are reviewed each year and increases, if any, are based primarily on an executive's accomplishment of various performance objectives and salaries of executives holding similar positions within the peer group, or within CEC. Adjustments in base salary may be attributed to one of the following:

Merit: increases in base salary as a reward for meeting or exceeding objectives during a review period. The

size of the increase is directly tied to pre-defined and weighted objectives (qualitative and quantitative) set forth at the onset of the review period. The greater the achievement in comparison to the goals, generally, the greater the increase.

Market: increases in base salary as a result of a competitive market analysis, or in coordination with a long term plan to pay a position at a more competitive level.

Promotional: increases in base salary as a result of increased responsibilities associated with a change in position.



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Additional Responsibilities: increases in base salary as a result of additional duties, responsibilities, or organizational change. A promotion may be, but is not necessarily, involved.

Retention: increases in base salary as a result of a senior executive's being recruited by or offered a position by another employer.

All of the above reasons for base salary adjustments for senior executives must be approved by the CEC HRC and are not guaranteed as a matter of practice or in policy. On July 5, 2016, Mr. Frissora received an increase in base salary to \$2,000,000 pursuant to an amendment to Mr. Frissora's contract on July 5, 2016. CEC's other named executive officers received a 2.5% increase in base salary on October 1, 2016.

*Cash Incentive Payments*

*Senior Executive Incentive Plan and Annual Management Bonus Plan*

CEC's annual cash incentive plan for the named executive officers is the Senior Executive Incentive Plan. The awards granted pursuant to the Senior Executive Incentive Plan are intended to qualify as performance-based compensation under Section 162(m) of the Code. Eligibility to participate in the Senior Executive Incentive Plan is limited to senior executives of CEC and its subsidiaries who are, or may at some future date be, subject to Section 16 of the Exchange Act. The 162(m) Plan Committee set the performance criteria, target percentages, and participants under the Senior Executive Incentive Plan in May 2016. The 162(m) Plan Committee set the bonus target for each participant in the Senior Executive Incentive Plan at 0.5% of CEC's EBITDA for 2016. Subject to the foregoing and to the maximum award limitations, no awards will be paid for any period unless CEC achieves positive EBITDA. The Senior Executive Incentive Plan is discretionary, including making no payments under the plan.

Messrs. Frissora, Loveman, Hession, Jenkin, Donovan, and Morse and certain other executive officers participated in the Senior Executive Incentive Plan for 2016. As noted above, the 162(m) Plan Committee has authority to reduce bonuses earned under the Senior Executive Incentive Plan and also has authority to approve bonuses outside of the Senior Executive Incentive Plan to reward executives for special personal achievement.

It has been the 162(m) Plan Committee's practice to implement its discretion under the Senior Executive Incentive Plan (decrease the bonus target of 0.5% of EBITDA) by reference to the achieved performance goals and bonus formulas used under the Bonus Plan discussed below.

The Bonus Plan provides the opportunity for CEC's senior executives and other participants to earn an annual bonus payment based on meeting corporate financial and non-financial goals. The goals may change annually to support CEC's short or long-term business objectives. These goals are set at the beginning of each fiscal year by the CEC HRC. In accordance with the terms of the Bonus Plan, the CEC HRC is authorized to revise the financial goals on a semi-annual basis if external economic conditions indicated that the original goals did not correctly anticipate movements of the broader economy. In order for participants in the Bonus Plan to receive a bonus, CEC must achieve at least 85% of the financial goals approved by the CEC HRC, although the CEC HRC has the discretion to award bonuses even if the target threshold is not met.

The Bonus Plan performance criteria, target percentages, and plan awards for bonus payments for the fiscal year ended December 31, 2016 (paid in 2017) were set in February 2016; however, the CEC HRC continued its past practice of periodically reviewing performance criteria against plan. For the 2016 plan year, the Bonus Plan's goal for CEC's named executive officers and other members of senior management consisted of a combination of Adjusted EBITDA and customer satisfaction improvement. Although officers that participated in the Senior Executive

Incentive Plan during 2016 did not participate in the Bonus Plan, goals were set for all officers under this plan. The measurement used to gauge the attainment of these goals is called the corporate score.

For 2016, financial goals were based on Adjusted EBITDA, representing up to 80% of the corporate score. EBITDA is a common measure of company performance in the gaming industry and as a basis for valuation of gaming companies and, in the case of Adjusted EBITDA, as a measure of compliance with certain debt covenants.

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Adjusted EBITDA under the Bonus Plan means Adjusted EBITDA as defined by CEC to be consistent with agreements governing certain senior secured credit facilities, which are publicly available on CEC's website and the SEC's website, and is further adjusted by exceptions approved by the CEC HRC to account for unforeseen events that directly impact Adjusted EBITDA results. EBITDA under CEC's Senior Executive Incentive Plan means CEC's consolidated net income before deductions for interest expense, income tax expense, depreciation expense, amortization expense for the performance period, each computed in accordance with accounting principles generally accepted in the United States. The CEC HRC may make adjustments to the calculation of CEC's EBITDA when the performance goal is established.

The non-financial goal is based on CEC's customer satisfaction score. CEC distinguishes itself from competitors by providing excellent customer service. Supporting CEC's property team members who have daily interaction with its external customers is critical to maintaining and improving guest service. Customer satisfaction is measured by surveys of Total Rewards customers taken by a third party. These surveys are taken weekly across a broad spectrum of customers. Customers are asked to rate CEC's casinos' performance using a simple 1-10 rating scale, with a score of 9 or 10 being considered an A score. The survey questions focus on friendly/helpful and wait time in key operating areas, such as beverage service, slot services, Total Rewards, cashier services and hotel operation services. Each of CEC's casino properties works against an annual baseline defined by a composite of their performance in these key operating areas from previous years. Customer satisfaction comprised 20% of the corporate score for 2016, and the target was set at a 2% change from non-A to A scores for 2016. A minimum 1% change from non-A to A scores is required to receive any portion of the customer satisfaction payout. Actual customer satisfaction score for 2016 was 4.1% change in non A to A scores.

After the corporate score has been determined, a bonus matrix approved by the CEC HRC provides for bonus amounts of participating executive officers and other participants that will result in the payment of a specified percentage of the participant's salary if the target objective is achieved. The target payout percentage for Mr. Frissora is 175% and target payout percentage for Messrs. Hession, Jenkin, Donovan, and Morse is 75%. This percentage of salary is adjusted upward or downward based upon the level of corporate score achievement.

After the end of the fiscal year, the Chief Executive Officer assesses CEC's performance against the financial and customer satisfaction targets set by the CEC HRC. Taking into account CEC's performance against the targets set by the CEC HRC, the Chief Executive Officer develops and recommends a performance score of 0 to 200 to the CEC HRC. If the minimum of 85% of the financial goal is not met, the performance score is 0. If the threshold of 85% of the financial goal is met but not exceeded, the performance score is 16. To achieve the maximum score of 200 points, the financial performance must meet or exceed 115% of the financial goals and the customer satisfaction score must meet or exceed a 2% shift in 2016. A score of 200 results in payment of two times target bonus, while a score of 100 results in payment of target bonus opportunity.

The 2016 corporate score of 125 was approved by the CEC HRC. See the Summary Compensation Table for actual payouts.

The CEC HRC has the authority under the Bonus Plan to adjust any goal or bonus points with respect to executive officers, including making no payment under the Bonus Plan. These decisions are subjective and based generally on a review of the circumstances affecting results to determine if any events were unusual or unforeseen.

*Discretionary Bonus Awards*

The CEC HRC has the discretion to award special discretionary bonuses to CEC's named executive officers. In August 2015 the CEC HRC awarded Mr. Donovan a special one-time retention bonus of \$200,000 in order to help CEC retain

his services, payable in two equal installments of \$100,000 on each final regular payroll day of 2015 and 2016. No other named executive officer received a discretionary bonus in 2016.

**Table of Contents***Equity Awards**Retention Awards*

In July 2016, the CEC HRC approved one-time discretionary awards of RSUs to certain employees to help retain those employees in light of the ongoing Chapter 11 restructuring of CEOC. Messrs. Jenkin, Donovan, Hession, and Morse received awards of 86,786; 90,730; 72,979; and 72,979 RSUs, respectively. The CEC HRC also approved long-term retention cash awards in July 2016. Messrs. Jenkin, Donovan, Hession, and Morse received cash awards of \$366,667; \$383,333; \$308,333; and \$308,333. Both, the RSUs and long-term retention cash awards vest 18 months after the date of grant, subject to continued employment, and are otherwise on substantially the same terms as CEC's previously awarded RSUs.

*Annual Awards*

In March 2016, the CEC HRC approved annual CEC equity grants (in the form of RSUs and cash awards) for most of the named executive officers and certain other members of management under the CEC 2012 PIP. The CEC 2012 PIP is designed to offer long term value to CEC's leaders through a mix of RSUs and time based stock options in order to attract and retain top talent, and in 2016, cash awards. When determining the size of the grants, the CEC HRC considers individual performance, market practice, and target value. Both RSUs and cash awards granted in March 2016 vest ratably over a three year period and require continued service with CEC, in order to promote retention. As with CEC's other variable compensation plans, this annual long term incentive plan is discretionary and grants under the plan require approval from the CEC HRC.

In March 2016, the CEC HRC approved the following annual grants to the named executive officers:

<b>Executive</b>	<b>Cash-Based Award</b>	<b>Number of Shares of Restricted Stock Units</b>	<b>Grant Date Fair Value of Stock Awards<sup>(1)</sup></b>
Mark Frissora	\$ 990,000	409,091	\$ 2,565,001
Gary Loveman			
Eric Hession	\$ 288,745	119,319	\$ 748,130
Thomas Jenkin	\$ 494,997	204,546	\$ 1,282,503
Robert Morse	\$ 350,621	144,887	\$ 908,441
Timothy Donovan	\$ 288,745	119,319	\$ 748,130

(1) The figures in this column reflect the grant date fair value of stock awards granted during the year in accordance with Accounting Standards Codification, or ASC, Topic 718.

*Clawbacks and Forfeitures*

Under CEC's Senior Executive Incentive Plan, unless an award agreement provides otherwise (a) in the event of an accounting restatement due to material noncompliance by CEC with any financial reporting requirement under applicable securities laws that reduces the amount payable or due in respect of an award under the plan that would have become payable had CEC's EBITDA been properly reported (as determined by the CEC HRC), (i) the award will be canceled and (ii) a participant will forfeit the cash payable pursuant to the award and the amount(s) (if any) paid to the participant in respect of the award (and the participant may be required to return or pay such amount to CEC); (b) if, following a participant's termination of employment with CEC, the CEC HRC determines that CEC had grounds to

terminate such participant for cause (as such term is defined in the CEC HRC's discretion, or as set forth in a written employment or award agreement between CEC and the participant) then the CEC HRC may, in its sole discretion, (i) cancel any outstanding portion of an award granted under the plan (whether earned or unearned) that is held by such participant without payment therefore and/or (ii) require the participant or other person to whom any payment has been made in connection with such award after the date of the conduct constituting cause, to forfeit and pay to CEC, on demand, all or any portion of the amount(s) received upon the payment of any other award granted under the plan following the date of conduct constituting cause; (c) to the extent required (i) by applicable law (including without limitation the Sarbanes

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Oxley Act and Section 954 of the Dodd Frank Act), (ii) the rules and regulations of any United States national securities exchange or inter-dealer quotation system on which shares of CEC Common Stock are listed or quoted, and/or (iii) pursuant to a written policy adopted by CEC (as in effect and/or as amended from time to time), awards under the plan shall be subject (including on a retroactive basis) to clawback, forfeiture or similar requirements (and such requirements shall be deemed incorporated by reference into the plan and all written agreements evidencing the grant of any outstanding award (if any)).

Under the CEC 2012 PIP, unless an award agreement provides otherwise: (a) In the event of an accounting restatement due to material noncompliance by CEC with any financial reporting requirement under the securities laws, which reduces the amount payable or due in respect of an award under the plan that would have been earned had the financial results been properly reported, (as determined by the CEC HRC) (i) the award will be canceled and (ii) the participant will forfeit (A) the cash or shares of common stock received or payable on the vesting, exercise or settlement of the award and (B) the amount of the proceeds of the sale, gain or other value realized on the vesting or exercise of the award or the shares of common stock acquired in respect of the award (and the participant may be required to return or pay such shares of common stock or amount to CEC). (b) If, after a termination by a participant from employment or services with CEC and its subsidiaries, the CEC HRC determines that CEC or any of its subsidiaries had grounds to terminate such participant for Cause, then (i) any outstanding vested or unvested, earned or unearned portion of an award under the plan that is held by such participant may, at the CEC HRC's discretion, be canceled without payment therefor and (ii) the CEC HRC, in its discretion, may require the participant or other person to whom any payment has been made or shares of common stock or other property have been transferred in connection with the award after the date of conduct constituting Cause to forfeit and pay over to CEC, on demand, all or any portion of the compensation, gain or other value (whether or not taxable) realized upon the exercise of any Option or SAR, or the subsequent sale of shares of common stock acquired upon exercise of such Option or SAR and the value realized (whether or not taxable) on the vesting, payment or settlement of any other award during the period following the date of the conduct constituting Cause. (c) To the extent required by applicable law (including without limitation the Sarbanes Oxley Act and Section 954 of the Dodd Frank Act) and/or the rules and regulations of any U.S. national securities exchange or inter-dealer quotation system on which shares of common stock are listed or quoted, or if so required pursuant to a written policy adopted by CEC (as in effect and/or amended from time to time), awards under the plan shall be subject (including on a retroactive basis) to clawback, forfeiture or similar requirements (and such requirements shall be deemed incorporated by reference into this plan and all outstanding award agreements).

*Employment Agreements*

CEC has entered into employment agreements with each of CEC's named executive officers, which are described below in Discussion of the Summary Compensation Table. The CEC HRC and CEC's board of directors put these agreements in place in order to attract and retain the highest quality executives. At least annually, CEC's compensation department reviews CEC's termination and change in control arrangements against peer companies as part of its review of CEC's overall compensation package for executives to ensure that it is competitive. The compensation department's analysis is performed by reviewing each of CEC's executives under several factors, including the individual's role in the organization, the importance of the individual to the organization, the ability to replace the executive if he/she were to leave the organization, and the level of competitiveness in the marketplace to replace an executive while minimizing the affect to CEC's on-going business. The compensation department presents its assessment to the CEC HRC for feedback. The CEC HRC reviews the information and determines if changes are necessary to the termination and severance packages of CEC's executives.

CEC's employment agreements generally do not provide for any equity acceleration in connection with a change in control or any terminations of employment, except in certain cases in connection with termination without cause or by

the employee for good reason. See Discussion of the Summary Compensation Table.



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### *Policy Concerning Tax Deductibility*

The CEC HRC's policy with respect to qualifying compensation paid to its executive officers for tax deductibility purposes is that executive compensation plans will generally be designed and implemented to maximize tax deductibility. However, non-deductible compensation may be paid to executive officers when necessary for competitive reasons or to attract or retain a key executive, or where achieving maximum tax deductibility would be considered disadvantageous to CEC's best interests. CEC's Senior Executive Incentive Plan is designed to comply with Section 162(m) of the Code so that annual bonuses paid under these plans, if any, will be eligible for deduction by CEC. See "Cash Incentive Payments - Senior Executive Incentive Plan."

### *Stock Ownership Requirements*

CEC does not have a policy regarding stock ownership.

### *Chief Executive Officer's Compensation*

The objectives of CEC's Chief Executive Officer are typically approved annually by the CEC HRC. These objectives are revisited each year. Mr. Frissora's objectives were approved by the CEC HRC in February 2016.

The CEC HRC's assessment of the Chief Executive Officer's performance is generally based on a subjective or objective review (as applicable) of performance against these objectives. Specific weights may be assigned to particular objectives at the discretion of the CEC HRC, and those weightings, or more focused objectives, are communicated to the Chief Executive Officer at the time the goals are set.

As Chief Executive Officer, Mr. Frissora's base salary was based on his performance, his responsibilities and the compensation levels for comparable positions in other companies in the hospitality, gaming, entertainment, restaurant and retail industries. Merit increases in his salary are a subjective determination by the CEC HRC, which bases its decision upon his prior year's performance versus his objectives as well as upon an analysis of competitive salaries. Although base salary increases are subjective, the CEC HRC reviews Mr. Frissora's base salary against peer groups, his roles and responsibilities within CEC, his contribution to CEC's success and his individual performance against his stated objective criteria.

Mr. Frissora's salary, bonus and equity awards differ from those of CEC's other named executive officers in order to (a) keep Mr. Frissora's compensation in line with Chief Executive Officers of other gaming, hotel and lodging companies, as well as other consumer-oriented companies, (b) compensate him for the role as the leader and public face of CEC and (c) compensate him for attracting and retaining CEC's senior executive team.

### *Personal Benefits and Perquisites*

CEC provided for Mr. Loveman's and Mr. Frissora's personal use of CEC's aircraft at certain times during 2016. Lodging and certain other expenses were incurred by Mr. Loveman for use during his Las Vegas-based residence. CEC also provided security for Mr. Loveman and his family.

These perquisites are more fully described in the "Summary Compensation Table."

CEC's use of perquisites as an element of compensation is limited. CEC does not view perquisites as a significant element of CEC's comprehensive compensation structure, but does believe that they can be used in conjunction with base salary to attract, motivate and retain individuals in a competitive environment.

Under CEC's group life insurance program, senior executives, including the named executive officers, are eligible for an employer provided life insurance benefit equal to three times their base annual salary, with a maximum benefit of \$5.0 million. Mr. Loveman was provided with a life insurance benefit of \$3.5 million under

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CEC's group life insurance program and additional life insurance policies with a benefit of \$5.5 million. In addition to group long term disability benefits, which are available to all benefits eligible employees, Mr. Loveman and Mr. Jenkin are covered under a CEC-paid individual long-term disability insurance policy paying an additional \$5,000 monthly benefit. Messrs. Frissora, Donovan, Hession and Morse were not employed with CEC at the time this policy was in effect and do not receive this benefit. Mr. Loveman also had an individual long-term disability insurance policy with a \$5 million paid benefit. Under CEC's group short-term disability insurance program, senior executives, including the named executive officers, are eligible for an employer provided CEC-paid short-term disability policy with a maximum \$5,000 weekly benefit.

*Other Benefits*

During 2016, all of CEC's named executive officers were eligible to participate in CEC's health and welfare benefit plans, including the Caesars Savings and Retirement Plan (the "S&RP").

*Deferred Compensation Plans*

Certain named executive officers have balances in two deferred compensation plans, each of which have been frozen and no longer provide for voluntary deferrals by active employees. These are the Harrah's Executive Supplemental Savings Plan, or ESSP, and the Harrah's Executive Supplemental Savings Plan II, or ESSP II, which was implemented in 2005 and structured to comply with the Section 409A of the Code. Deferrals to the ESSP II were frozen as of January 1, 2015 and deferrals to the ESSP were discontinued upon the adoption of the ESSP II in December 2004. Certain of CEC's named executive officers may also have balances in certain other deferred compensation plans attributable to CEOC, as described in further detail in Note 17 to the 2016 CEC Financial Statements.

**Table of Contents****Summary Compensation Table**

The Summary Compensation Table below sets forth certain compensation information for CEC's Chief Executive Officer, CEC's former Chief Executive Officer and current executive Chairman, CEC's Chief Financial Officer, and CEC's three additional most highly compensated executive officers during 2016 (CEC's named executive officers).

(a) Name and Principal Position	(b) Year	(c) Salary (\$)	(d) Bonus <sup>(1)</sup> (\$)	(e) Stock Awards <sup>(2)</sup> (\$)	(f) Option Awards <sup>(2)</sup> (\$)	(g) Non-Equity and Incentive Compensation <sup>(3)</sup> (\$)	(h) Change in Pension Value	(i) Nonqualified- Deferred Compensation <sup>(4)</sup> (\$)	All Other Compensation <sup>(5)</sup> (\$)	Total <sup>(6)</sup> (\$)
Mark Frissora, President and Chief Executive Officer <sup>(6)</sup>	2016	1,976,923		2,565,001		4,756,771		212,237		9,510,932
	2015	1,599,231		2,302,000	5,012,000	3,645,025		254,574		12,812,830
Gary Loveman, Chairman of CEC's board of directors (Former CEO)	2016	1,900,000				3,250,000		822,699		5,972,699
	2015	1,900,000				4,062,500		1,655,742		7,618,242
	2014	1,900,000		20,799,680	6,025,403	2,437,500		1,488,158		32,650,741
Eric Hession, Executive Vice President, Chief Financial Officer <sup>(7)</sup>	2016	703,990		1,233,440		791,889		21,658		2,750,977
	2015	696,706		1,859,956	89,250	787,500		16,663		3,450,075
Thomas Jenkin, Global President of Destination Markets	2016	1,206,841		1,859,630		1,357,596		45,250		4,469,317
	2015	1,200,000		1,327,061	170,136	1,350,000		43,768		4,090,965
	2014	1,200,000		1,712,480	903,742	525,000		32,598		4,373,821
Robert Morse,	2016	854,845		1,393,751		881,459		35,682		3,165,737

President of  
Hospitality

Timothy

Donovan,	2016	703,990	100,000	1,351,484		659,891	33,304	2,848,669
Executive	2015	700,000	100,000	2,046,892	82,705	787,500	30,948	3,748,045
Vice	2014	700,000	100,000	1,094,780	527,190	500,000	26,039	2,948,009

President,  
General  
Counsel and  
Chief  
Regulatory  
and  
Compliance  
Officer

- (1) Reflects discretionary cash bonuses to Mr. Donovan.
- (2) Amounts in these columns reflect the grant date fair value of stock awards and option awards granted during the applicable year and were determined as required by Accounting Standards Codification ( ASC ) Topic 718. Assumptions used in the calculations of these amounts are set forth in Note 14 to the 2016 CEC Financial Statements.

Performance-based options are valued using a Monte Carlo simulation option pricing model. This model approach provides a probable outcome fair value for these types of awards.

In December 2013, the CEC HRC approved a change to the \$57.41 performance options vesting that applied to all relevant outstanding performance options and required no action from the option holder. The vesting for the outstanding \$57.41 performance options was revised to vest 50% of options on March 15, 2014 and

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50% of options on March 15, 2015. If CEC's 30-day trailing average stock price equals or exceeds \$57.41 per share prior to the revised vesting dates, the outstanding \$57.41 performance options will vest immediately. There was no incremental fair value associated with this modification under FASB ASC 718 and thus there is no reportable compensation from this modification.

- (3) Messrs. Frissora, Loveman, Hession, Jenkin, Morse and Donovan received 2016 bonuses pursuant to the Senior Executive Incentive Plan in the amounts of \$4,756,771, \$3,250,000, \$791,889, \$1,357,596, \$881,459, and \$659,891, respectively.
- (4) This table excludes earnings of \$320,364 earned by Mr. Jenkin from his participation in deferred compensation plans with liabilities attributable to CEOC.
- (5) All Other Compensation includes perquisites, which may include executive security, personal aircraft usage, company lodging, health, life and disability insurance, financial planning, and tax reimbursements based on taxable earnings for company lodging and on premiums paid for life and disability insurance.

The table below details the amount of (i) tax gross-up payments and 401K employer match; (ii) the value of life and disability insurance premiums paid by CEC for coverage in excess of the nondiscriminatory group insurance generally available to all salaried employees; and (iii) any other perquisites to the extent that the amount of any individual item exceeds the greater of \$25,000 or 10% of the executive's total perquisites:

Name	2016			Allocated amount for aircraft usage	Relocation Reimbursements	Tax Reimbursements
	401K Employer Match	Cost of Life and Disability Insurance	Executive Security			
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Mark Frissora	600			168,676		
Gary Loveman	600	78,114	273,618	423,097		11,184
Eric Hession	600					
Thomas Jenkin	600					
Robert Morse	600					
Timothy Donovan	600					

CEC has provided Mr. Loveman with executive security protection. See Compensation Discussion and Analysis Elements of Compensation Personal Benefits and Perquisites for additional information. For security reasons, Mr. Loveman uses private aircraft for personal and business travel. The amount allocated to Mr. Loveman for personal and/or commuting aircraft usage is calculated based on the incremental cost to CEC of fuel, trip-related maintenance, crew travel expenses, on-board catering, landing fees, trip-related hangar/parking costs, and other miscellaneous variable costs. Since CEC's aircraft are used primarily for business travel, CEC does not include the fixed costs that do not change based on usage, such as pilots' salaries, depreciation of the purchase costs of CEC's aircraft, and the cost of maintenance not specifically related to trips. In addition, because CEC provides usage of its aircraft to customers, CEC sometimes provides a private charter service to Mr. Loveman when CEC's aircraft are not available. As a result, the compensation associated with Mr. Loveman's aircraft usage includes the costs of such private charters, which are significantly higher than the costs of CEC's aircraft. CEC's customers prefer using CEC's aircraft over private charters and generally prioritize use of CEC's aircraft accordingly. If Mr. Loveman had not been required to use the charter service during 2016, his compensation associated with aircraft usage would have been approximately one-half of what is reflected above.

- (6) The amount reported under "Stock Awards" for Mr. Frissora does not include the aggregate grant date fair value of the 272,976 RSUs awarded to Mr. Frissora in June of 2016 pursuant to the terms of the CAC 2014 PIP, since such award was made in respect of Mr. Frissora's services to CAC (and not in respect of services to CEC or any of its subsidiaries).
- (7) Mr. Hession was appointed Executive Vice President and Chief Financial Officer of CEC on January 1, 2015.

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**Table of Contents*****Discussion of the Summary Compensation Table***

Each of CEC's named executive officers has entered into employment agreements with CEC that relate to the benefits that the named executive officers receive upon termination.

Former Chief Executive Officer and Current Chairman of the board of directors. Mr. Loveman entered into an employment agreement to serve as Chief Executive Officer and President effective on December 21, 2014, which employment agreement expired by its terms on December 31, 2016. The employment agreement provided Mr. Loveman with a base salary for 2015 and 2016 of \$1,900,000 along with a right to participate in CEC's Senior Executive Incentive Plan with a target annual bonus of \$3,250,000. The agreement also provided Mr. Loveman with continued participation in CEC's deferred compensation plan, the ESSP II, and CEC's health and welfare benefit plans, including the S&RP. It also expanded CEC's commitment to provide health and dental benefits to Mr. Loveman's spouse. In addition, the agreement provided Mr. Loveman with a right to an individual long-term disability policy with a \$180,000 annual maximum benefit and an individual long term disability excess policy with an additional \$540,000 annual maximum benefit, subject to insurability.

The employment agreement, also provided that Mr. Loveman would be awarded (i) an option to purchase 675,000 shares of CAC Class A common stock (the "New CAC Options"), and (ii) 375,000 RSUs, each representing the right to receive one share of CAC Class A common stock upon vesting of the award ("New CAC RSUs"). Both the New CAC Options and the New CAC RSUs were scheduled to vest in equal increments on each of December 31 of 2015 and 2016, generally subject to Mr. Loveman's continued provision of consulting services to CAC on such dates. The employment agreement provided for continued vesting pursuant to the original vesting schedule if Mr. Loveman were terminated by CEC without Cause or if Mr. Loveman were to resign for Good Reason.

The employment agreement also provided for the modification of certain equity awards granted to Mr. Loveman under the CEC 2012 PIP or CEC's Management Equity Incentive Plan (the "CEC Equity Plans"). First, all of Mr. Loveman's options granted under the CEC Equity Plans that included as a vesting condition, the achievement of a \$35.00 stock-price target (the "Performance Options"), would now vest in two equal installments, on March 31 of each of 2015 and 2016, subject to Mr. Loveman's continued employment on each such date. Second, as long as Mr. Loveman remained employed through December 31, 2016, he would continue to have the opportunity to vest in any awards that were granted under the CEC Equity Plans that had not yet vested as of such date. Last, if the employment agreement were to be terminated by CEC without Cause or by Mr. Loveman for Good Reason, in each case prior to December 31, 2016, then (i) the Performance Options would vest on March 31 of each of 2015 and 2016, and (ii) all other equity awards that were granted under the CEC Equity Plans would fully vest as of such date.

In connection with the transition from Mr. Loveman to Mr. Frissora (described below), on February 4, 2015, CEC entered into a letter agreement with Mr. Loveman. The letter agreement provided that, if at any time after the date of the letter agreement and prior to December 31, 2016, Mr. Loveman ceased to be the Chief Executive Officer and President of CEC, Mr. Loveman could resign all of his positions with CEC and its related entities (subject to notice requirements). Upon any such separation from service, Mr. Loveman was entitled to the compensation under his Employment Agreement as if he had been terminated without cause or left for good reason.

Mr. Loveman's employment agreement, as described above, expired by its terms on December 31, 2016. Effective as of such date, Mr. Loveman is no longer employed by CEC, though he continues to serve as Chairman of CEC's board of directors. In connection with his termination of employment, and notwithstanding anything to the contrary in the employment agreement, the CEC HRC determined that Mr. Loveman was entitled to the following benefits upon his termination of employment: (i) payment of an annual bonus at target in the amount of \$3,250,000, which amount was paid on December 29, 2016, and (ii) acceleration of any and all unvested equity awards under the CEC Equity Plans



(as opposed to continued vesting in accordance with the

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original vesting schedule). All other rights, benefits, and obligations that survive the termination of Mr. Loveman's employment agreement otherwise continued in full force and effect in accordance with their original terms.

Chief Executive Officer. On February 4, 2015, CEC's board of directors appointed Mark Frissora to the role of Chief Executive Officer Designate of CEC, effective February 5, 2015, and to succeed Mr. Loveman in the role of Chief Executive Officer and President of CEC, effective July 1, 2015. CEC and CES entered into an employment agreement with Mr. Frissora on February 5, 2015. The term of the agreement is four years beginning on February 5, 2015, and automatically renews for successive one-year terms thereafter, absent 60 days' notice by CEC or Mr. Frissora not to renew. Mr. Frissora's annual base salary pursuant to the terms of the employment agreement was \$1,800,000, and the employment agreement provides that he will participate in CEC's Senior Executive Incentive Plan with a target of 150% of his base salary. Mr. Frissora is entitled to certain perquisites, including (i) the use of corporate aircraft (up to a maximum of \$200,000 per fiscal year), and (ii) certain relocation benefits (including up to six months of temporary housing, reimbursements of costs incurred in connection with locating a suitable residence in Las Vegas for purchase, and gross-up for any taxes that may apply to such relocation benefits).

Upon a termination of the employment agreement by CEC without cause, by Mr. Frissora for good reason (as such terms are defined in the employment agreement) or due to CEC's non-renewal of its term upon any expiration date, CEC will (i) pay Mr. Frissora cash severance equal to two times his base salary plus one times his target bonus paid in installments over 24 months, (ii) pay him a bonus for the year of termination of employment, based on actual full-year performance, pro-rated to reflect service through date of termination, paid when bonuses are payable generally to active employees; and (iii) continue his benefits coverage for 24 months. In addition, upon any such termination within the (i) six month period prior to a change in control or (ii) 12 month period following a change in control, CEC will (a) pay Mr. Frissora severance equal to two and a half times the sum of his base salary plus target bonus, paid in a lump sum (unless otherwise provided by the employment agreement); (b) pay him a bonus for the year of termination of employment, based on actual full-year performance, pro-rated to reflect service through date of termination, paid when bonuses are payable generally to active employees; and (c) continue his benefits coverage for 30 months.

Mr. Frissora has agreed not to, during the 24 month period following the termination of his employment, (i) compete with CEC or its affiliates, (ii) solicit or hire certain employees of CEC and its affiliates, and (iii) solicit customers or clients of CEC and its affiliates. In addition, Mr. Frissora is subject to ongoing confidentiality obligations with respect to CEC's matters.

In addition, on February 5, 2015, Mr. Frissora was awarded (i) an option to purchase 1,000,000 shares of CEC Common Stock (the Option) and (ii) 200,000 RSUs, where each RSU represents the right to receive one share of CEC Common Stock upon vesting. The Option and the RSUs are granted under the Caesars Entertainment Corporation 2012 Performance Incentive Plan. The exercise price for the Option is equal to the closing price of one share of CEC Common Stock on the NASDAQ on the date of grant. Of the 1,000,000 shares subject to the Option, 400,000 shares vest and become exercisable in equal annual installments of 25% over a four-year period, 200,000 vest based on the achievement of a \$30.00 stock-price target, and 400,000 vest based on the achievement of certain EBITDA goals. The RSUs vest in equal annual installments of 25% over a four-year period. Upon a change in control or within the six month period prior to a change in control, if Mr. Frissora is terminated by CEC other than for cause (including death or disability) or by Mr. Frissora for good reason the RSUs immediately vest and are settled. If Mr. Frissora is terminated by CEC other than for cause (including death or disability) or by Mr. Frissora for good reason within the (i) six month period prior to a change in control or (ii) 12 month period following a change in control the Option immediately vests.

On July 5, 2016, Mr. Frissora's employment agreement was amended to account for the fact that Mr. Frissora would provide strategic advisory consulting services to CAC. In consideration for these services,



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Mr. Frissora was awarded RSUs under the CAC 2014 PIP having an aggregate grant date fair value of \$3,000,000, which RSUs are scheduled to vest in equal installments on each of June 29, 2017, 2018, and 2019. In addition to the foregoing, (a) Mr. Frissora's base salary was increased to \$2,000,000, (b) his target bonus opportunity was increased to 175%, and (c) to the extent that Mr. Frissora's employment is terminated without Cause, due to his death or disability, or by Mr. Frissora for Good Reason other than in connection with a change in control, Mr. Frissora would be entitled to one year of additional vesting in respect of (i) his award of his CAC RSUs, (ii) his award of CEC RSUs granted on March 23, 2016, and (iii) any other equity awards granted to Mr. Frissora on July 5, 2016.

Other Named Executive Officers. CEC entered into an employment agreement with Thomas Jenkin on January 3, 2012 which superseded his original agreement from February 28, 2008. The agreement is for a term of four years beginning on January 3, 2012 and is automatically renewed for successive one year terms unless either CEC or the executive delivers a written notice of nonrenewal at least six months prior to the end of the term. CEC entered into an employment agreement with Timothy Donovan on April 2, 2009. Mr. Donovan's agreement was for a term of four years beginning on April 2, 2009 and expiring on April 2, 2013, but was automatically renewed for a one year term and will continue to be renewed for successive one year terms unless either CEC or the executive delivers a written notice of nonrenewal at least 60 days prior to the end of the term. CEC entered into an employment agreement with Eric Hession on November 10, 2014. The agreement with Mr. Hession was for a term of four years beginning on November 10, 2014 and is automatically renewed for successive one year terms unless either CEC or the executive delivers a written notice of nonrenewal at least six months prior to the end of the term. CEC entered into an employment agreement with Robert Morse on April 14, 2014. The agreement with Mr. Morse was for a term of four years beginning on April 14, 2014 and is automatically renewed for successive one year terms unless either CEC or the executive delivers a written notice of nonrenewal at least six months prior to the end of the term.

Pursuant to the employment agreements, the executives received base salaries as follows: Mr. Jenkin, \$1,200,000 (currently, \$1,230,000); Mr. Donovan, \$700,000 (currently, \$717,500); Mr. Hession, \$700,000 (currently, \$717,500); and Mr. Morse, \$850,000 (currently, \$871,250). The CEC HRC reviews base salaries on an annual basis with a view towards merit increases (but not decreases) in such salary. In addition, each executive participates in CEC's annual incentive bonus program applicable to the executive's position and shall have the opportunity to earn an annual bonus based on the achievement of performance objectives.

During 2016, each of Messrs. Frissora, Jenkin, Hession, Morse and Donovan was entitled to participate in benefits and perquisites, group health insurance, long term disability benefits, life insurance, vacation, reimbursement of expenses, director and officer insurance and the ability to participate in CEC's 401(k) plan. With respect to Mr. Jenkin, if (a) the executive attains age 50 and, when added to his number of years of continuous service with CEC, including any period of salary continuation, the sum of his age and years of service equals or exceeds 65, and at any time after the occurrence of both such events executive's employment is terminated and his employment then terminates either (1) without cause or (2) due to non-renewal of the agreement, or (b) the executive attains age 55 and, when added to his number of years of continuous service with CEC, including any period of salary continuation, the sum of his age and years of service equals or exceeds 65 and the executive's employment is terminated other than for cause, he will be entitled to lifetime coverage under CEC's group health insurance plan. Mr. Jenkin has met both of the criteria noted above. Mr. Jenkin will be required to pay 20% of the premium for this coverage and CEC will pay the remaining premium, which will be imputed taxable income to the executive. This insurance coverage terminates if Mr. Jenkin competes with CEC.

**Table of Contents****Grants of Plan-Based Awards**

The following table gives information regarding potential incentive compensation for 2016 to CEC's executive officers named in the Summary Compensation Table. Non-Equity Incentive Plan payouts approved for 2016 are included in the Non-Equity Incentive Plan Compensation column in the Summary Compensation Table.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards <sup>(1)</sup>			Option Awards: Number of Exercise or Value of Stock and Option Awards		
		Threshold (\$)	Target (\$)	Maximum (\$)	Units (#)	Options (#)	Base Price (\$/Sh)
Mark Frissora	n/a 3/23/2016 <sup>(3)</sup>	553,538	3,459,616	6,919,231			
					409,091		2,565,001
Gary Loveman	n/a	456,000	3,250,000	6,501,800			
Eric Hession	n/a 3/23/2016 <sup>(3)</sup> 7/5/2016 <sup>(3)</sup>	84,479	527,993	1,055,986			
					119,319		748,130
					72,979		485,310
Thomas Jenkin	n/a 3/23/2016 <sup>(3)</sup> 7/5/2016 <sup>(3)</sup>	144,821	905,131	1,810,261			
					204,546		1,282,503
					86,786		577,127
Robert Morse	n/a 3/23/2016 <sup>(3)</sup> 7/5/2016 <sup>(3)</sup>	102,581	641,134	1,282,268			
					144,887		908,441
					72,979		485,310
Timothy Donovan	n/a 3/23/2016 <sup>(3)</sup> 7/5/2016 <sup>(3)</sup>	84,479	527,993	1,055,986			
					119,319		748,130
					90,730		603,354

- (1) Represents potential threshold, target, and maximum incentive compensation for 2016. The threshold, target, and maximum payouts are calculated by applying the percentage payouts set by the 162(m) Committee to each named executive officer's base salary. Actual target and maximum payouts are determined by Adjusted EBITDA performance and customer satisfaction results under CEC's Bonus Plan, as the means by which the 162(m) committee exercises its negative discretion under the Senior Executive Incentive Plan, described more fully under the section entitled Elements of Compensation Cash Incentive Payments Senior Executive Incentive Plan and Annual Management Bonus Plan.
- (2) The figures in this column reflect the grant date fair value of stock awards and option awards granted during the year in accordance with ASC Topic 718. Assumptions used in the calculations of these amounts are set forth in Note 18 to the 2016 CEC Financial Statements.
- (3) Reflects CEC RSUs granted under the CEC 2012 PIP as described under Elements of Compensation Equity Awards Annual Awards.

**Table of Contents****Outstanding Equity Awards at Fiscal Year-End**

The following table shows the outstanding options to purchase CEC Common Stock and CEC RSUs, held by each of CEC's named executive officers as of December 31, 2016. See Elements of Compensation Equity Awards Annual Awards and Elements of Compensation Equity Awards Retention Awards for more information.

Name	Option Awards Equity Incentive Plan Awards:				Stock Awards		
	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Unearned Options (#)	Options Exercise Price (\$)	Options Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)
Mark Frissora <sup>(11)</sup>	200,000	300,000 <sup>(1)</sup>	500,000 <sup>(2)</sup>	11.51	2/5/2025	150,000 <sup>(1)</sup>	1,275,000
					NA	409,091 <sup>(8)</sup>	3,477,243
Gary Loveman	231,918			14.35	4/16/2022		
	3,438,626			8.22	8/21/2022		
	110,834			13.70	6/28/2023		
	185,778			21.18	5/7/2024		
	337,500			9.84	12/23/2024		
Eric Hession	12,782	2,325 <sup>(5)</sup>	3,486 <sup>(6)</sup>	8.23	7/25/2022		
	22,116		1,705 <sup>(6)</sup>	8.22	8/21/2022		
	2,343	782 <sup>(3)</sup>		13.7	6/28/2023	3,750 <sup>(3)</sup>	31,875
	10,000	10,000 <sup>(4)</sup>		21.18	5/7/2024	6,112 <sup>(4)</sup>	51,952
	6,562	19,688 <sup>(7)</sup>		9.36	5/29/2025	68,907 <sup>(7)</sup>	585,710
					NA	119,319 <sup>(8)</sup>	1,014,212
					NA	72,979 <sup>(9)</sup>	620,322
Thomas Jenkin	363,541		35,947 <sup>(6)</sup>	8.22	8/21/2022		
	28,125	9,375 <sup>(3)</sup>		13.70	6/28/2023	14,063 <sup>(3)</sup>	119,536
	44,000	44,000 <sup>(4)</sup>		21.18	5/7/2024	18,000 <sup>(4)</sup>	153,000
	12,510	37,530 <sup>(7)</sup>		9.36	5/29/2025	106,335 <sup>(7)</sup>	903,848
					NA	204,546 <sup>(8)</sup>	1,738,641
					NA	86,786 <sup>(9)</sup>	737,681
Robert Morse					NA	17,706 <sup>(10)</sup>	150,501
					NA	144,887 <sup>(8)</sup>	1,231,540
					NA	72,979 <sup>(9)</sup>	620,322
	8,865	26,595		9.36	5/29/2025	75,353 <sup>(7)</sup>	640,501
Timothy Donovan	67,473		9,737 <sup>(6)</sup>	8.22	8/21/2022		
	15,234	5,079 <sup>(3)</sup>		13.70	6/28/2023	7,618 <sup>(3)</sup>	64,753
	25,667	25,667 <sup>(4)</sup>		21.18	5/7/2024	10,500 <sup>(4)</sup>	89,250
	6,081	18,244 <sup>(7)</sup>		9.36	5/29/2025	63,854 <sup>(7)</sup>	542,759
					NA	119,319 <sup>(8)</sup>	1,014,212

- (1) One-fourth of the options and RSUs vest on February 5, 2016, February 5, 2017, February 5, 2018, and February 4, 2019, respectively.
- (2) 200,000 of the options vest based on the achievement of a \$30.00 stock-price target, and 300,000 vest based on the achievement of certain EBITDA goals. In February 2017, 100,000 of the 300,000 stock options vested as a result of the CEC HRC's certification of the achievement of portion of the EBITDA goal.
- (3) One-half of options and RSUs vest on each of January 2, 2016 and 2017, respectively.
- (4) One-third of options and RSUs vest on each of May 7, 2016, 2017, and 2018, respectively.
- (5) One-half of options vest on each of July 25, 2016 and 2017, respectively.

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- (6) Performance options vest if the simple average of the last reported sale prices per share of the option shares for the 30 calendar day period ending on the day immediately preceding the date of determination is equal to or greater than \$35.
- (7) One-fourth of the options and RSUs vest on February 29, 2016, March 1, 2017, March 1, 2018, and March 1, 2019, respectively.
- (8) One-third of these RSUs will vest on each of March 23, 2017, 2018, and 2019, respectively.
- (9) 100% of these RSUs will vest on each of January 5, 2018.
- (10) One-half of these RSUs vest on each of May 7, 2017, and 2018, respectively.
- (11) In addition to the foregoing, Mr. Frissora was also awarded 272,976 RSUs of CAC, which were granted pursuant to the terms of the CAC 2014 PIP. One-third of these RSUs are scheduled to vest on June 29, 2017, 2018, and 2019, respectively.

**Option Exercises and Stock Vested**

The following table gives certain information concerning stock option and stock award exercises and vesting during 2016.

Name	Option Awards Number of Shares Exercised (#)	Stock Awards Number of Shares Vesting (#)	Value Realized on Exercise or Vesting (\$) <sup>(1)</sup>
Mark Frissora		50,000	319,500 <sup>(1)</sup>
Gary Loveman		108,459	860,591 <sup>(1)</sup>
		187,500	5,000,000 <sup>(2)</sup>
	337,500		3,751,875 <sup>(3)</sup>
Eric Hession		105,532	770,789 <sup>(1)</sup>
		14,052	166,667 <sup>(2)</sup>
Thomas Jenkin		58,507	492,302 <sup>(1)</sup>
		19,428	233,333 <sup>(2)</sup>
Robert Morse		109,728	799,874 <sup>(1)</sup>
			(2)
Timothy Donovan		128,848	929,147 <sup>(1)</sup>
		13,770	166,667 <sup>(2)</sup>

(1) Value realized is calculated as the number of shares vested times the CEC closing price on the date vested.

(2) Value realized is calculated as the number of shares vested times the CAC closing price on the date vested.

(3) Value realized is the intrinsic value of options (which amounts is equal to the aggregate of the excess of the CEC closing price on the date of exercise over the exercise price of such stock options).

For discussion of how equity grants are determined, see Elements of Compensation Equity Awards.

**Nonqualified Deferred Compensation**

Name



<b>Executive Contributions in 2015<sup>(1)</sup></b> <b>(\$)</b>	<b>CEC s Contributions in 2015<sup>(1)</sup></b> <b>(\$)</b>	<b>Aggregate Earnings in 2016<sup>(1)</sup></b> <b>(\$)</b>	<b>Aggregate Withdrawals/ Distributions</b> <b>(\$)</b>	<b>Aggregate Balance at December 31, 2015</b> <b>(\$)</b>
Mark Frissora				
Gary Loveman		7,248		78,372
Eric Hession		14,310		139,093
Thomas Jenkin <sup>(2)</sup>				
Tim Donovan				
Robert Morse				

(1) Since none of the earnings are above-market or preferential earnings, no deferred compensation contribution or earnings amounts were reported in the 2016 Summary Compensation Table.

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(2) Mr. Jenkin also has a balance of \$9,833,414 in respect of his participation in deferred compensation plans with liabilities attributable to CEOC. Please see Note 15 to the 2016 CEC Financial Statements for further details regarding such deferred compensation plans. All other earnings were at market rates from deferred compensation investments directed by the executives. This table excludes earnings of \$320,364 earned by Mr. Jenkin from his participation in deferred compensation plans with liabilities attributable to CEOC.

CEC does not provide a fixed benefit pension plan for CEC's executives but maintain two deferred compensation plans: the ESSP and ESSP II. As of January 1, 2015, both plans were frozen and no longer provide for voluntary deferrals by active employees. Therefore, no deferrals were made to any deferred compensation plan in 2016 by CEC's executives, which is reflected in the above table.

The table below shows the investment funds available under the ESSP and the ESSP II and the annual rate of return for each fund for the year ended December 31, 2016:

Name of Fund	2016 Rate of Return
500 Index Trust B	11.64%
Aggressive Growth Lifecycle	6.36%
American International Trust	3.12%
BlackRock Small Cap Index	20.66%
Capital Appreciation Trust	(1.00)%
Conservative Lifecycle	5.04%
Diversified Bond	5.04%
Equity-Income Trust	19.18%
Growth Lifecycle	6.17%
Inflation Managed	5.12%
International Equity Index Trust B	4.43%
International Growth	(1.19)%
Mid Cap Stock Trust	0.58%
Mid Value Trust	24.09%
Moderate Lifecycle	5.55%
Money Market Trust B	%
PSF Real Estate	6.59%
Small Cap Growth Trust	2.27%
Small Cap Value Trust	22.68%

***Potential Payments Upon Termination or Change of Control***

CEC has entered into employment agreements with the named executive officers that require CEC to make payments and provide various benefits to the executives in the event of the executive's termination or a change in control. Some of the named executive officers also have award agreements which require payments in the event of the executive's termination or a change in control. The terms of the agreements are described below. The estimated value of the payments and benefits due to the executives pursuant to their agreements under various termination events are detailed in the tables below.

***Mr. Frissora***

If CEC terminates the employment agreement without Cause, or if Mr. Frissora resigns for Good Reason:

CEC must pay Mr. Frissora any accrued and unpaid base salary and unreimbursed business expenses;

Mr. Frissora will be entitled to be reimbursed for any unreimbursed business expenses;

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Mr. Frissora will be entitled to receive any amounts or benefits due under any benefit or equity plan, program or arrangement or payroll practice in accordance with the terms of such plan, program arrangement or payroll practice;

Mr. Frissora will be paid his pro-rated bonus (at target) for the year of termination and any annual bonus for the year prior to the year that includes the year of his termination of employment (to the extent previously approved by the board of directors or CEC HRC and not theretofore paid); and

Mr. Frissora will be paid a severance amount equal to two times his base salary and one times his target bonus.

If a change in control were to occur during the term of Mr. Frissora's employment agreement, and his employment was terminated involuntarily or he resigned for Good Reason within 12 months following such change in control, or if his employment was involuntarily terminated within six months before the change in control by reason of the request of the buyer, Mr. Frissora would be entitled to receive the benefits described above under termination without Cause by CEC or by Mr. Loveman for Good Reason, provided that he would be entitled to receive a severance payment of two and one-half times the sum of his base salary and target bonus.

If a change in control were to occur and Mr. Frissora was terminated for any reason without cause 6 months prior or 12 months after the change in control, any unvested options to purchase stock would accelerate and vest in full. Additionally, if a change in control were to occur, Mr. Frissora's RSUs would accelerate and vest in full. Lastly, if Mr. Frissora was terminated 6 months prior to a change in control for any reason without cause, his RSUs would become fully vested and be settled upon the date of such change in control.

Mr. Frissora has agreed not to, during the 24 month period following the termination of his employment: (i) compete with CEC or its affiliates, (ii) solicit or hire certain employees of CEC and its affiliates, and (iii) solicit customers or clients of CEC and its affiliates.

Cause is defined under the agreement as:

- (i) the willful failure of Mr. Frissora to substantially perform his duties with CEC or to follow a lawful reasonable directive from CEC's board of directors (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to Mr. Frissora by CEC's board of directors which specifically identifies the manner in which CEC's board of directors believes that Mr. Frissora has willfully not substantially performed his duties or has willfully failed to follow a lawful reasonable directive and Mr. Frissora is given a reasonable opportunity (not to exceed thirty (30) days) to cure any such failure, if curable;
- (ii) (a) any willful act of fraud, or embezzlement or theft by Mr. Frissora, in each case, in connection with his duties under the employment agreement or in the course of his employment or (b) Mr. Frissora's admission in any court, or conviction of, or plea of nolo contendere to, a felony that could reasonably be expected to result in damage to CEC's business or reputation;

(iii) Mr. Frissora being found unsuitable for or having a gaming license denied or revoked by the gaming regulatory authorities in Arizona, California, Illinois, Indiana, Iowa, Louisiana, Maryland, Mississippi, Missouri, Ohio, Ontario (Canada), Pennsylvania, Nevada, New Jersey, North Carolina or South Africa; or

(iv) Mr. Frissora's willful and material violation of, or noncompliance with, any securities laws or stock exchange listing rules, including, without limitation, the Sarbanes-Oxley Act of 2002, provided that such violation or noncompliance resulted in material economic harm to CEC, or a final judicial order or determination prohibiting Mr. Frissora from service as an officer pursuant to the Exchange Act or the rules of the New York Stock Exchange.

Good Reason is defined under the agreement as: without Mr. Frissora's express written consent, the occurrence of any of the following circumstances unless, in the case of paragraphs (a), (d), (e), (f), or

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(g) below, such circumstances are fully corrected prior to the date of termination specified in the written notice given by Mr. Frissora notifying CEC of his resignation for Good Reason:

- (a) the assignment to Mr. Frissora of any duties materially inconsistent with his status as CEC's Chief Executive Officer and President or a material adverse alteration in the nature or status of his responsibilities, duties or authority, including a material adverse alteration in his title or reporting structure to or by him;
- (b) the requirement that Mr. Frissora report to anyone other than CEC's board of directors (or, in his capacity as Chief Executive Officer and President of CES, to the Steering Committee of CES);
- (c) the failure of Mr. Frissora to be elected or re-elected as a member of CEC's board of directors;
- (d) a reduction by CEC in Mr. Frissora's annual base salary as it may be increased from time to time, other than a uniform reduction applied to all executive officers of CEC that does not result in a reduction of more than 5% of Mr. Frissora's highest base salary;
- (e) the relocation of CEC's principal executive offices from Las Vegas, Nevada, to a location more than fifty (50) miles from such offices, or CEC requiring Mr. Frissora either: (i) to be based anywhere other than the location of CEC's principal offices in Las Vegas (except for required travel on CEC's business);
- (f) CEC's failure to pay to Mr. Frissora any material portion of his current compensation, except pursuant to a compensation deferral elected by Mr. Frissora, or to pay to Mr. Frissora any material portion of an installment of deferred compensation under any of CEC's deferred compensation programs within thirty (30) days of the date such compensation is due;
- (g) any reduction by CEC of Mr. Frissora's base salary, target bonus or maximum bonus, unless any such reduction is a part of a uniform reduction applied to all executive officers of CEC and does not result in either (i) the sum of the base salary and target bonus being reduced by more than 5% of the highest of each and (ii) the sum of the base salary and maximum bonus being reduced by more than 5% of the highest of each; or
- (h) CEC's failure to obtain a satisfactory agreement from any successor to assume and agree to perform the employment agreement.

*Other Named Executive Officers*

Upon a termination without Cause (as defined in the employment agreement and set forth below), a resignation by the executive for Good Reason (as defined in the employment agreement and set forth below) or upon CEC's delivery of a non-renewal notice, the executive shall be entitled to his or her accrued but unused vacation, unreimbursed business

expenses and base salary earned but not paid through the date of termination. In addition, Messrs. Jenkin, Hession, Donovan, and Morse will receive a cash severance payment equal to one and a half times his base salary payable in equal installments during the 18 months following such termination and for Messrs. Jenkin and Donovan only, a pro-rated bonus for the year in which the termination occurs based on certain conditions. In the event that the employment of Messrs. Jenkin, Hession, Donovan, or Morse is terminated by reason of his disability, he will be entitled to apply for CEC's long term disability benefits, and, if he is accepted for such benefits, he will receive 18 months of base salary continuation offset by any long term disability benefits to which he is entitled during such period of salary continuation. Furthermore, during the time that the executive receives his base salary during the period of salary continuation, he will be entitled to all benefits. Payment of any severance benefits is contingent upon the execution of a general release in favor of CEC and its affiliates.

The executives each have covenants to not compete, not to solicit and not to engage in communication in a manner that is detrimental to the business. The executive's non-compete period varies based on the type of termination that the executive has. If the executive has a voluntary termination of employment with CEC without

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Good Reason, the non-compete period is six months. If CEC has terminated the executive's employment without Cause, or the executive has terminated for Good Reason, CEC has delivered a notice of non-renewal to the executive or if the executive's employment terminates by reason of disability, the non-compete period is for 18 months with respect to Messrs. Jenkin, Hession, Donovan and Morse. If the executive's employment is terminated for Cause, the non-compete period is for six months. The non-solicitation and non-communication periods last for 18 months following termination with respect to Messrs. Jenkin, Hession, Donovan. A breach of the non-compete covenant will Cause CEC's obligations under the agreement to terminate. In addition, the executives each have confidentiality obligations.

Cause under the employment agreements for Messrs. Jenkin, Hession and Donovan is generally defined as:

- (i) the willful failure of executive to substantially perform executive's duties with CEC or to follow a lawful, reasonable directive from CEC's board of directors or the Chief Executive Officer or such other executive officer to whom executive reports (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to executive by CEC's board of directors (or the Chief Executive Officer, as applicable) which specifically identifies the manner in which CEC's board of directors (or the Chief Executive Officer, as applicable) believes that executive has willfully not substantially performed executive's duties or has willfully failed to follow a lawful, reasonable directive that such written CEC policy, as determined by the board of directors, after a thorough investigation by the CEC HRC or CEC's Law or Internal Audit Departments, or such third party as the board of directors deems appropriate to investigate the matter;
- (ii) (a) any willful act of fraud, or embezzlement or theft, by executive, in each case, in connection with executive's duties under the employment agreement or in the course of executive's employment under the employment agreement or (b) executive's admission in any court, or conviction of, or plea of nolo contendere to, a felony;
- (iii) executive being found unsuitable for or having a gaming license denied or revoked by the gaming regulatory authorities in any jurisdiction in which CEC conducts gaming operations;
- (iv) (a) executive's willful and material violation of, or noncompliance with, any securities laws or stock exchange listing rules, including, without limitation, the Sarbanes-Oxley Act of 2002, provided that such violation or noncompliance resulted in material economic harm to CEC, or (b) a final judicial order or determination prohibiting executive from service as an officer pursuant to the Securities and Exchange Act of 1934 or the rules of the NYSE or NASDAQ, as applicable; or
- (v) a willful breach of the employment agreement.

For purposes of the definition of cause, no act or failure to act on the part of executive, shall be considered willful unless it is done, or omitted to be done, by executive in bad faith and without reasonable belief that executive's action or omission was in CEC's best interests. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by CEC's board of directors or based upon the advice of CEC's counsel shall be conclusively presumed to be done, or omitted to be done, by executive in good faith and in CEC's best interests of CEC. The cessation of



employment of the executive shall not be deemed to be for Cause unless and until executive has been provided with written notice of the claim(s) against him under the above provision(s) and a reasonable opportunity (not to exceed 30 days) to cure, if possible, and to contest said claim(s) before CEC's board of directors.

The definition of Cause in Mr. Morse's employment agreement is generally defined as:

- (i) an admission in any court, or conviction of, or plea of *nolo contendere* to, a felony or other crime involving moral turpitude;
  
- (ii) conduct that constitutes fraud or embezzlement, or any acts of dishonesty in relation to executive's duties;

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- (iii) gross negligence, bad faith or willful misconduct which causes either reputation or economic harm to CEC and its subsidiaries or affiliates;
- (iv) failure or refusal to perform executive's duties as determined by CEC in its sole discretion;
- (v) executive's knowing misrepresentation of any material fact that CEC reasonably requests;
- (vi) executive being found unsuitable for or having a gaming license denied or revoked by the gaming regulatory authorities in any jurisdiction in which CEC conducts gaming operations;
- (vii) executive's violation, as determined by CEC, of any securities or employment laws or regulations; or
- (viii) executive's breach of his obligations under the employment agreement or violation of any CEC policies.

Good Reason under the employment agreements is generally defined as the occurrence, without executive's express written consent, of any of the following circumstances unless such circumstances are fully corrected prior to the date of termination specified in the written notice given by executive notifying CEC of his or her intention to terminate his or her employment for Good Reason:

- (i) a reduction by CEC in executive's annual base salary, other than a reduction in base salary that applies to a similarly situated class of CEC's employees or its affiliates (in the case of Mr. Morse, a material reduction);
- (ii) solely with respect to Messrs. Jenkin, or Donovan, any material diminution in the duties or responsibilities of such executive as of the date of the employment agreement; provided that a change in control of CEC that results in CEC's becoming part of a larger organization will not, in and of itself and unaccompanied by any material diminution in the duties or responsibilities of the executive, constitute Good Reason;
- (iii) solely with respect to Mr. Morse, a material diminution in his duties or responsibilities for a period of 45 days or more;
- (iv) CEC's failure to pay or provide to the executive any material portion of his or her then current Base Salary or then current benefits under the employment agreement (except pursuant to a compensation deferral elected by the executive) or (ii) the failure to pay executive any material portion of deferred compensation under any of CEC's deferred compensation programs within 30 days of the date such compensation is due and permitted to be paid under Section 409A of the Code, in each case other than any such failure that results from a modification to any compensation arrangement or benefit plan that is generally applicable to similarly situated officers;

- (v) solely with respect to Mr. Jenkin, CEC's requiring such executive to be based anywhere other than Atlantic City, New Orleans or Las Vegas, with respect to Mr. Donovan, anywhere other than Las Vegas, depending on the executive (except for required travel on CEC business to an extent substantially consistent with the executive's present business travel obligations);
  
- (vi) CEC's failure to obtain a satisfactory agreement from any successor to assume and agree to perform the employment agreement; or
  
- (vii) solely with respect to Mr. Morse, a material breach of any of CEC's material obligations owed to Mr. Morse under the employment agreement.

The following tables show the estimated amount of potential cash severance payable to each of the named executive officers, as well as the estimated value of continuing benefits, based on compensation and benefit levels in effect on December 31, 2016.

For each of the named executive officers, CEC has assumed that their employment was terminated on December 31, 2016 and the market value of their unvested equity awards was \$8.50 per share, which was the fair

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market value of CEC Common Stock as of December 31, 2016. Due to the numerous factors involved in estimating these amounts, the actual value of benefits and amounts to be paid can only be determined upon a named executive officer's termination of employment.

	Voluntary Termination (\$)	Retirement (\$)	Involuntary Not for Cause or Good Reason Termination (\$)	For Cause Termination (\$)	Involuntary Not for Cause or Good Reason Termination (Change in Control) (\$)	Disability (\$)	Death (\$)
<b>Gary Loveman<sup>(1)</sup></b>							
<b>Compensation:</b>							
Severance Payment							
Short Term Incentive							
Excise tax gross-up payment							
<b>Benefits and Perquisites:</b>							
Post-retirement Health Care <sup>(2)</sup>	237,361	237,361	237,361	237,361	237,361	237,361	
Medical Benefits							
Life & Accident Insurance and Benefits <sup>(3)</sup>							
Disability Insurance and Benefits <sup>(4)</sup>							
Accrued Benefits Under Savings and Retirement Plan <sup>(5)</sup>		600	600	600	600	600	600
<b>Totals</b>	<b>\$ 237,361</b>	<b>\$ 237,961</b>	<b>\$ 237,961</b>	<b>\$ 237,961</b>	<b>\$ 237,961</b>	<b>\$ 237,961</b>	<b>\$ 600</b>

	Voluntary Termination (\$)	Retirement (\$)	Involuntary Not for Cause or Good Reason Termination (\$) <sup>(6)</sup>	For Cause Termination (\$)	Involuntary Not for Cause or Good Reason Termination (Change in Control) (\$) <sup>(7)</sup>	Disability (\$)	Death (\$)
<b>Mark Frissora</b>							
<b>Compensation:</b>							
Severance Payment			7,500,000		13,750,000	7,500,000	
Short Term Incentive			4,756,771		4,756,771	4,756,771	4,756,771
Accelerated Vesting of Stock and/or Cash Award			1,159,094		5,742,274	1,159,094	1,159,094

**Benefits and Perquisites:**

Post-retirement Health Care <sup>(2)</sup>							
Medical Benefits	30,949			38,686		30,949	
Life & Accident Insurance and Benefits <sup>(3)</sup>	51,712			64,640		51,712	3,500,000
Disability Insurance and Benefits <sup>(4)</sup>						25,000 per mo.	
Accrued Benefits Under Savings and Retirement Plan <sup>(5)</sup>	600	600	600	600	600	600	600
<b>Totals</b>						\$ 5,999,126 less	
	\$	\$ 600	\$ 13,499,126	\$ 600	\$ 24,352,971	\$ 25,000 per mo.	\$ 9,416,465

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	Voluntary Termination (\$)	Retirement (\$)	Involuntary Not for Cause or Good Reason Termination (\$) <sup>(6)</sup>	For Cause Termination (\$)	Involuntary Not for Cause or Good Reason Termination (Change in Control) (\$) <sup>(7)</sup>	Disability (\$)	Death (\$)
<b>Eric Hession</b>							
<b>Compensation:</b>							
Severance Payment			1,076,250		1,076,250	1,076,250	
Short Term Incentive							
Accelerated Vesting of Stock and/or Cash Award			928,655		928,655	928,655	928,655
<b>Benefits and Perquisites:</b>							
Post-retirement Health Care <sup>(2)</sup>							
Medical Benefits			23,985		23,985		
Life & Accident Insurance and							
Benefits <sup>(3)</sup>			36,123		36,123	36,123	2,100,000
Disability Insurance and Benefits <sup>(4)</sup>						25,000 per mo.	
Accrued Benefits Under Savings and Retirement Plan <sup>(5)</sup>		600	600	600	600	600	600
<b>Totals</b>	\$	\$ 600	\$ 2,065,613	\$ 600	\$ 2,065,613	\$ 2,041,628 less 25,000 per mo.	\$ 3,029,255

	Voluntary Termination (\$)	Retirement (\$)	Involuntary Not for Cause or Good Reason Termination (\$) <sup>(6)</sup>	For Cause Termination (\$)	Involuntary Not for Cause or Good Reason Termination (Change in Control) (\$) <sup>(7)</sup>	Disability (\$)	Death (\$)
<b>Thomas Jenkin</b>							
<b>Compensation:</b>							
Severance Payment			1,845,000		1,845,000	1,845,000	
Short Term Incentive			1,357,596		1,357,596		
Accelerated Vesting of Stock and/or Cash Award			1,104,348		1,104,348	1,104,348	1,104,348

<b>Benefits and Perquisites:</b>							
Post-retirement Health Care <sup>(2)</sup>	163,380	163,380	163,380		163,380	163,380	
Life & Accident Insurance and Benefits <sup>(3)</sup>			35,938		35,938	35,938	3,500,000
Disability Insurance and Benefits <sup>(4)</sup>						30,000 per mo.	
Accrued Benefits Under Savings and Retirement Plan <sup>(5)</sup>		600	600	600	600	600	600
<b>Totals</b>	\$ 163,380	\$ 163,980	\$ 4,506,862	\$ 600	\$ 4,506,862	\$ 3,149,266 less 30,000 per mo.	\$ 4,604,948

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	Voluntary Termination (Qualifying Retirement)		Involuntary Not for Cause or Good Reason Termination	For Cause Termination	Involuntary Not for Cause or Good Reason Termination (Change in Control)	Disability	Death
	(\$)	(\$)	(\$) <sup>(6)</sup>	(\$)	(\$) <sup>(7)</sup>	(\$)	(\$)
<b>Robert Morse Compensation:</b>							
Severance Payment			1,306,875		1,306,875	1,306,875	
Short Term Incentive							
Accelerated Vesting of Stock and/or Cash Award			928,655		928,655	928,655	928,655
<b>Benefits and Perquisites:</b>							
Post-retirement Health Care <sup>(2)</sup>							
Medical Benefits			18,506		18,506		
Life & Accident Insurance and Benefits <sup>(3)</sup>			32,427		32,427	32,427	2,550,000
Disability Insurance and Benefits <sup>(4)</sup>						25,000 per mo.	
Accrued Benefits Under Savings and Retirement Plan <sup>(5)</sup>		600	600	600	600	600	600
<b>Totals</b>	\$	\$ 600	\$ 2,287,063	\$ 600	\$ 2,287,063	\$ 2,268,557 less 25,000 per mo.	\$ 3,479,255

	Voluntary Termination (Qualifying Retirement)		Involuntary Not for Cause or Good Reason Termination	For Cause Termination	Involuntary Not for Cause or Good Reason Termination (Change in Control)	Disability	Death
	(\$)	(\$)	(\$) <sup>(6)</sup>	(\$)	(\$) <sup>(7)</sup>	(\$)	(\$)
<b>Timothy Donovan Compensation:</b>							
Severance Payment			1,076,250		1,076,250	1,076,250	
Short Term Incentive			659,891		659,891		
Accelerated Vesting of Stock and/or Cash Award			1,154,538		1,154,538	1,154,538	1,154,538
<b>Benefits and Perquisites:</b>							
Post-Retirement Health Care <sup>(2)</sup>							



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Medical Benefits		20,287		20,287		20,287	
Life & Accident Insurance and Benefits <sup>(3)</sup>		30,815		30,815		30,815	2,100,000
Disability Insurance and Benefits <sup>(4)</sup>						25,000 per mo.	
Accrued Benefits Under Savings and Retirement Plan <sup>(5)</sup>		600	600	600	600	600	600
<b>Totals</b>	\$	\$ 600	\$ 2,942,381	\$ 600	\$ 2,942,381	\$ 2,282,490 less 25,000 per mo.	\$ 3,255,138

- (1) Mr. Loveman's employment agreement terminated by its terms on December 31, 2016. See Discussion of the Summary Compensation Table above for Mr. Loveman's employment arrangements.
- (2) Reflects the estimated present value of all future premiums under CEC's health plans.

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- (3) Reflects the estimated present value of the cost of coverage for life and accident insurance policies and the estimated amount of proceeds payable to the executive's beneficiaries in the event of the executive's death.
- (4) Reflects the estimated amount of proceeds payable to the executive in the event of the executive's disability. Severance payments will be offset by these long-term disability benefits to which the executive is entitled.
- (5) Reflects the employer match portion for CEC's 401K plan.
- (6) For Messrs. Jenkin, Donovan, Hession, and Morse, the amount under Accelerated Vesting of Stock and/or Cash Award reflects the fair value as of December 31, 2016, of the retention stock and cash awards granted in July 2016. For Mr. Frissora, the amount represents one year of additional vesting in respect of his award of CEC RSUs granted in March 2016.
- (7) For Messrs. Jenkin, Donovan, Hession, and Morse, the amount under Accelerated Vesting of Stock and/or Cash Award reflects the fair value as of December 31, 2016, of the retention stock and cash awards granted in July 2016. For Mr. Frissora, it represents the fair value as of December 31, 2016, of all of his outstanding equity awards and his retention cash award granted in March 2016.

**Human Resources Committee Interlocks and Insider Participation**

None of the members of the CEC HRC is a current or former officer or employee of our Company. No executive officer of our Company serves on the compensation committee of any company that employs any member of the Compensation Committee.

**Compensation of Directors of Caesars Entertainment Corporation**

The following table sets forth the compensation provided by CEC to non-management directors during 2016:

Name	Fees Earned or Paid in Cash (\$)	Stock Award or Unit <sup>(1)</sup>	Total (\$)
Jeffrey Benjamin			
David Bonderman			
Kelvin Davis			
Fred Kleisner <sup>(2)</sup>	646,035	150,000	796,035
Eric Press			
Marc Rowan			
David Sambur			
Lynn Swann <sup>(3)</sup>	163,563	150,000	313,563
Christopher Williams <sup>(4)</sup>	496,035	150,000	646,035
Bernard Zuroff	16,667		16,667

(1) Amounts in this column represent the grant date fair value computed in accordance with ASC Topic 718.

(2) Mr. Kleisner had a total of 9,537 options and 30,841 RSUs outstanding on December 31, 2016.

(3) Mr. Swann resigned from the CEC board of directors effective June 30, 2016.

(4) Mr. Williams had a total of 14,453 options and 29,591 RSUs outstanding on December 31, 2016.

In March 2016, as part of CEC's annual equity program, Messrs. Williams, Swann, and Kleisner each received 51,138 RSUs, which vest 33.33% on March 23, 2017, 2018, and 2019, respectively.

In addition, each of these directors received annual cash compensation paid monthly in arrears. Board members receive a base salary of \$75,000, plus an additional \$25,000 for service on the Audit Committee, an additional \$15,000 for service on the Human Resource Committee, and an additional \$10,000 for committee chairmanship. Mr. Williams received \$110,000 annually, Mr. Swann received \$57,498 through June 30, 2016, Mr. Kleisner received \$100,000 annually and Mr. Zuroff received \$16,667. Additionally, for their service on the CEC SAC, Mr. Kleisner received \$546,035, Mr. Swann received \$106,035, Mr. Williams received \$386,035 and Mr. Zuroff received \$60,000.

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The board of directors of CEC is engaged in the planning for and assessment of potential strategic alternatives and contingency planning in connection with its ongoing goals and objectives, CEC's ongoing participation in the bankruptcy proceedings and related litigation of CEC's subsidiary, CEOC and certain of CEOC's subsidiaries (each a Strategic Alternatives Matter and collectively, the Strategic Alternatives Matters). The board of directors of CEC formed the CEC SAC and authorized it to act on behalf of CEC's board of directors to undertake any review, analysis, assessment, valuation or other actions necessary or appropriate in connection with CEC's role in any or all of the Strategic Alternatives Matters, whether involving a single transaction or a series of related transactions.

The remaining directors do not receive compensation for their service as a member of CEC's board of directors and all of CEC's directors are reimbursed for any expenses incurred in connection with their service.

None of the members of the CEC HRC is a current or former officer or employee of CEC. No executive officer of CEC serves on the compensation committee of any company that employs any member of the CEC HRC.

## **Certain Relationships and Related Party Transactions of Caesars Entertainment Corporation**

### ***Related Party Transaction Policy***

CEC's board of directors has a written related party transaction policy and procedures which gives CEC's Audit Committee the power to approve or disapprove potential related party transactions of CEC's directors and executive officers, their immediate family members, and entities where they hold a 5% or greater beneficial ownership interest. CEC's Audit Committee is charged with reviewing all relevant facts and circumstances of a related party transaction, including if the transaction is on terms comparable to those that could be obtained in arm's length dealings with an unrelated third-party and the extent of the person's interest in the transaction.

The policy has pre-approved the following related party transactions:

compensation to an executive officer or director that is reported in CEC's public filings and has such been approved or recommended to CEC's board of directors for approval by CEC's Human Resources Committee or the 162(m) Plan Committee;

transactions where the interest arises only from (a) the person's position as a director on the related party's board; (b) direct or indirect ownership of less than 5% of the related party; or (c) the person's position as a partner with the related party and all other related parties, in the aggregate, have an interest of less than 5% interest and is not the general partner of and does not have another position in the partnership;

transactions involving services as a bank depository of funds, transfer agent, registrar, trustee under a trust indenture, or similar services;

any transaction where the related party's interest arises solely from the ownership of any class of CEC's securities and all holders of that class of CEC's securities receive the same benefit on a pro rata basis; and

any transaction involving a related party where the rates or charges involved are determined by competitive bids.

A related party transaction is defined as a transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) in which CEC (including any of its subsidiaries) was, is or will be a participant and the amount involved exceeds \$120,000, and in which any related party had, has or will have a direct or indirect interest.

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The following discussion reflects CEC's relationships and related party transactions entered into in connection with (1) the acquisition of CEC by affiliates of the Sponsors (the Acquisition), (2) the contribution by CEC of its shares of CIE outstanding common stock held by one of CEC's subsidiaries and approximately \$1.1 billion in aggregate principal amount of senior notes (the CEOC Notes) previously issued by CEOC that were owned by another one of CEC's subsidiaries for non-voting units of CGP (collectively, the CGP Contribution Transaction), (3) the affiliates of the Sponsors exercising their basic subscription rights in full to purchase \$457.8 million worth of CAC Common Stock and CAC using such proceeds to acquire all of the voting units of CGP and (4) CGP using such proceeds to purchase from subsidiaries of CEC (x) the Planet Hollywood located in Las Vegas, Nevada, (y) CEC's joint venture interests in a casino then under development by CBAC Gaming, LLC (the Maryland Joint Venture) in Baltimore, Maryland and (z) a 50% interest in the management fee revenues for both of those properties (collectively, the Purchase Transaction, and together with the CGP Contribution Transaction, the Initial CGP Transactions). The following discussion also reflects other related party transactions since January 1, 2013. Each of CAC and CEC is under the control of Hamlet Holdings, the members of which are comprised of individuals affiliated with each of the Sponsors. Eric Press, David Sambur and Marc Rowan, each members of CEC's board of directors, are affiliated with Apollo, and David Bonderman and Kelvin Davis, each members of CEC's board of directors, are affiliated with TPG. CIE and CGP are each subsidiaries of CAC (and CEC also holds an interest in CGP). CEOC is a majority owned subsidiary of CEC. CES is a joint venture among CEOC, CERP, a subsidiary of CEC, and CGPH, an indirect, wholly owned subsidiary of CGP. Certain of CEC's executive officers and directors hold equity interests in CEC, CAC, CIE and CEOC.

***Transactions with Related Persons******Hamlet Holdings Operating Agreement***

All holders of Hamlet Holdings' equity securities are parties to Hamlet Holdings' limited liability company operating agreement. The operating agreement provides, among other things, for the various responsibilities of the members. The members include Leon Black, Joshua Harris, and Marc Rowan, each of whom is affiliated with Apollo (the Apollo Members), and David Bonderman, and James Coulter, each of whom is affiliated with TPG (the TPG Members and, together with the Apollo Members, the Members). The Members have the full and exclusive right to manage Hamlet Holdings, and the consent of at least one Apollo Member and one TPG Member is required for all decisions by or on behalf of Hamlet Holdings. The operating agreement also contains customary indemnification rights.

***Stockholders Agreement***

In connection with the Acquisition, Hamlet Holdings, the Sponsors and certain of their affiliates, the co-investors, and certain of their affiliates entered into a stockholders' agreement with CEC (the Stockholders Agreement). The Stockholders Agreement contains, among other things, the agreement among the stockholders to restrict their ability to transfer stock of CEC, as well as rights of first refusal, tag-along rights and drag-along rights. Pursuant to the Stockholders Agreement, certain of the stockholders have, subject to certain exceptions, preemptive rights on future offerings of equity securities by CEC. The Stockholders Agreement also provides the stockholders with certain rights with respect to the approval of certain matters and the designation of nominees to serve on CEC's board of directors, as well as registration rights of securities of CEC that they own.

Following the Acquisition, CEC's board of directors was initially comprised of at least nine directors, (1) four of whom were designated by the Apollo Members and (2) four of whom were designated by the TPG Members, and

(3) one of whom is the chairman. As ownership in CEC by either of the Sponsors decreases, the Stockholders Agreement provides for the reduction in the number of directors the respective Members can designate.

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Pursuant to the Stockholders' Agreement, approval of CEC's board of directors and at least two directors (one designated by Apollo Members and one designated by TPG Members) is required for various transactions by CEC, including, among other things, CEC's liquidation, dissolution, merger, sale of all or substantially all of CEC's assets as well as the issuance of CEC's securities in connection with certain acquisitions and joint ventures.

The Stockholders' Agreement was amended in connection with CEC's initial public offering to prevent certain rights under the Stockholders' Agreement (including certain rights described above) from terminating.

### *Management Investor Rights Agreement*

In connection with the Acquisition, CEC entered into a Management Investor Rights Agreement, as amended (the MIRA), with certain holders of securities of CEC, including certain members of management of CEC. The agreement governs certain aspects of CEC's relationship with its management security holders. The agreement, among other things:

restricts the ability of management security holders to transfer shares of CEC Common Stock, with certain exceptions, prior to a qualified public offering;

allows the Sponsors to require management security holders to participate in sale transactions in which the Sponsors sell more than 40% of their shares of CEC Common Stock;

allows management security holders to participate in sale transactions in which the Sponsors sell shares of CEC Common Stock, subject to certain exceptions;

allows management security holders to participate in registered offerings in which the Sponsors sell their shares of CEC Common Stock, subject to certain limitations;

allows management security holders below the level of senior vice president to require CEC to repurchase shares of CEC Common Stock in the event that a management security holder below the level of senior vice president experiences an economic hardship prior to an initial public offering, subject to annual limits on CEC's repurchase obligations;

allows management security holders to require CEC to repurchase shares of CEC Common Stock upon termination of employment without cause or for good reason; and

allows CEC to repurchase, subject to applicable laws, all or any portion of the CEC Common Stock held by management security holders upon the termination of their employment with CEC or its subsidiaries, in certain circumstances.

On May 6, 2013, CEC amended the MIRA to provide that shares of CEC Common Stock issued upon exercise of an award granted under CEC's Management Equity Incentive Plan and/or the CEC 2012 PIP are not subject to the terms



and provisions of the MIRA, including, but not limited to, the restrictions on transfers set forth in the MIRA.

The MIRA will terminate upon the earliest to occur of the dissolution of Hamlet Holdings or the occurrence of any event that reduces the number of security holders to one.

*Services Agreement*

Upon the completion of the Acquisition, the Sponsors and their affiliates entered into a services agreement with CEC relating to the provision of certain financial and strategic advisory services and consulting services. CEC reimburses the Sponsors for expenses they incur related to these management services. CEC historically paid a monitoring fee for management services of \$7.5 million each quarter, however, the Sponsors granted a waiver of the monitoring fees due for 2015 and 2016. In 2015, CEC reimbursed the Sponsors \$20 million in

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expenses incurred. Also, under the services agreement, the Sponsors have the right to act, in return for additional fees based on a percentage of the gross transaction value, as CEC's financial advisor or investment banker for any merger, acquisition, disposition, financing or the like if CEC decides it needs to engage someone to fill such a role. CEC has agreed to indemnify the Sponsors and their affiliates and their directors, officers and representatives for losses relating to the services contemplated by the services agreement and the engagement of affiliates of the Sponsors pursuant to, and the performance by them of the services contemplated by, the services agreement.

***Agreements with CAC and its Subsidiaries***

For a discussion regarding agreements with CAC and its subsidiaries, please see the section entitled "CEC and CAC Proposal 1: Adoption of the Merger Agreement and Approval of the Merger - Certain Relationships Between CEC and CAC" beginning on page 303.

***Agreements Relating to the CEOC Restructuring***

For a discussion regarding the agreements relating to the Restructuring, see "The CEOC Restructuring" below.

***WSOP Trademarks***

CIE owns the WSOP trademarks and associated rights. CEOC has a perpetual, royalty-free license to use the WSOP trademarks in connection with operating WSOP branded poker rooms and selling certain WSOP branded retail items. Under a Trademark License Agreement entered into in 2011, CEC pays CIE \$2 million per year for the right to host the WSOP tournaments at the Rio All-Suites Hotel & Casino in Las Vegas or at such other property agreed to by the parties. CEC also has the right to host a number of WSOP circuit events at CEC affiliate properties under a Circuit Event Agreement with CIE. CEC must pay CIE \$75,000 for each such circuit event. Both the Trademark License Agreement and Circuit Event Agreement expire on September 1, 2016, unless terminated earlier pursuant to the terms of each agreement.

***XOJet, Inc.***

XOJet, Inc. ( "XOJet" ), a private aviation company, is a TPG portfolio company. CEC and XOJet are parties to a Custom Membership Program Agreement pursuant to which, among other things, CEC has access to XOJet aircrafts at contractually agreed upon hourly rates. Pursuant to the terms of this agreement, CEC incurred expenses of approximately \$0.6 million, \$0.9 million, and \$3.0 million for the years ended December 31, 2016, 2015, and 2014, respectively.

***SunGard Availability Service LP***

SunGard Availability Service LP ( "SunGard" ), a private software solutions company, is a TPG portfolio company. CEC and SunGard are parties to a Master Agreement for U.S. Availability Services pursuant to which, among other things, SunGard provides CEC enterprise cloud services and solutions for managed information technology. Pursuant to the terms of this agreement, CEC incurred expenses of approximately \$0.4 million, \$0.3 million, and \$1.5 million for the years ended December 31, 2016, 2015, and 2014, respectively.

***Sabre, Inc.***

Sabre, Inc. ( "Sabre" ), a private travel sector technology company, is a TPG portfolio company. CEC and Sabre are parties to a Hotel Associate Distribution and Services Agreement pursuant to which, among other things, CEC uses

Sabre's technology to assist customers with booking hotel rooms. Pursuant to the terms of this agreement, CEC incurred expenses of approximately \$0.3 million, \$0.2 million, and \$0.5 million for the years ended December 31, 2016, 2015, and 2014, respectively.

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***Avaya Inc.***

Avaya Inc. ( Avaya ), a public communications solutions company, is a TPG portfolio company. CEC and Avaya are parties to a Customer Agreement pursuant to which, among other things, Avaya supplies CEC with technology products and services, software licenses and support for such products and services. Pursuant to the terms of this agreement, CEC incurred expenses of approximately \$0.3 million, \$0.3 million, and \$1.1 million for the years ended December 31, 2016, 2015, and 2014, respectively.

***Norwegian Cruise Line Holdings Ltd.***

Norwegian Cruise Line Holdings Ltd. ( NCL ), a public cruise ship operations company, is an Apollo funds and TPG portfolio company. CEC and NCL are parties to a Marketing Agreement pursuant to which, among other things, NCL pays CEC a percentage of NCL 's gaming revenue. Pursuant to the terms of this agreement, CEC and NCL 's mutual business transactions amounted to approximately \$0.1 million, \$1.1 million, and \$2.0 million for the years ended December 31, 2016, 2015, and 2014, respectively.

***Classic Party Rentals***

Classic Party Rentals, a private event rental company, is an Apollo portfolio company. CEC and Classic Party Rentals are parties to an Equipment Rental Agreement pursuant to which, among other things, Classic Party Rentals supplies CEC with tenting, draping, lighting, furniture, tableware, and linens for parties and events. Pursuant to the terms of this agreement, CEC incurred expenses of approximately \$0.3 million for the year ended December 31, 2014, and did not incur material expenses during 2016 and 2015.

***Creative Artists Agency LLC***

Creative Artists Agency, LLC. ( CAA ), a private talent and sports agency, is an Apollo funds and TPG portfolio company. CEC and CAA are parties to multiple entertainment agreements pursuant to which, among other things, CEC pays CAA fees in connection with artists ' performances at CEC 's properties. Pursuant to the terms of these agreements, CEC incurred expenses of approximately \$0.2 million for each of the years ended December 31, 2015 and 2014, and did not incur material expenses during 2016.

***LINQ Access and Parking Easement Lease Agreement***

Under the LINQ Access and Parking Easement lease agreement, CEOC leases the parking lot behind The LINQ promenade and The LINQ Hotel to CERP and CGP. Together, CERP and CGP pay approximately \$2 million annually, subject to a 3% annual increase through expiration in April 2028.

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**THE CEOC RESTRUCTURING**

**Overview**

As a result of CEOC's highly leveraged capital structure and the general decline in earnings from its gaming operations between 2007 and 2014, CEOC became unable to comply with certain obligations contained in its indebtedness agreements. CEC and CEOC engaged in numerous negotiations starting in 2014 with certain holders of CEOC's indebtedness in an effort to reach a mutual agreement regarding a restructuring of CEOC's debt. On January 15, 2015, CEOC and the other Debtors filed the Chapter 11 Cases in the Bankruptcy Court.

Following January 15, 2015, the Debtors continued to negotiate with their creditors throughout the Chapter 11 Cases. These negotiations led to the entry into the Creditor RSAs as well as the Caesars RSAs. Pursuant to the RSAs, the parties thereto agreed, among other things, to support the Plan. On January 17, 2017, the Bankruptcy Court issued the Confirmation Order confirming the terms of the Plan, which provides for, among other things, the implementation of the Restructuring and the entry into the Restructuring Documents.

To effectuate the Plan, certain Debtors will, among other things, convert their prepetition corporate structure into two companies: OpCo and PropCo. The primary features of the OpCo/PropCo structure contemplated by the Plan are as follows:

OpCo, or New CEOC, will be CEOC's successor and a wholly owned operating subsidiary of New CEC. OpCo will continue to own substantially all operations, gaming licenses, personal property and other related interests of the Debtors upon completion of the Merger and the Restructuring. Other than with respect to certain domestic properties and non-gaming fixtures contributed to the REIT Entity, OpCo will lease the real property assets and related fixtures owned by PropCo pursuant to two Master Lease Agreements, one relating to the Caesars Palace Las Vegas property and the other relating to the remaining U.S. properties owned by PropCo, and will operate New CEOC's properties and facilities on an ongoing basis.

PropCo will be a subsidiary of the REIT Entity. Upon completion of the Merger and the Restructuring, PropCo will receive, and directly or indirectly own, substantially all of the Debtors' domestic real property assets and related fixtures. The real property, assets and related fixtures of Caesars Palace Las Vegas will be owned separately by a newly formed, wholly owned subsidiary of PropCo. CEC will not own any equity interests in PropCo.

The reorganized Debtors (other than PropCo) will remain part of the overall New CEC enterprise, and New CEC will guarantee (1) OpCo's payments under the two Master Lease Agreements and the Golf Course Use Agreement and (2) if necessary, the OpCo debt issued in connection with the Plan.

The distributions contemplated by the Plan will be made from a combination of cash, convertible debt securities and direct equity issued by CEC as well as from a combination of cash, new debt, preferred shares and common shares issued by OpCo and the REIT Entity, PropCo, and the other entities that will own the domestic real property assets and related non-gaming fixtures of Caesars Palace Las Vegas, as applicable. To the extent that the Debtors are unable to syndicate new debt of OpCo as described below, the Plan contemplates OpCo issuing new debt, for which CEC will provide a modified guarantee of collection, directly to the Debtors' creditors.

In order to support distributions under the Plan, the Plan is conditioned upon CEC making significant cash and non-cash contributions to the Debtors' reorganization. Specifically, the Plan contemplates CEC, on behalf of itself and its non-Debtor affiliates, making the following cash and non-cash contributions, which contributions will be funded in part from cash currently held by CAC or its subsidiaries that will become available upon the completion of the Merger, which will occur contemporaneously with the Plan Effective Time:

approximately \$925.2 million (less forbearance fees already paid) in cash to fund Plan distributions, other restructuring transactions contemplated by the Plan, and general corporate purposes, and up to an additional \$19.2 million to fund distributions to certain classes of the Debtors' unsecured creditors;

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RSA Forbearance Fees;

the Bank Guaranty Settlement Purchase Price to the Debtors for the benefit of CEOC's first lien bank lenders;

\$700 million commitment (with no associated fee) to purchase 100% of New CEOC Common Stock;

call rights to PropCo to purchase the real property and the related fixtures associated with the Harrah's Laughlin, Harrah's Atlantic City and Harrah's New Orleans properties;

a guarantee of New CEOC's monetary obligations under the Master Lease Agreements and, if necessary, the \$1,235 million of New CEOC debt to be issued at the Plan Effective Time;

approximately \$1.1 billion of the Convertible Notes issued by CEC;

at least \$1.0 billion and up to \$1.2 billion in cash to repurchase shares of CEC Common Stock from certain creditors of the Debtors;

\$60 million for the Additional CEC Bank Consideration and \$80 million for the Additional CEC Bond Consideration, each of which may be paid in cash or in CEC Common Stock at CEC's discretion (subject to CAC's prior written consent if CEC Common Stock is issued) and, for accounting and financial reporting purposes, assuming a Plan Effective Time as of August 31, 2017; and

issuance of up to 58.4% of CEC Common Stock to creditors of CEOC and the other Debtors (after giving effect to the Merger Stock Issuance and assuming completion of \$1.0 billion of the CEC Common Equity Buyback), the issuance of which is the subject of approval at the CEC Special Meeting and will be provided upon exchange of New CEOC Preferred Stock in connection with the CEOC Merger.

After the Emergence, New CEC will be responsible for CEC's ongoing obligations arising from these contributions, including with respect to any guarantees.

Additionally, under the Plan, CAC will waive its recoveries on approximately \$293 million (including accrued and unpaid interest) of the Senior Notes.

Because certain of CEC's contributions to the Debtors under the Plan take the form of direct credit support, such as the guarantee of New CEOC's operating lease obligations, the Plan provides for, among other things, (1) a global settlement of all claims the Debtors may have against CEC and its affiliates and CAC and its affiliates and (2) comprehensive releases for CEC and its affiliates and CAC and its affiliates for claims or causes of action that the Debtors' creditors may have against CEC and its affiliates and CAC and its affiliates, including with respect to any obligations CEC may have related to guarantees of CEOC's debt.

At the Plan Effective Time, the terms of the Plan confirmed by the Confirmation Order will be binding upon the Debtors and all other parties affected by the Plan.

The Restructuring will significantly de-lever the Debtors' capital structure, leaving New CEOC and its subsidiaries with approximately \$1.6 billion in outstanding debt at the Plan Effective Time.

### **The Plan**

The following description summarizes CEC's contributions to the Debtors under the Plan as well as the Restructuring Documents to be entered into in connection with the Plan. After the Emergence, New CEC will be responsible for CEC's obligations arising from the contributions and the Restructuring Documents entered into at the Plan Effective Time. The description below is qualified in its entirety by reference to the Plan and the related Disclosure Statement, which is available at <https://cases.primeclerk.com/CEOC>.



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***The Separation Structure***

The separation of the Debtors into OpCo, PropCo and the REIT (the *Separation Structure* ) will occur through a spin-off of the REIT in a transaction intended to generally constitute a tax-free reorganization under section 368(a)(1)(G) of the Code (the *Spin Structure* ). In the Spin Structure, the distribution of the new debt and new equity under the Plan will be made in a manner that is intended to not generate taxable income to the Debtors other than cancellation of indebtedness income.

On March 20, 2015, the Debtors submitted a formal request to the IRS seeking a ruling from the IRS with respect to certain federal income tax consequences of the Spin Structure (the *PLR Request* ). In response to the PLR Request, the IRS requested additional information from the Debtors and the Debtors provided such information to the IRS. On January 5, 2017, CEC and CEOC received private letter rulings from the IRS in connection with the formation of, and distribution to certain creditors of CEOC of interests in, a REIT pursuant to the Plan (the *PLRs* ). In the PLRs, the IRS addressed and favorably ruled on certain issues necessary for the Spin Structure to qualify as tax-free under Sections 355 and 368(a)(1)(G) of the Code, and for the REIT to qualify as a REIT under the Code.

Below is a chart representing the anticipated structure of New CEC after the completion of the Merger and the Restructuring (based solely on the number of shares of CEC and CAC Common Stock issued and outstanding as of December 31, 2016):

- (1) As part of the Restructuring, affiliates of the Sponsors that granted a proxy to Hamlet Holdings will contribute the shares of CEC Common Stock they currently own to CEC and, accordingly, will not have any interests in New CEC after completion of the Merger and the Restructuring other than through their former interests in CAC.

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- (2) Affiliates of the Sponsors that granted a proxy to Hamlet Holdings will beneficially own approximately 21.4% of New CEC through their former interests in CAC, while former CAC public stockholders will own approximately 11.5% of New CEC through their former interests in CAC, in each case calculated after giving effect to the Emergence Stock Issuance and assuming completion of \$1.0 billion of the CEC Common Equity Buyback.
- (3) Calculated after giving effect to the Emergence Stock Issuance and assuming completion of at least \$1.0 billion of the CEC Common Equity Buyback (which may be up to \$1.2 billion under certain circumstances). In the event that \$1.2 billion of CEC Common Stock is repurchased in the CEC Common Equity Buyback, CEC Stockholders would own 9.1% of New CEC, CAC stockholders would own 34.3% of New CEC, including approximately 22.3% beneficially owned by affiliates of the Sponsors that granted a proxy to Hamlet Holdings, and CEC's creditors would own 56.6% of New CEC, in each case, after giving effect to the Emergence Stock Issuance.
- (4) CERP owns six casinos in the United States and The LINQ promenade along with leasing Octavius Tower to OpCo and gaming space at The LINQ promenade to CGP.
- (5) CGP owns six casinos in the United States and, through its indirect subsidiary CIE, owns and operates a regulated online real money gaming business and owns the WSOP tournaments and brand. As discussed above, on September 23, 2016, CIE sold its social and mobile games business as it existed at that time, including Playtika, Ltd., to Alpha Frontier Limited for approximately \$4.4 billion in cash.
- (6) Managers will be newly formed subsidiaries that will provide management services to OpCo, or New CEOC, with respect to properties leased from PropCo pursuant to the MLSAs. See the section entitled "The CEOC Restructuring - The Plan - Shared Services" beginning on page 206 for additional information.
- (7) Consists primarily of captive insurance subsidiaries and certain international development companies.
- (8) OpCo or New CEOC, as CEOC's successor, is expected to lease and operate 18 casinos in the United States, own and operate one casino in the United States and nine internationally, most of which are located in the United Kingdom, and manage seven casinos owned by unrelated third parties.
- (9) CES provides certain corporate, administrative and management services for the CERP, New CEOC and CGPH casino properties and casinos owned by unrelated third parties. CES also manages certain enterprise assets and the other assets it owns, licenses or controls, and employs certain of the corresponding employees.

***New CEOC Funded Debt Obligations***

At the Plan Effective Time, pursuant to the Plan, New CEOC will have funded debt obligations of at least \$1,235 million, or the New CEOC Debt. As of February 21, 2017, CEOC and the other Debtors had entered into committed financing agreements for proposed new senior secured credit facilities, comprising up to \$1,235 million in the aggregate principal amount of a seven-year senior secured term loan facility and up to \$200 million in the aggregate principal amount of a five-year senior secured revolving credit facility (collectively, the New CEOC Senior Facilities). The closing of the New CEOC Senior Facilities is subject to syndication, the negotiation and execution of definitive documentation, receipt of regulatory approvals and satisfaction of customary closing conditions.

If the New CEOC Senior Facilities are not fully syndicated and issued to third parties and the requisite consenting bank creditors waive the Plan's requirement that New CEOC Debt be syndicated and issued to third parties, then New CEOC may issue up to \$916 million in principal amount of New CEOC Debt in the form of first lien term loans (New CEOC First Lien Term Loans) on a pro rata basis to holders of Prepetition Credit Agreement Claims. Similarly, if the New CEOC Debt is not fully syndicated and issued to third parties and the requisite consenting bond creditors waive the Plan's requirement that New CEOC Debt be syndicated and issued to third parties, then New CEOC may issue up to \$318 million in principal amount of New CEOC Debt in the form of first lien notes (New CEOC First Lien Notes) on a pro rata basis to holders of Secured First Lien Notes Claims, provided however, that if the amount of New CEOC First Lien Notes that would be issued is less than \$159.05 million, then the holders of Secured First Lien Notes Claims will receive the New CEOC First Lien Term Loans in lieu of the New CEOC First Lien Notes.



**Table of Contents****CEC Contributions**

The following table sets forth the estimated sources and uses of cash for CEC in connection with the Plan, which, for accounting and financial reporting purposes, assumes a Plan Effective Time as of August 31, 2017.

Sources of Funds	(in millions)		Uses of Funds
CIE cash <sup>(1)</sup>	\$ 2,950	Cash to CEOC creditors <sup>(4)</sup>	\$ 3,719
CEC insurance proceeds <sup>(2)</sup>	126	Purchase of New CEOC Equity	700
New CEOC Debt proceeds	1,235	CEC Common Equity Buyback <sup>(5)</sup>	1,000
CEOC and CGP cash <sup>(3)</sup>	1,353	Capitalization of PropCo <sup>(6)</sup>	45
		Financing, professional and other fees <sup>(7)</sup>	200
Total sources of funds	\$ 5,664	Total uses of funds	\$ 5,664

- (1) This includes all cash expected to be remaining at CIE after the sale of the SMG Business, less (i) \$260 million of cash held in escrow related to the sale, approximately \$196 million of which is expected to be released to New CEC in September 2017, subject to certain conditions and any indemnity claims made by the buyers of the SMG Business, and (ii) \$15 million of minimum cash.
- (2) Reflects cash proceeds from the settlement of certain claims under director and officer insurance policies.
- (3) Assumes remaining funding requirements are funded using cash held at CEOC and CGP.
- (4) Includes the (i) \$925 million CEC Cash Contribution under the Plan, net of \$94 million of forbearance fees already paid prior to the Plan Effective Time, (ii) \$801 million Bank Guaranty Settlement, net of \$61 million for an upfront payment paid prior to the Plan Effective Time, (iii) \$140 million of ticking fees, which consists of \$60 million to be paid for the Additional CEC Bank Consideration and \$80 million to be paid for the Additional CEC Bond Consideration and (iv) \$2,006 million of other cash distributions to CEOC creditors pursuant to the Plan. Does not include cash to CEOC creditors from the issuance of CPLV Market Debt or issuance of PropCo Preferred Equity, in each case, pursuant to the Plan.
- (5) May be increased to \$1,200 million depending on the elections of certain creditors of the Debtors and an evaluation of the potential tax consequences of the buyback.
- (6) Represents cash from CEOC that will be transferred to PropCo to fund PropCo at the Plan Effective Time.
- (7) Includes estimates for financing fees and professional fees related to the CPLV Market Debt and New CEOC Debt, backstop fees related to the PropCo Preferred Equity, professional fees for financial advisors related to the Restructuring and Merger, and other fees due pursuant to the RSAs.

Under the Plan, CEC will be making significant cash and non-cash contributions to the Debtors reorganization and to facilitate the Restructuring. These contributions will be funded, in part, by cash currently held by CAC or its subsidiaries that will become available upon completion of the Merger, which is expected to occur substantially concurrently with the Emergence at the Plan Effective Time.

**CEC Cash Contributions and Payments**

At the Plan Effective Time, CEC will pay to the Debtors (1) approximately \$925.2 million in cash, plus (2) the Bank Guaranty Settlement Purchase Price (as defined below), plus (3) (i) the Additional CEC Bank Consideration and (ii) the Additional CEC Bond Consideration, plus (4) any proceeds or settlement received on behalf of CEOC s, CEC s,

or the Sponsors applicable insurance policies prior to the Plan Effective Time, less (5) the RSA forbearance fees under the RSA with the holders of claims in respect of CEOC's first lien bonds ( Secured First Lien Notes Claims and such RSA, the First Lien Bond RSA ), the RSA with the holders of claims in respect of CEOC's first lien bank debt ( Prepetition Credit Agreement Claims and such RSA, the Bank RSA ) and the RSA with the holders of claims in respect of CEOC's second lien bonds ( Second Lien Notes Claims and such RSA, the Second Lien Bond RSA ) paid by CEC (collectively, the RSA Forbearance Fees ).

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For additional discussion on Additional CEC Bank Consideration and the Additional CEC Bond Consideration, see the section entitled *Additional CEC Bank Consideration; Additional CEC Bond Consideration* below. For additional discussion of the RSA Forbearance Fees, see the section entitled *RSA Forbearance Fees* below.

*RSA Forbearance Fees*

At the Plan Effective Time, CEC will pay the RSA Forbearance Fees in the amount of 1.625% of the face amount of the first lien bonds held by (1) holders of Secured First Lien Notes Claims who signed the First Lien Bond RSA prior to 5:00 p.m. EST on January 12, 2015, so long as the First Lien Bond RSA is in effect, (2) holders of Prepetition Credit Agreement Claims who signed the Bank RSA (provided that those first lien bonds held by such bank lenders that have not already received the first payment of 1.625%, will receive 3.25% of the face amount of their first lien bonds at the Plan Effective Time) and (3) holders of Second Lien Notes Claims who signed the Second Lien Bond RSA within two business days following its effective date, so long as the Bank RSA, First Lien Bond RSA and Second Lien Bond RSA are in effect.

*Bank Guaranty Settlement*

As part of a settlement by and among CEC, CEOC and lenders party to the Bank RSA with respect to the entitlement of certain holders Prepetition Credit Agreement Claims to post-petition interest and the rate of any such post-petition interest, and to facilitate a settlement with the holders of claims with respect to CEOC's subsidiary-guaranteed notes, at the Plan Effective Time, CEC will contribute to the Debtors sufficient cash to cover the settlement amounts outlined in the Plan to be paid for such Prepetition Credit Agreement Claims (the *Bank Guaranty Settlement Purchase Price*). At the Plan Effective Time, the Debtors will distribute the Bank Guaranty Settlement Purchase Price to the holders of Prepetition Credit Agreement Claims in compliance with each such holder's respective accrued post-petition interest in accordance with the Plan.

*CEC Stock Purchase of New CEOC Equity*

At the Plan Effective Time, CEC will complete the purchase of 100% of the common equity interests in New CEOC (*New CEOC Common Stock*) for \$700 million, at which time CEC will own 100% of the New CEOC Common Stock.

*PropCo Call Right Agreements*

At the Plan Effective Time, PropCo, CEC, CERP, CGP and their respective applicable subsidiaries (if applicable) will enter into certain call right agreements (the *PropCo Call Right Agreements*), and each PropCo Call Right Agreement will become effective in accordance with its terms and the Plan. The PropCo Call Right Agreements will provide PropCo with an option, exercisable within five years following the Plan Effective Time, to purchase and lease back to, as applicable, CERP's, CGP's or their respective applicable subsidiaries' real property interest and all improvements associated with Harrah's Atlantic City, Harrah's Laughlin and Harrah's New Orleans (each PropCo Call Right Agreement relating to a different property). If PropCo does not exercise its call right within the exercise period, the respective PropCo Call Right Agreement will automatically terminate. The purchase price will equal ten times the agreed annual rent for such properties under the applicable lease, and the purchase will be on other customary terms and conditions, with the closing of such purchase(s) to occur following regulatory approvals. The rent under each lease will be determined based on an EBITDAR coverage ratio and will be adjusted on terms consistent with the Non-CPLV Master Lease. If CEC is unable to timely deliver a property pursuant to the call right due to limitations set forth in agreements governing CEC's subsidiaries' indebtedness and if CEC is not able to provide replacement property providing equal or greater economic benefits to PropCo, CEC will pay to PropCo an amount in cash equal to the loss

in value to PropCo as specified in the applicable PropCo Call Right Agreement, subject to certain conditions.

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If necessary regulatory approvals in connection with the purchase of a property are not obtained, CEC will be required to use commercially reasonable efforts to sell the property to an alternative purchaser, subject to certain conditions. The proceeds of such sale will go first to CEC to compensate it for the funds it would have received had it sold the applicable property to PropCo, with the remainder of funds to be distributed to PropCo. If a sale of a property is not completed due to CEC's failure to obtain necessary regulatory approvals, PropCo may terminate the PropCo Call Right Agreement and CEC will pay to PropCo an amount in cash equal to the loss in value to PropCo as specified in the applicable PropCo Call Right Agreement.

Additionally, the call rights will be subject: (1) in the case of Harrah's Atlantic City and Harrah's Laughlin, to the terms of the CERP debt documents and (2) in the case of Harrah's New Orleans, to the terms of the CGP debt documents; provided, further, that in no event will such right be dilutive of covenant compliance after CEC's, CERP's and CGP's commercially reasonable efforts to obtain waivers or amendments to permit such transactions.

*CEC Guarantees*

At the Plan Effective Time, OpCo Tenant (as defined below) and PropCo Landlord (as defined below) will enter into the Master Lease Agreements, whereby OpCo Tenant will lease from PropCo Landlord certain real property assets and related fixtures formerly owned by CEOC. Additionally, New CEOC and Golf TRS (as defined below) will enter into the Golf Course Use Agreement pursuant to which New CEOC will have lease and usage rights from Golf TRS for certain golf course properties formerly owned by CEOC. Each of the Master Lease Agreements and the Golf Course Use Agreement will become effective in accordance with their terms and the Plan. The payment of all monetary obligations of each OpCo Tenant under its Master Lease Agreement will be guaranteed by CEC under the terms of a MLSA, and the payment of all monetary obligations of New CEOC (and/or its applicable subsidiaries) under the Golf Course Use Agreement will be guaranteed by CEC under the terms of the Non-CPLV MLSA. For additional information on these lease arrangements. See the section entitled "Master Lease Agreements, Golf Course Use Agreement" below for additional information.

CEC has agreed to enter a "New CEOC Guaranty Agreement" whereby CEC will guarantee the New CEOC Debt if necessary to ensure syndication thereof to third parties. If not all of the New CEOC Debt is syndicated and the New CEOC First Lien Term Loans and/or New CEOC First Lien Notes are issued to the holders of Prepetition Credit Agreement Claims or Secured First Lien Notes Claims, CEC will guarantee such debt.

*CEC Convertible Notes*

At the Plan Effective Time, CEC will issue approximately \$1.1 billion of the Convertible Notes to the Debtors, and the Debtors will distribute the Convertible Notes pursuant to the terms of the Plan to the holders of non-first lien claims.

The Convertible Notes will accrue interest at 5.00% per annum and mature in 2024. The Convertible Notes will be convertible at the option of holders into a number of shares of CEC Common Stock that, were they issued at the Plan Effective Time, would represent approximately 17.9% of the CEC shares outstanding at the Plan Effective Time, assuming completion of \$1.0 billion of the CEC Common Equity Buyback. The Convertible Notes will be subject to conversion at the option of CEC following the third anniversary of the issuance of the Convertible Notes if the last reported sale price of CEC Common Stock equals or exceeds 140% of the conversion price for the Convertible Notes in effect on each of at least 20 trading days during any 30 consecutive trading day period. CEC will not have any other redemption rights.



If CEC undergoes a Fundamental Change (as defined in the indenture governing the Convertible Notes), holders may require CEC to purchase for cash all or part of their Convertible Notes at a purchase price equal to 100% of the principal amount of the Convertible Notes to be purchased, plus accrued and unpaid interest, if any, to, but excluding, the Fundamental Change purchase date. In addition, if certain make-whole fundamental

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changes occur, CEC will, in certain circumstances, increase the conversion rate for any Convertible Notes converted in connection with such make-whole fundamental change.

The Convertible Notes will be senior unsecured obligations of CEC and rank equally and ratably in right of payment with all existing and future senior unsecured obligations and senior to all future subordinated indebtedness. The Convertible Notes will not be guaranteed.

The indenture that will govern the Convertible Notes will have covenants that limit CEC's and its restricted subsidiaries' ability to, among other things: (1) incur additional debt or issue certain stock; (2) pay dividends on or make other distributions in respect of its capital stock or make other restricted payments, including certain investments; (3) put any restriction on the ability of restricted subsidiaries to pay dividends, make loans or sell assets to CEC or its restricted subsidiaries; (4) sell certain assets; (5) create liens on certain assets to secure debt; (6) consolidate, merge, sell or otherwise dispose of all or substantially all of its assets; and (7) enter into certain transactions with their affiliates. These covenants will be subject to a number of important limitations and exceptions outlined in the indenture. The indenture will also provide for events of default, which, if any of them occurs, would permit or require the principal, premium, if any, interest and any other monetary obligations on all of the then outstanding Convertible Notes to be due and payable immediately. The terms of the Convertible Notes must be in the form and substance reasonably acceptable to CEC's major creditor groups.

### *CEC Common Equity Buyback*

At the Plan Effective Time, CEC will use at least \$1.0 billion and up to \$1.2 billion of the proceeds received in the sale of CIE's social and mobile games business as it existed at that time, including Playtika, Ltd. (the CIE Proceeds), to repurchase CEC Common Stock (the CEC Common Equity Buyback) from certain creditors of the Debtors at a predetermined price as follows:

First, \$1.0 billion of the CIE Proceeds (the Initial Buyback Amount) will be used to repurchase CEC Common Stock from holders of Second Lien Notes Claims and senior unsecured notes, general unsecured claims and claims in respect of an asserted personal injury tort or workers compensation against any Debtor who elect to sell such holders' shares of CEC Common Stock (the Initial Buyback);

Second, in the event that less than all of the Initial Buyback Amount is used in the previous step, CEC will use the remaining portion to repurchase CEC Common Stock from the holders in the previous step pro rata based on the amount of equity they receive under the Plan, but excluding those holders who participated at their pro rata or higher amount in step one above;

Third, a portion of \$200.0 million of the CIE Proceeds (the Additional Buyback Amount) will be used to repurchase such holders' shares of CEC Common Stock pro rata based on the quantum of equity they elected to sell in an amount equal to the lesser of (x) the maximum amount permitted without violating continuity of interest tests related to the Spin Structure and (y) the amount of remaining stock that the holders above elected to sell but was not satisfied in the Initial Buyback; and

Fourth, any unused portion of the Additional Buyback Amount will be used to repurchase CEC Common Stock from holders of Secured First Lien Notes Claims, Prepetition Credit Agreement Claims and subsidiary-guaranteed notes who elect to sell such holders' shares of CEC Common Stock, so long as such amount is permitted without violating the continuity of interest tests.

To the extent the Debtors determine in good faith that the CEC Common Equity Buyback would have negative consequences with respect to the tax treatment of the Spin Structure, the Debtors may modify the CEC Common Equity Buyback solely in a manner necessary to avoid such negative consequences only if the Second Lien Committee has given its written consent. Any modifications to the CEC Common Equity Buyback that adversely impacts CEO's or CEC's ability to provide the treatment of, and the identical economic recoveries available to, the holders of Secured First Lien Notes Claims or Prepetition Credit Agreement Claims require the consent of the requisite consenting bond creditors or the requisite consenting bank creditors, respectively.

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**Table of Contents***Additional CEC Bank Consideration; Additional CEC Bond Consideration*

At the Plan Effective Time, CEC will pay to the Debtors an amount equal to \$10 million per month earned from January 1, 2017 through the earlier of the Plan Effective Time or June 30, 2017 (such amount, the Additional CEC Bank Consideration ). Additionally, to the extent the Plan Effective Time has not occurred by May 1, 2017, CEC will pay an amount equal to \$20 million per month from May 1, 2017 until the Plan Effective Time, less \$4.8 million (such amount, the Additional CEC Bond Consideration ). Assuming a Plan Effective Time as of August 31, 2017 for accounting and financial reporting purposes, CEC estimates payments of \$60 million for the Additional CEC Bank Consideration and \$80 million for the Additional CEC Bond Consideration. Each amount may be paid at CEC's election either in cash or CEC Common Stock (subject to CAC's prior written consent if CEC Common Stock is issued), which will be issued in exchange for New CEOC Preferred Stock in connection with the CEOC Merger.

*CEC Common Stock*

At the Plan Effective Time, New CEOC will first issue Series A Preferred Stock ( New CEOC Preferred Stock ) to certain creditors of the Debtors. New CEOC will merge with and into a newly formed subsidiary of CEC (the CEOC Merger ). In exchange for the New CEOC Preferred Stock in connection with the CEOC Merger and in accordance with the Plan, at the Plan Effective Time, CEC will issue to certain creditors of the Debtors CEC Common Stock in an amount up to 58.4% of the outstanding shares of CEC Common Stock (after giving effect to the Merger Stock Issuance and assuming completion of \$1.0 billion of the CEC Common Equity Buyback). The percentages of CEC Common Stock issued pursuant to the Plan will take into account any dilution that would otherwise occur based on the conversion of the Convertible Notes to CEC Common Stock.

*Shared Services*

On or before the Plan Effective Time, the limited liability agreement of CES and the Omnibus Agreement will be amended or modified as necessary or appropriate to reflect the formation of New CEOC and PropCo, including (1) to provide that Total Rewards and other enterprise-wide and property specific resources are allocated, and services provided, in a way that does not discriminate against PropCo or New CEOC, and (2) for so long as CEC, or an entity that is a wholly owned subsidiary of CEC that provides management services pursuant to certain management and lease support agreements (the MLSAs ), and each such subsidiary of CEC that will provide management services, a Manager ), or any of their respective affiliates or subsidiaries, manages pursuant to the MLSAs or otherwise, CES will ensure that, in the event CEC, the Manager, or any of their respective affiliates and subsidiaries cease to provide the resources and services provided by such agreements, CES will provide such resources and services directly to PropCo on equivalent terms to or via an alternative arrangement reasonably acceptable to PropCo; provided that if CEC, the Manager, or any of their respective affiliates or subsidiaries are terminated as manager under the applicable management agreement other than by or with the consent of PropCo, CES will provide such resources and services pursuant to a management agreement on substantially the same terms and conditions, notwithstanding such termination, if so elected by PropCo. In the event PropCo terminates or consents to the termination of the management relationship with CEC or its affiliates, for so long as the transition period under the applicable management agreement(s) continues, PropCo will continue to have access to such resources and services on no less favorable terms.

CES will, at the request of the board of the REIT Entity, have meetings or conference calls once a quarter with a designee of the board of the REIT Entity to discuss, and consult on, the strategic and financial business plans, budgeting (including capital expenditures), and other topics as reasonably requested by the board of the REIT Entity. The REIT Entity will also have audit and information rights with respect to CES.

***Master Lease Agreements, Golf Course Use Agreement***

At the Plan Effective Time, OpCo (and/or its applicable subsidiaries) (as tenant under a Master Lease Agreement, OpCo Tenant ) and PropCo (and/or its applicable subsidiaries) (as landlord under a Master Lease

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Agreement, PropCo Landlord ) will enter into the Master Lease Agreements, and the Master Lease Agreements will become effective in accordance with their terms and the Plan. There will be at least two separate Master Lease Agreements, each between OpCo Tenant and PropCo Landlord: one lease relating to the Caesars Palace Las Vegas property (the CPLV Master Lease ), and the other lease(s) (the Non-CPLV Master Lease ) relating to the remaining U.S. properties owned by PropCo (initially comprised of 17 gaming facilities operated in eight states, a racetrack facility in Kentucky, miscellaneous properties in Las Vegas, Nevada and, upon the approval of the Bankruptcy Court, generally all other real property owned by CEOC as of the Plan Effective Time, other than the Golf Course properties). The term Facility refers to each single operating asset/business unit property leased under the Master Lease Agreements (*i.e.*, Caesars Palace Las Vegas under the CPLV Master Lease, and/or each of the various casinos leased under the Non-CPLV Master Lease).

The payment of all monetary obligations of each OpCo Tenant under its Master Lease Agreement will be guaranteed by CEC under the terms of a MLSA, as described in further detail below. Each Master Lease Agreement will have a 15 year initial term and four renewal terms of five years each exercisable by OpCo Tenant (at its option), provided there are no uncured defaults by OpCo Tenant under such Master Lease Agreement.

Each Master Lease Agreement will be structured as a triple-net lease, in that OpCo Tenant is responsible for all operating costs associated with the respective covered Facilities, including the payment of taxes, insurance and all repairs, and providing indemnities to PropCo Landlord against liabilities associated with the operations of each such Facility.

OpCo will be required to make capital expenditures satisfying certain minimum spending requirements as set forth in the Master Lease Agreements.

Generally, PropCo's sale of any Facility is conditioned upon an OpCo Tenant entering into a new lease with such new property owner on terms substantially similar to the applicable Master Lease Agreement, with prorated rent and capital expenditure obligations (and corresponding reductions under the applicable Master Lease Agreement from which such Facility is being sold). However, PropCo Landlord may sell certain specified parcels of land not associated with (or otherwise not necessary for the operation of) a Facility to third parties without a new lease (or any reduction of rent or capital expenditure obligations under the applicable Master Lease Agreement from which such land is being sold).

Generally, direct and indirect changes in control of OpCo Tenant are restricted without the PropCo Landlord's consent, but transfers of stock on a nationally-recognized exchange are permitted and certain direct and indirect changes in control of CEC are permitted without PropCo Landlord's consent.

A default under the Non-CPLV Master Lease will not be a default under the CPLV Master Lease. A default under the CPLV Master Lease will be a default under the Non-CPLV Master Lease, but only through the maturity date of the CPLV Market Debt (and thereafter the Master Lease Agreements shall not be cross-defaulted).

In the event either Master Lease Agreement is terminated, at such PropCo Landlord's option, the applicable OpCo Tenant will cooperate to transfer all personal property located at the applicable Facility(ies) to a designated successor, for fair market value, and/or to stay in possession of (and continue to operate) the applicable premises for a period not to exceed 2 years until a successor Tenant is determined.

Each Master Lease Agreement provides for fixed rent during an initial term, then a rent consisting of both base rent and variable percentage rent elements. The CPLV Master Lease provides for annual fixed rent of \$165 million for the first seven lease years, subject to escalation beginning in the 2nd lease year equal to the greater of 2% and the

Consumer Price Index (the Escalator ). Beginning in the 8th lease year, the base rent ( CPLV Base Rent ) will initially equal 80% of the preceding year's rent (and thereafter be increased annually by the Escalator for the remainder of the initial term), and percentage rent ( CPLV Percentage Rent ) will begin

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to be due, calculated as follows: In year 8, a fixed annual amount equal to 20% of the rent of the 7th lease year adjusted upwards or downwards by the product of 13% and the amount by which the net revenue generated by the Caesars Palace Las Vegas property in the 7th lease year increased or decreased from the net revenue for the year preceding the initial lease year of the initial term. The CPLV Percentage Rent will then remain unchanged during the 9th and 10th lease years. The CPLV Percentage Rent will be adjusted in year 11 either upward or downward in proportion to the comparison of net revenue from the 10th lease year versus net revenue from the 7th lease year. The CPLV Percentage Rent will then again remain unchanged for the remainder of the initial term. At the commencement of each renewal term, (a) the CPLV Base Rent will initially be adjusted to fair market value rent (provided it will be no lower than the prior year's CPLV Base Rent and no greater than 110% of the prior year's CPLV Base Rent), and thereafter be increased annually by the Escalator, and (b) the CPLV Percentage Rent will be adjusted either upward or downward, in proportion to the comparison of net revenue from the prior year versus net revenue from the year preceding the last time the CPLV Percentage Rent was adjusted, and then again remain unchanged for the remainder of such renewal term.

The Non-CPLV Master Lease provides for annual fixed rent of \$465 million for the first seven lease years, subject to escalation beginning in the 6th lease year equal to the Escalator. Beginning in the 8th lease year, the base rent ( Non-CPLV Base Rent ) will begin to be due, calculated as follows: the Non-CPLV Base Rent for lease years 8 through 10 will be equal in year 8 to 70% of the total rent for the 7th lease year, then increased annually by the Escalator during years 9 and 10. The Non-CPLV Base Rent for lease year 11 will be equal to 80% of the total rent for the 10th lease year, then increased annually by the Escalator for the remainder of the initial term. Also beginning in the 8th lease year, percentage rent ( Non-CPLV Percentage Rent ) will begin to be due, calculated as follows: In year 8, a fixed annual amount equal to 30% of the rent of the 7th lease year adjusted upwards or downwards by the product of 19.5% and the amount by which the net revenue generated by the Non-CPLV Facilities in the 7th lease year increased or decreased from the net revenue for the year preceding the initial lease year of the initial term. The Non-CPLV Percentage Rent will then remain unchanged during the 9th and 10th lease years. In year 11, the Non-CPLV Percentage Rent will be a fixed annual amount equal to 20% of the rent of the 10th lease year adjusted upwards or downwards by the product of 13% and the amount by which the net revenue generated by the Non-CPLV Facilities in the 10th lease year increased or decreased from the net revenue for the 7th lease year. The Non-CPLV Percentage Rent will then again remain unchanged for the remainder of the initial term. At the commencement of each renewal term, (a) the Non-CPLV Base Rent will initially be adjusted to fair market value rent (provided it will be no lower than the prior year's Non-CPLV Base Rent and no greater than 110% of the prior year's Non-CPLV Base Rent), and thereafter be increased annually by the Escalator, and (b) the Non-CPLV Percentage Rent will be adjusted either upward or downward in proportion to the comparison of net revenue from the prior year versus net revenue from the year preceding the last time the Non-CPLV Percentage Rent was adjusted, and then again remain unchanged for the remainder of such renewal term.

Concurrently with execution of the Master Lease Agreements, (1) certain golf course properties (the Golf Course Properties ) will be transferred to a direct, wholly-owned taxable REIT subsidiary ( Golf TRS ) of PropCo's general partner, and (2) New CEOC and Golf TRS will enter into a golf course use agreement (the Golf Course Use Agreement ) pursuant to which New CEOC will pay to Golf TRS (i) an annual payment in the amount of \$10 million subject to escalation in the 6th lease year equal to the Escalator, and (ii) per-round fees. The Golf Course Use Agreement will be coterminous, and cross defaulted, with the Non-CPLV Master Lease. The payment of all monetary obligations of New CEOC (and/or its applicable subsidiaries) under the Golf Course Use Agreement will be guaranteed by CEC under the terms of the Non-CPLV MLSA described in further detail below.

***Management and Lease Support Agreements***



At the Plan Effective Time, each OpCo Tenant and PropCo Landlord will enter into a MLSA with Manager and CEC in respect of the respective Master Lease Agreement, and such MLSAs will become effective in accordance with their terms and the Plan. Pursuant to each of the MLSAs, (1) the Manager (to be a wholly owned

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subsidiary of CEC) will manage the applicable Facility(ies) leased by OpCo Tenant, within certain parameters, with expenses for operating such Facility(ies) to be reimbursed by OpCo Tenant, and other customary management agreement terms and provisions, and (2) CEC will provide a guarantee in respect of OpCo Tenant's monetary obligations under the applicable Master Lease Agreement and (under the Non-CPLV MLSA) New CEOC's monetary obligations under the Golf Course Use Agreement. CEC's guaranty and the Manager's obligations under each MLSA terminate if the applicable Master Lease Agreement is terminated by reason of casualty, condemnation, the natural expiration of the term, or otherwise with PropCo Landlord's consent, and/or if PropCo Landlord elects to terminate the Manager other than for cause. The MLSAs each provide that CEC will not sell its assets unless it receives consideration equal to at least fair market value and, in the event of sales to affiliates, such sale will be subject to (i) a right of first refusal in favor of PropCo, (ii) the approval of the independent members of CEC's board of directors and (iii) receipt of a fairness opinion from an accounting, appraisal or investment banking firm.

The MLSAs limit the ability of CEC to pay non-cash dividends unless such dividends would not reasonably be expected to result in CEC's ability to perform its guaranty obligations. For a period of six years after the Plan Effective Time, the MLSAs also restrict the ability of CEC to pay dividends, purchase CEC's capital stock or engage in similar transactions unless (A) CEC's market capitalization after such transaction is at least \$5.5 billion, (B) the aggregate amount of such dividends or other transactions does not exceed (x) 25% of the net proceeds, up to a cap of \$25 million in any fiscal year, from the disposition of assets, or (y) \$100 million from other sources in any fiscal year, or (C) CEC's equity market capitalization after such transaction is at least \$4.5 billion and such dividend, distribution or other transaction is less than or equal to \$125 million per annum and is funded solely by asset sale proceeds.

***Right of First Refusal Agreement***

At the Plan Effective Time, PropCo and CEC will enter into the Right of First Refusal Agreement, and the Right of First Refusal Agreement will become effective in accordance with its terms and the Plan. The Right of First Refusal Agreement will provide, among other things, (1) a grant by CEC (by and on behalf of itself and all of its majority owned subsidiaries) to PropCo (by and on behalf of itself and all of its majority owned subsidiaries) of a right of first refusal to own and lease to an affiliate of CEC certain non-Las Vegas domestic real estate that CEC or its affiliates may have the opportunity to acquire or develop and (2) a grant by PropCo to CEC of a right of first refusal to lease and manage certain non-Las Vegas domestic real estate that PropCo may have the opportunity to acquire or develop.

***Corporate Governance at New CEC***

At the Plan Effective Time, the initial board of directors of New CEC (the Initial Board) will consist of eleven members (the Initial Directors), one of whom will be the CEO of New CEC and eight of whom will be independent directors, including the chairman. The Initial Board will be classified with Class I directors having a term expiring at the 2018 annual meeting of stockholders. The independent directors will not include anyone who is an officer, director, manager or full-time employee of any Sponsor. Four members of the Initial Board will be appointed by the current directors of CEC and CAC. CEC and CAC will be entitled to appoint two Initial Directors who are not independent. The CAC Special Committee and the CEC SAC will each appoint one of the four Initial Directors appointed by CEC/CAC, which appointments will be subject to the consent of the Second Lien Committee. Three members of the Initial Board will be appointed by the Second Lien Committee. Two members of the Initial Board will be appointed by the requisite consenting bond creditors. One member of the Initial Board will be appointed by the requisite consenting bank creditors and the requisite consenting subsidiary guaranteed notes creditors, in consultation with the committee representing the unsecured creditors.

***Additional Terms of the Plan***

The Plan provides for, among other things, (1) a global settlement of all claims the Debtors may have against CEC or certain of its affiliates and (2) comprehensive releases for CEC and its affiliates for claims or

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causes of action that the Debtors' creditors may have against CEC and its affiliates, including with respect to any obligations CEC may have related to guarantees of CEC's debt.

In particular, the Plan provides for (1) releases of claims and causes of action the Debtors may hold against various parties (each a Released Party), including each other Debtor, CEC, CAC, the Sponsors, the creditors, creditor committees, trustees, agents and professionals (the Debtor Release), (2) releases of claims or causes of action any entity asserting a claim or cause of action on behalf of the Debtors may hold against the Released Parties (the Third-Party Release), (3) exculpation of each Debtor, each Debtor as reorganized under the Plan, each estate created for the Debtors and each of the Released Parties for certain acts or omissions taken in connection with the Chapter 11 Cases (the Exculpation) and (4) a permanent injunction against entities who hold or may hold claims, interests, or liens that have been discharged or released pursuant to the Plan or are subject to exculpation pursuant to the Plan enjoining them from asserting such claims, interests, or liens against each Debtor and the Released Parties.

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**SPECIAL MEETING OF STOCKHOLDERS OF CEC**

**CEC is providing this joint proxy statement/prospectus to its stockholders in connection with the solicitation of proxies to be voted at the CEC Special Meeting (or any adjournment or postponement of the CEC Special Meeting) that CEC has called to consider and vote on proposals to (1) adopt the Merger Agreement and approve the Merger, (2) approve the Merger Stock Issuance, (3) approve the Emergence Stock Issuance, (4) approve the Convertible Notes Stock Issuance, (5) approve the CEC Advisory Compensation Proposal, (6) approve the Authorized Shares Increase Proposal, (7) approve the CEC 2017 PIP Proposal and (8) approve a proposal to adjourn the CEC Special Meeting if necessary to solicit additional proxies if there are not sufficient votes to approve Proposals 1 through 7 at the CEC Special Meeting.**

**Date, Time and Location**

Together with this joint proxy statement/prospectus, CEC is also sending CEC stockholders a notice of the CEC Special Meeting and a proxy form that is solicited by the CEC board of directors for use at the CEC Special Meeting to be held on [ ], 2017, in [ ] at Caesars Palace, One Caesars Palace Drive, Las Vegas, Nevada, at [ ] [a.m./p.m.], Pacific Time, and any adjournments or postponements of the CEC Special Meeting.

Only stockholders or their proxy holders may attend the CEC Special Meeting. If you hold shares of CEC Common Stock in your name on the record date (the close of business on [ ], 2017), you are required to provide valid picture identification, such as a driver's license, to gain admission to the CEC Special Meeting.

If you are a beneficial owner of shares of CEC Common Stock held in street name, meaning that your shares are held by a broker, bank, nominee or other holder of record, at the record date, in addition to valid picture identification, you must also provide proof of ownership at the record date to be admitted to the CEC Special Meeting. A brokerage statement or letter from a bank or broker are examples of proof of ownership. If you want to vote your shares of CEC Common Stock held in street name in person at the CEC Special Meeting, you will have to obtain a legal proxy in your name from the broker, bank, nominee or other holder of record who holds your shares.

**Purpose**

At the CEC Special Meeting, CEC stockholders will be asked to consider and vote on the following proposals:

1. to adopt the Merger Agreement, pursuant to which, among other things, CAC will merge with and into CEC, with CEC as the surviving company (a copy of the Merger Agreement is attached as Annex A to this joint proxy statement/prospectus), and approve the Merger;
2. to approve the Merger Stock Issuance, pursuant to which shares of CEC Common Stock will be issued as consideration in the Merger;
3. to approve the Emergence Stock Issuance, pursuant to which shares of CEC Common Stock will be issued to creditors of the Debtors in connection with the Emergence;

4. to approve the Convertible Notes Stock Issuance, pursuant to which shares of CEC Common Stock may potentially be issued to holders of the Convertible Notes issued in connection with the Emergence;
5. to approve the CEC Advisory Compensation Proposal, in connection with Merger-related compensation that is payable, or may become payable, to CEC's named executive officers and certain of CAC's named executive officers;
6. to approve the Authorized Shares Increase Proposal, pursuant to which CEC's certificate of incorporation will be amended to increase the number of authorized shares of CEC Common Stock from 1,250,000,000 shares of CEC Common Stock to 2,000,000,000 shares of CEC Common Stock;

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7. to approve the CEC 2017 PIP Proposal; and

8. to approve the adjournment of the CEC Special Meeting if necessary to solicit additional proxies if there are not sufficient votes to approve Proposals 1 through 7 at the CEC Special Meeting.

The CEC board of directors does not presently intend to bring any other business before the CEC Special Meeting, and the CEC board of directors does not expect any other matters to be brought before the CEC Special Meeting. However, it is intended that proxies, in the form enclosed, will be voted in respect of any other business that may properly come before the CEC Special Meeting in accordance with the judgment of the persons voting such proxies.

**Recommendations of the CEC Board of Directors**

After consideration and consultation with its advisors and considering the recommendation from the CEC SAC, the CEC board of directors unanimously determined that the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement are fair to and in the best interests of CEC and CEC's stockholders and unanimously approved and declared advisable the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement, the Stock Issuances, the CEC Advisory Compensation Proposal, the Authorized Shares Increase Proposal and the CEC 2017 PIP Proposal. The CEC board of directors unanimously recommends that CEC stockholders vote **FOR Proposals 1-8.**

See CEC and CAC Proposal 1: Adoption of the Merger Agreement and Approval of the Merger beginning on page 223, CEC Proposal 2: Approval of the Merger Stock Issuance beginning on page 319, CEC Proposal 3: Approval of the Emergence Stock Issuance beginning on page 320, CEC Proposal 4: Approval of the Convertible Notes Stock Issuance beginning on page 321, CEC Proposal 5: Advisory Vote on Merger-Related Compensation for CEC Named Executive Officers and Certain CAC Named Executive Officers beginning on page 322, CEC Proposal 6: Approval of an Amendment to CEC's Certificate of Incorporation to Increase Authorized Stock beginning on page 326 and CEC Proposal 7: Approval of the CEC 2017 Performance Incentive Plan beginning on page 327 for a more detailed discussion of the recommendation of the CEC board of directors that CEC stockholders adopt the Merger Agreement and approve the Merger, the Stock Issuances, the CEC Advisory Compensation Proposal, the Authorized Shares Increase Proposal and the CEC 2017 PIP Proposal.

**CEC Record Date; Outstanding Shares; Stockholders Entitled to Vote**

The CEC board of directors has fixed the close of business on [ ], 2017, as the record date for determination of the CEC stockholders entitled to vote at the CEC Special Meeting or any adjournment or postponement of the CEC Special Meeting. Only CEC stockholders of record on the record date are entitled to receive notice of, and to vote at, the CEC Special Meeting or any adjournment or postponement of the CEC Special Meeting. As of the close of business on [ ], 2017, there were [ ] shares of CEC Common Stock outstanding and entitled to vote at the CEC Special Meeting, held by approximately [ ] holders of record. A complete list of stockholders entitled to vote at the CEC Special Meeting will be available at the CEC Special Meeting for inspection by any stockholder present at the CEC Special Meeting.

**Quorum**

A quorum of stockholders at the CEC Special Meeting is required for CEC stockholders to adopt the Merger Agreement and approve the Merger, the Stock Issuances, the Authorized Shares Increase Proposal and the CEC 2017 PIP Proposal, but not to approve any adjournment of the CEC Special Meeting. The presence at the CEC Special Meeting, in person or by proxy, of the holders of a majority of the votes entitled to be cast for each proposal at the

record date (the close of business on [ ], 2017) will constitute a quorum for such proposal. Shares of CEC Common Stock held in street name with respect to which the beneficial owner fails to give voting



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instructions to the broker, bank, nominee or other holder of record will not be deemed present for the purpose of determining the presence of a quorum. There must be a quorum for business to be conducted at the CEC Special Meeting. Failure of a quorum to be represented at the CEC Special Meeting will necessitate an adjournment or postponement and will subject CEC to additional expenses.

Pursuant to the terms and conditions in the CAC Voting Agreement, Hamlet Holdings has agreed with CAC to vote its shares of CEC Common Stock in favor of adopting the Merger Agreement, approving the Merger and approving any other proposal that would reasonably be expected to facilitate the timely completion of the Merger. As a result, a quorum for the CEC Special Meeting is expected.

**Required Vote**

To adopt the Merger Agreement and approve the Merger (Proposal 1) and the Authorized Shares Increase Proposal (Proposal 6), the affirmative vote of holders of a majority of the outstanding shares of CEC Common Stock entitled to vote is required. **CEC cannot complete the Merger unless its stockholders adopt the Merger Agreement and approve the Merger.** Because the adoption of the Merger Agreement and the approval of the Merger and the Authorized Shares Increase Proposal require the affirmative vote of holders of a majority of the outstanding shares of CEC Common Stock entitled to vote, **a CEC stockholder's abstention from voting, the failure of CEC stockholders who hold their shares in street name through a broker, bank, nominee or other holder of record to give voting instructions to that broker, bank, nominee or other holder of record or a CEC stockholder's other failure to vote will have the same effect as a vote AGAINST the adoption of the Merger Agreement and approval of the Merger and the Authorized Shares Increase Proposal.**

To approve each of Proposals 2-5 and Proposals 7 and 8, the affirmative vote of a majority of the votes cast by stockholders present in person or by proxy at the meeting and entitled to vote is required. **CEC cannot complete the Merger and the Plan cannot be completed unless CEC's stockholders approve the Stock Issuances.** An abstention is not considered a vote cast. Accordingly, assuming a quorum is present, a CEC stockholder's abstention from voting, the failure of CEC stockholders who hold their shares in street name through a broker, bank, nominee or other holder of record to give voting instructions to that broker, bank, nominee or other holder of record or a CEC stockholder's other failure to vote will have no effect on the outcome of any vote to approve the Stock Issuances, the CEC Advisory Compensation Proposal, the CEC 2017 PIP Proposal or an adjournment of the CEC Special Meeting.

**Pursuant to the terms and conditions of the CAC Voting Agreement, Hamlet Holdings has agreed with CAC to vote its shares of CEC Common Stock in favor of adopting the Merger Agreement, approving the Merger and approving any other proposal that would reasonably be expected to facilitate the timely completion of the Merger. As a result, adoption of the Merger Agreement and approval of the Merger, the Stock Issuances, the CEC Advisory Compensation Proposal and the Authorized Shares Increase Proposal by the CEC stockholders are expected, subject to the terms of the CAC Voting Agreement, as described in The Voting Agreements beginning on page 354.**

**Share Ownership of and Voting by CEC Directors and Executive Officers**

At the record date for the CEC Special Meeting (the close of business on [ ], 2017), CEC's directors and executive officers and their affiliates beneficially owned and had the right to vote [ ] shares of CEC Common Stock at the CEC Special Meeting, which represents approximately [ ]% of the shares of CEC Common Stock entitled to vote at the CEC Special Meeting.

It is expected that the CEC directors and executive officers will vote their shares **FOR** Proposals 1-8, although none of these CEC directors and executive officers have entered into any agreement requiring them to do so.

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**Voting of Shares**

***Via the Internet or by Telephone***

If you hold CEC Common Stock directly in your name as a stockholder of record, you may vote via the Internet at [www.proxyvote.com](http://www.proxyvote.com) or by telephone by calling the toll-free number on the back of your proxy card. Votes submitted via the Internet or by telephone must be received by 11:59 p.m. (Pacific Time) on [ ], 2017.

If you hold CEC Common Stock shares in street name, meaning through a broker, bank, nominee or other holder of record, you may vote via the Internet or by telephone only if Internet or telephone voting is made available by your broker, bank, nominee or other holder of record. Please follow the voting instructions provided by your broker, bank, nominee or other holder of record with these materials.

***By Mail***

If you hold CEC Common Stock directly in your name as a stockholder of record, you will need to sign, date and mark your proxy card and return it using the provided postage-paid return envelope no later than the close of business on [ ], 2017.

If you hold CEC Common Stock in street name, meaning through a broker, bank, nominee or other holder of record, to vote by mail, you will need to sign, date and mark the voting instruction form provided by your broker, bank, nominee or other holder of record with these materials and return it in the postage-paid return envelope provided. Your broker, bank, nominee or other holder of record must receive your voting instruction form in sufficient time to vote your shares.

***In Person or by Proxy and Broker Non-Votes***

If you hold CEC shares directly in your name as a stockholder of record, you may vote in person at the CEC Special Meeting. Stockholders of record also may be represented by another person at the CEC Special Meeting by executing a proper proxy designating that person.

If you hold CEC shares in street name through a broker, bank, nominee or other holder of record, you must obtain a legal proxy from that institution and present it to the inspector of elections with your ballot to be able to vote in person at the CEC Special Meeting. To request a legal proxy, please contact your broker, bank, nominee or other holder of record.

When stockholders submit a proxy via the Internet or by telephone, their proxy is recorded immediately. CEC encourages you to register your vote via the Internet or by telephone whenever possible. If you submit a proxy via the Internet or by telephone, please do not return your proxy card by mail. If you attend the meeting, you may also submit your vote in person. Any votes that you previously submitted whether via the Internet, by telephone or by mail will be superseded by any vote that you cast at the CEC Special Meeting.

Broker non-votes are shares held by a broker with respect to which the broker is not instructed by the beneficial owner of such shares how to vote on a particular proposal. Firms that hold shares in street name for beneficial owners may, to the extent that those beneficial owners do not furnish voting instructions with respect to any or all proposals submitted for stockholder action, vote in their discretion upon proposals that are considered routine or discretionary proposals. This also results in broker non-votes on non-discretionary proposals. CEC's board of directors believes that Proposal 8 regarding adjournment of the meeting (as specified) is routine, and Proposals 1 through 7 are

non-discretionary. Member brokerage firms that do not receive instructions from their clients as to non-discretionary proposals cannot vote on the non-discretionary proposals. Therefore, if your shares are held in an account at a broker, bank, nominee or other holder of record, you must instruct the broker, bank, nominee or other holder of record on how to vote your shares or those shares will not be deemed present in person or represented by proxy at the CEC Special Meeting.

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All shares represented by each properly executed and valid proxy received before the CEC Special Meeting will be voted in accordance with the instructions given on the proxy. If a CEC stockholder signs a proxy card and returns it without giving instructions, the shares of CEC Common Stock represented by that proxy card will be voted FOR Proposals 1-8 at the time of the CEC Special Meeting.

**Hamlet Holdings, the beneficial owner of approximately 59.6% of the outstanding shares of CEC Common Stock as of December 31, 2016, has agreed with CAC to vote its shares of CEC Common Stock in favor of adopting the Merger Agreement, approving the Merger and approving any other proposal that would reasonably be expected to facilitate the timely completion of the Merger. As a result, adoption of the Merger Agreement and approval of the Merger, the Stock Issuances, the CEC Advisory Compensation Proposal and the Authorized Shares Increase Proposal by the CEC stockholders are expected, subject to the terms of the CAC Voting Agreement, as described in The Voting Agreements beginning on page 354.**

## **Revocability of Proxies; Changing Your Vote**

You may revoke your proxy or change your vote at any time before your shares are voted at the CEC Special Meeting. If you are a stockholder of record at the record date (the close of business on [ ], 2017), you can revoke your proxy or change your vote by:

sending a signed notice stating that you revoke your proxy to the Corporate Secretary of CEC, at CEC's offices at One Caesars Palace Drive, Las Vegas, Nevada 89109, Attention: Corporate Secretary, that bears a date later than the date of the proxy you want to revoke and is received prior to the CEC Special Meeting;

submitting a valid, later-dated proxy by mail that is received prior to the CEC Special Meeting, or via the Internet or by telephone before 11:59 p.m. (Pacific Time) on [ ], 2017; or

attending the CEC Special Meeting (or, if the CEC Special Meeting is adjourned or postponed, attending the adjourned or postponed meeting) and voting in person, which will automatically cancel any proxy previously given, or revoking your proxy in person, but your attendance alone will not revoke any proxy previously given.

If you hold your shares in street name through a broker, bank, nominee or other holder of record, you must contact your brokerage firm, bank, nominee or other holder of record to change your vote or obtain a legal proxy to vote your shares if you wish to cast your vote in person at the CEC Special Meeting.

## **Solicitation of Proxies; Expenses of Solicitation**

This joint proxy statement/prospectus is being provided to holders of CEC Common Stock in connection with the solicitation of proxies by the board of directors of CEC to be voted at the CEC Special Meeting and at any adjournments or postponements of the CEC Special Meeting. CEC will bear all costs and expenses in connection with the solicitation of proxies, except that CEC and CAC will each pay 50% of the costs of filing, printing and mailing this joint proxy statement/prospectus. CEC has engaged Innisfree M&A Incorporated to assist in the solicitation of proxies for the CEC Special Meeting and will pay Innisfree M&A Incorporated a fee of approximately \$20,000 plus reimbursement of reasonable out-of-pocket expenses.

In addition to solicitation by mail, directors, officers and employees of CEC or its subsidiaries may solicit proxies from stockholders by telephone, telegram, email, personal interview or other means. CEC currently expects not to incur any costs beyond those customarily expended for a solicitation of proxies in connection with a merger and stock issuance. Directors, officers and employees of CEC will not receive additional compensation for their solicitation activities, but may be reimbursed for reasonable out-of-pocket expenses incurred by them in connection with the solicitation. Brokers, dealers, commercial banks, trust companies, fiduciaries, custodians and other nominees have been requested to forward proxy solicitation materials to their customers and such nominees will be reimbursed for their reasonable out-of-pocket expenses.

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### **Householding**

The SEC has adopted a rule concerning the delivery of annual reports and proxy statements. It permits CEC, with your permission, to send a single notice of meeting and, to the extent requested, a single set of this joint proxy statement/prospectus to any household at which two or more stockholders reside if CEC believes they are members of the same family. This rule is called householding, and its purpose is to help reduce printing and mailing costs of proxy statement materials.

A number of brokerage firms have instituted householding. If you and members of your household have multiple accounts holding shares of CEC Common Stock, you may have received a householding notification from your broker. Please contact your broker directly if you have questions, require additional copies of this joint proxy statement/prospectus or wish to revoke your decision to household. These options are available to you at any time.

### **Adjournment**

CEC stockholders are being asked to approve a proposal that will give the CEC board of directors authority to adjourn the CEC Special Meeting one or more times for the purpose of soliciting additional proxies in favor of the approval of Proposals 1-7 if there are not sufficient votes at the time of the CEC Special Meeting to approve Proposals 1-7. If this proposal is approved, the CEC Special Meeting could be adjourned to any date. In addition, the CEC board of directors could postpone the meeting before it commences, whether for the purpose of soliciting additional proxies or for other reasons. If the CEC special meeting is adjourned for the purpose of soliciting additional proxies, stockholders who have already submitted their proxies will be able to revoke them at any time prior to their use. If you sign and return a proxy and do not indicate how you wish to vote on any proposal, or if you indicate that you wish to vote in favor of the approval of any of Proposals 1-7 but do not indicate a choice on the adjournment proposal, your shares will be voted in favor of the adjournment proposal. But if you indicate that you wish to vote against the approval of all of Proposals 1-7, your shares will only be voted in favor of the adjournment proposal if you indicate that you wish to vote in favor of that proposal.

### **Other Information**

The matters to be considered at the CEC Special Meeting are of great importance to the stockholders of CEC. Accordingly, you are urged to read and carefully consider the information contained in or incorporated by reference into this joint proxy statement/prospectus and submit your proxy via the Internet or by telephone or complete, date, sign and promptly return the enclosed proxy in the enclosed postage-paid envelope. If you submit your proxy via the Internet or by telephone, you do not need to return the enclosed proxy card.

### **Assistance**

**If you need assistance in completing your proxy card or have questions regarding the CEC Special Meeting, please contact:**

Innisfree M&A Incorporated

501 Madison Avenue, 20th Floor

Stockholders May Call Toll-Free: (888) 750-5834

Bank and Brokers May Call Collect: (212) 750-5833

Edgar Filing: CAESARS ENTERTAINMENT Corp - Form S-4

or

Caesars Entertainment Corporation

One Caesars Palace Drive

Las Vegas, Nevada 89109

Attention: Corporate Secretary

Telephone: (702) 407-6000

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**SPECIAL MEETING OF STOCKHOLDERS OF CAC**

**CAC is providing this joint proxy statement/prospectus to its stockholders in connection with the solicitation of proxies to be voted on at the CAC Special Meeting (or any adjournment or postponement of the CAC Special Meeting) that CAC has called to consider and vote on a proposal to (1) adopt the Merger Agreement and approve the Merger and (2) approve a proposal to adjourn the CAC Special Meeting if necessary to solicit additional proxies if there are not sufficient votes to approve Proposal 1 at the CAC Special Meeting.**

**Date, Time and Location**

Together with this joint proxy statement/prospectus, CAC is also sending CAC stockholders a notice of the CAC Special Meeting and a proxy form that is solicited by the CAC board of directors for use at the CAC Special Meeting to be held on [ ], 2017, in [ ] at Caesars Palace, One Caesars Palace Drive, Las Vegas, Nevada, at [ ] [a.m./p.m.], Pacific Time, and any adjournments or postponements of the CAC Special Meeting.

Only stockholders or their proxy holders may attend the CAC Special Meeting. If you hold shares of CAC Common Stock in your name on the record date (the close of business on [ ], 2017), you are required to provide valid picture identification, such as a driver's license, to gain admission to the CAC Special Meeting.

If you are a beneficial owner of shares of CAC Common Stock held in street name, meaning that your shares are held by a broker, bank, nominee or other holder of record, at the record date, in addition to valid picture identification, you must also provide proof of ownership at the record date to be admitted to the CAC Special Meeting. A brokerage statement or letter from a bank or broker are examples of proof of ownership. If you want to vote your shares of CAC Common Stock held in street name in person at the CAC Special Meeting, you will have to obtain a legal proxy in your name from the broker, bank, nominee or other holder of record who holds your shares.

**Purpose**

At the CAC Special Meeting, CAC stockholders will be asked to consider and vote on the following proposals:

1. to adopt the Merger Agreement, pursuant to which, among other things, CAC will merge with and into CEC, with CEC as the surviving company (a copy of the Merger Agreement is attached as Annex A to this joint proxy statement/prospectus), and approve the Merger; and
2. to approve the adjournment of the CAC Special Meeting if necessary to solicit additional proxies if there are not sufficient votes to approve Proposal 1 at the CAC Special Meeting.

The CAC board of directors does not presently intend to bring any other business before the CAC Special Meeting, and the CAC board of directors does not expect any other matters to be brought before the CAC Special Meeting. However, it is intended that proxies, in the form enclosed, will be voted in respect of any other business that may properly come before the CAC Special Meeting in accordance with the judgment of the persons voting such proxies.

**Recommendations of the CAC Board of Directors**

After consideration and consultation with its advisors and considering the recommendation from the independent committee of the CAC board of directors, the CAC board of directors unanimously determined that the Merger

Agreement, the Merger and the other transactions contemplated by the Merger Agreement are fair to and in the best interests of CAC's stockholders and unanimously approved and declared advisable the Merger Agreement and the other transactions contemplated by the Merger Agreement. The CAC board of directors unanimously recommends that CAC stockholders vote **FOR Proposals 1 and 2.**

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See CEC and CAC Proposal 1: Adoption of the Merger Agreement and Approval of the Merger beginning on page 223 for a more detailed discussion of the recommendation of the CAC board of directors that CAC stockholders adopt the Merger Agreement and approve the Merger.

### **CAC Record Date; Outstanding Shares; Stockholders Entitled to Vote**

The CAC board of directors has fixed the close of business on [ ], 2017, as the record date for determination of the CAC stockholders entitled to vote at the CAC Special Meeting or any adjournment or postponement of the CAC Special Meeting. Only CAC stockholders of record on the record date are entitled to receive notice of, and to vote at, the CAC Special Meeting or any adjournment or postponement of the CAC Special Meeting. As of the close of business on [ ], 2017, there were [ ] shares of CAC Common Stock outstanding and entitled to vote at the CAC Special Meeting, held by approximately [ ] holders of record. A complete list of stockholders entitled to vote at the CAC Special Meeting will be available at the CAC Special Meeting for inspection by any stockholder present at the CAC Special Meeting.

### **Quorum**

A quorum of stockholders at the CAC Special Meeting is required for CAC stockholders to adopt the Merger Agreement and approve the Merger. The presence at the CAC Special Meeting, in person or by proxy, of the holders of a majority of the votes entitled to be cast for the proposal at the record date (the close of business on [ ], 2017) will constitute a quorum. Shares of CAC Common Stock held in street name with respect to which the beneficial owner fails to give voting instructions to the broker, bank, nominee or other holder of record will not be deemed present. There must be a quorum for business to be conducted at the CAC Special Meeting. Failure of a quorum to be represented at the CAC Special Meeting will necessitate an adjournment or postponement and will subject CAC to additional expenses.

Pursuant to the terms and conditions in the CEC Voting Agreement, Hamlet Holdings has agreed with CEC to vote its shares of CAC Common Stock in favor of adopting the Merger Agreement, approving the Merger and approving any other proposal that would reasonably be expected to facilitate the timely completion of the Merger. As a result, a quorum for the CAC Special Meeting is expected.

### **Required Vote**

To adopt the Merger Agreement and approve the Merger (Proposal 1), the affirmative vote of holders of a majority of the outstanding shares of CAC Common Stock entitled to vote is required. **CAC cannot complete the Merger unless its stockholders adopt the Merger Agreement and approve the Merger.** Because the adoption of the Merger Agreement and the approval of the Merger require the affirmative vote of holders of a majority of the outstanding shares of CAC Common Stock entitled to vote, **a CAC stockholder's abstention from voting, failure of CAC stockholders who hold their shares in street name through a broker, bank, nominee or other holder of record to give voting instructions to that broker, bank, nominee or other holder of record or a CAC stockholder's other failure to vote will have the same effect as a vote AGAINST the adoption of the Merger Agreement.**

To approve an adjournment of the CAC Special Meeting (Proposal 2), the affirmative vote of a majority of the votes cast by stockholders present in person or by proxy at the meeting and entitled to vote is required. An abstention is not considered a vote cast. Accordingly, assuming a quorum is present, a CAC stockholder's abstention from voting, the failure of CAC stockholders who hold their shares in street name through a broker, bank, nominee or other holder of record to give voting instructions to that broker, bank, nominee or other holder of record or a CAC stockholder's other failure to vote will have no effect on the outcome of any vote to approve an adjournment of the CAC Special Meeting.

**Pursuant to the terms and conditions in the CEC Voting Agreement, Hamlet Holdings has agreed with CEC to vote its shares of CAC Common Stock in favor of adopting the Merger Agreement, approving**

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**the Merger and approving any other proposal that would reasonably be expected to facilitate the timely completion of the Merger. As a result, adoption of the Merger Agreement and approval of the Merger by the CAC stockholders are expected, subject to the terms of the CEC Voting Agreement, as described in The Voting Agreements beginning on page 354.**

### **Share Ownership of and Voting by CAC Directors and Executive Officers**

At the record date for the CAC Special Meeting (the close of business on [ ], 2017), CAC's directors and executive officers and their affiliates beneficially owned and had the right to vote [ ] shares of CAC Common Stock at the CAC Special Meeting, which represents approximately [ ]% of the shares of CAC Common Stock entitled to vote at the CAC Special Meeting.

It is expected that the CAC directors and executive officers will vote their shares **FOR** the adoption of the Merger Agreement and the approval of the Merger, although none of these CAC directors and executive officers have entered into any agreement requiring them to do so.

### **Voting of Shares**

#### ***Via the Internet or by Telephone***

If you hold CAC Common Stock directly in your name as a stockholder of record, you may vote via the Internet at [www.proxyvote.com](http://www.proxyvote.com) or by telephone by calling the toll-free number on the back of your proxy card. Votes submitted via the Internet or by telephone must be received by 11:59 p.m. (Pacific Time) on [ ], 2017.

If you hold CAC Common Stock shares in street name, meaning through a broker, bank, nominee or other holder of record, you may vote via the Internet or by telephone only if Internet or telephone voting is made available by your broker, bank, nominee or other holder of record. Please follow the voting instructions provided by your broker, bank, nominee or other holder of record with these materials.

#### ***By Mail***

If you hold CAC Common Stock directly in your name as a stockholder of record, you will need to sign, date and mark your proxy card and return it using the provided postage-paid return envelope no later than the close of business on [ ], 2017.

If you hold CAC Common Stock in street name, meaning through a broker, bank, nominee or other holder of record, to vote by mail, you will need to sign, date and mark the voting instruction form provided by your broker, bank, nominee or other holder of record with these materials and return it in the postage-paid return envelope provided. Your broker, bank, nominee or other holder of record must receive your voting instruction form in sufficient time to vote your shares.

#### ***In Person or by Proxy and Broker Non-Votes***

If you hold CAC shares directly in your name as a stockholder of record, you may vote in person at the CAC Special Meeting. Stockholders of record also may be represented by another person at the CAC Special Meeting by executing a proper proxy designating that person.

If you hold CAC shares in street name through a broker, bank, nominee or other holder of record, you must obtain a legal proxy from that institution and present it to the inspector of elections with your ballot to be able to vote in person at the CAC Special Meeting. To request a legal proxy, please contact your broker, bank, nominee or other holder of record.

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When stockholders submit a proxy via the Internet or by telephone, their proxy is recorded immediately. CAC encourages you to register your vote via the Internet or by telephone whenever possible. If you submit a proxy via the Internet or by telephone, please do not return your proxy card by mail. If you attend the meeting, you may also submit your vote in person. Any votes that you previously submitted whether via the Internet, by telephone or by mail will be superseded by any vote that you cast at the CAC Special Meeting.

Broker non-votes are shares held by a broker with respect to which the broker is not instructed by the beneficial owner of such shares how to vote on a particular proposal. Firms that hold shares in street name for beneficial owners may, to the extent that those beneficial owners do not furnish voting instructions with respect to any or all proposals submitted for stockholder action, vote in their discretion upon proposals that are considered routine or discretionary proposals. This also results in broker non-votes on non-discretionary proposals. CAC's board of directors believes that Proposal 2 regarding adjournment of the meeting (as specified) is routine, and Proposal 1 is non-discretionary. Member brokerage firms that do not receive instructions from their clients as to non-discretionary proposals cannot vote on the non-discretionary proposals. Therefore, if your shares are held in an account at a broker, bank, nominee or other holder of record, you must instruct the broker, bank, nominee or other holder of record on how to vote your shares or those shares will not be deemed present in person or represented by proxy at the CAC Special Meeting.

All shares represented by each properly executed and valid proxy received before the CAC Special Meeting will be voted in accordance with the instructions given on the proxy. If a CAC stockholder signs a proxy card and returns it without giving instructions, the shares of CAC Common Stock represented by that proxy card will be voted FOR adoption of the Merger Agreement and approval of the Merger at the time of the CAC Special Meeting.

**Hamlet Holdings, the beneficial owner of approximately 65.0% of the outstanding shares of CAC Common Stock as of December 31, 2016, has agreed with CEC to vote its shares of CAC Common Stock in favor of adopting the Merger Agreement and approving the Merger and any other proposal that would reasonably be expected to facilitate the timely completion of the Merger. As a result, adoption of the Merger Agreement and approval of the Merger by the CAC stockholders are expected, subject to the terms of the CEC Voting Agreement, as described in The Voting Agreements beginning on page 354.**

### **Revocability of Proxies; Changing Your Vote**

You may revoke your proxy or change your vote at any time before your shares are voted at the CAC Special Meeting. If you are a stockholder of record at the record date (the close of business on [ ], 2017), you can revoke your proxy or change your vote by:

    sending a signed notice stating that you revoke your proxy to the Corporate Secretary of CAC, at CAC's offices at One Caesars Palace Drive, Las Vegas, Nevada 89109, Attention: Corporate Secretary, that bears a date later than the date of the proxy you want to revoke and is received prior to the CAC Special Meeting;

    submitting a valid, later-dated proxy by mail that is received prior to the CAC Special Meeting, or via the Internet or by telephone before 11:59 p.m. (Pacific Time) on [ ], 2017; or

attending the CAC Special Meeting (or, if the CAC Special Meeting is adjourned or postponed, attending the adjourned or postponed meeting) and voting in person, which will automatically cancel any proxy previously given, or revoking your proxy in person, but your attendance alone will not revoke any proxy previously given.

If you hold your shares in street name through a broker, bank, nominee or other holder of record, you must contact your brokerage firm, bank, nominee or other holder of record to change your vote or obtain a legal proxy to vote your shares if you wish to cast your vote in person at the CAC Special Meeting.



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### **Solicitation of Proxies; Expenses of Solicitation**

This joint proxy statement/prospectus is being provided to holders of CAC Common Stock in connection with the solicitation of proxies by the board of directors of CAC to be voted at the CAC Special Meeting and at any adjournments or postponements of the CAC Special Meeting. CAC will bear all costs and expenses in connection with the solicitation of proxies, except that CAC and CEC will each pay 50% of the costs of filing, printing and mailing this joint proxy statement/prospectus. CAC has engaged MacKenzie Partners, Inc. to assist in the solicitation of proxies for the CAC Special Meeting and will pay a base fee to MacKenzie Partners, Inc. not to exceed \$25,000, plus reimbursement of reasonable out-of-pocket expenses.

In addition to solicitation by mail, directors, officers and employees of CAC or its subsidiaries may solicit proxies from stockholders by telephone, telegram, email, personal interview or other means. CAC currently expects not to incur any costs beyond those customarily expended for a solicitation of proxies in connection with a merger and stock issuance. Directors, officers and employees of CAC will not receive additional compensation for their solicitation activities, but may be reimbursed for reasonable out-of-pocket expenses incurred by them in connection with the solicitation. Brokers, dealers, commercial banks, trust companies, fiduciaries, custodians and other nominees have been requested to forward proxy solicitation materials to their customers and such nominees will be reimbursed for their reasonable out-of-pocket expenses.

### **Householding**

The SEC has adopted a rule concerning the delivery of annual reports and proxy statements. It permits CAC, with your permission, to send a single notice of meeting and, to the extent requested, a single set of this joint proxy statement/prospectus to any household at which two or more stockholders reside if CAC believes they are members of the same family. This rule is called householding, and its purpose is to help reduce printing and mailing costs of information statement materials.

A number of brokerage firms have instituted householding. If you and members of your household have multiple accounts holding shares of CAC Common Stock, you may have received a householding notification from your broker. Please contact your broker directly if you have questions, require additional copies of this joint proxy statement/prospectus or wish to revoke your decision to household. These options are available to you at any time.

### **Adjournment**

CAC stockholders are being asked to approve a proposal that will give the CAC board of directors authority to adjourn the CAC Special Meeting one or more times for the purpose of soliciting additional proxies in favor of the approval of Proposal 1 if there are not sufficient votes at the time of the CAC Special Meeting to approve Proposal 1. If this proposal is approved, the CAC Special Meeting could be adjourned to any date. In addition, the CAC board of directors could postpone the meeting before it commences, whether for the purpose of soliciting additional proxies or for other reasons. If the CAC special meeting is adjourned for the purpose of soliciting additional proxies, stockholders who have already submitted their proxies will be able to revoke them at any time prior to their use. If you sign and return a proxy and do not indicate how you wish to vote on any proposal, or if you indicate that you wish to vote in favor of the approval of Proposal 1 but do not indicate a choice on the adjournment proposal, your shares will be voted in favor of the adjournment proposal. But if you indicate that you wish to vote against the approval of Proposal 1, your shares will only be voted in favor of the adjournment proposal if you indicate that you wish to vote in favor of that proposal.

### **Other Information**

The matters to be considered at the CAC Special Meeting are of great importance to the stockholders of CAC. Accordingly, you are urged to read and carefully consider the information contained in or incorporated by

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reference into this joint proxy statement/prospectus and submit your proxy via the Internet or by telephone or complete, date, sign and promptly return the enclosed proxy in the enclosed postage-paid envelope. If you submit your proxy via the Internet or by telephone, you do not need to return the enclosed proxy card.

**Assistance**

**If you need assistance in completing your proxy card or have questions regarding the CAC Special Meeting, please contact:**

MacKenzie Partners, Inc.

105 Madison Avenue

New York, New York 10016

Stockholders May Call Toll-Free: (800) 322-2885

Bank and Brokers May Call Collect: (212) 929-5500

or

Caesars Acquisition Company

One Caesars Palace Drive

Las Vegas, Nevada 89109

Attention: Corporate Secretary

Telephone: (702) 407-6000

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**CEC AND CAC PROPOSAL 1: ADOPTION OF THE MERGER AGREEMENT AND APPROVAL OF THE MERGER**

**General**

This joint proxy statement/prospectus is being provided to holders of CEC Common Stock in connection with the solicitation of proxies by the board of directors of CEC to be voted at the CEC Special Meeting or any adjournments or postponements of the CEC Special Meeting. At the CEC Special Meeting, CEC will ask its stockholders to vote on (1) a proposal to adopt the Merger Agreement and approve the Merger, (2) a proposal to approve the Merger Stock Issuance, (3) a proposal to approve the Emergence Stock Issuance, (4) a proposal to approve the Convertible Notes Stock Issuance, (5) a proposal to approve the CEC Advisory Compensation Proposal, (6) a proposal to approve the Authorized Shares Increase Proposal, (7) approval of the CEC 2017 PIP Proposal and (8) a proposal to adjourn the CEC Special Meeting if necessary to solicit additional proxies if there are not sufficient proxies to approve Proposals 1-7 at the time of the CEC Special Meeting.

This joint proxy statement/prospectus is being provided to holders of CAC Common Stock in connection with the solicitation of proxies by the board of directors of CAC to be voted at the CAC Special Meeting or any adjournments or postponements of the CAC Special Meeting. At the CAC Special Meeting, CAC will ask its stockholders to vote on a proposal to adopt the Merger Agreement and approve the Merger.

The Merger Agreement provides, among other things, for the merger of CAC with and into CEC, with CEC continuing as the surviving entity. A copy of the Merger Agreement is attached as Annex A to this joint proxy statement/prospectus. You are urged to read the Merger Agreement in its entirety because it is the legal document that governs the Merger. For additional information about the Merger, see the section entitled "The Merger Agreement" beginning on page 340.

**Consideration to CAC Stockholders**

Subject to the terms and conditions of the Merger Agreement, upon completion of the Merger, each share of CAC Common Stock issued and outstanding immediately prior to the Merger Effective Time will be converted into, and become exchangeable for, that number of shares of CEC Common Stock equal to the Exchange Ratio. Based on the number of shares of CEC Common Stock and CAC Common Stock issued and outstanding as of December 31, 2016, CAC stockholders are expected to receive approximately 32.9% of the outstanding shares of CEC Common Stock, after giving effect to the Emergence Stock Issuance and assuming completion of \$1.0 billion of the CEC Common Equity Buyback. The actual number of shares of CEC Common Stock to be issued pursuant to the Merger will be determined at completion of the Merger based on the Exchange Ratio and the number of shares of CAC Common Stock outstanding at such time. No fractional shares of CEC Common Stock will be issued in the Merger. In lieu of issuance of any such fractional shares that would otherwise be issuable to a holder of CAC Common Stock (after aggregating all fractional shares of CEC Common Stock which such holder would otherwise receive), such fractional shares will be rounded up (if equal to or greater than one-half of a share) or down (if less than one-half of a share) to the nearest whole number of shares of CEC Common Stock.

*Example: If you own 100 shares of CAC Common Stock at the time the Merger is completed, you will be entitled to receive 163 shares of CEC Common Stock.*

The value of the Merger Consideration will depend on the market price of shares of CEC Common Stock at the time CAC stockholders receive shares of CEC Common Stock in the Merger. Based on the \$9.20 closing price of a share of CEC Common Stock on NASDAQ, on February 17, 2017, the last trading day before the public announcement of the

Amendment, the merger consideration represented approximately \$14.95 in value for each share of CAC Common Stock. Based on the \$[ ] closing price of a share of CEC Common Stock on NASDAQ on [ ], 2017, the most recent practicable trading day prior to the date of this joint proxy statement/

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prospectus, the merger consideration represented approximately \$[ ] in value for each share of CAC Common Stock. The implied value was calculated by multiplying the closing price of a share of CEC Common Stock on the relevant date by the Exchange Ratio. **The market price of shares of CEC Common Stock has fluctuated since February 21, 2017, the date of the announcement of the Amendment, and will continue to fluctuate from the date of this joint proxy statement/prospectus to the date of the CAC Special Meeting and the date the Merger is completed and thereafter. The market price of shares of CEC Common Stock when received by CAC stockholders upon completion of the Merger could be greater than, less than or the same as the market price of shares of CEC Common Stock on the date of this joint proxy statement/prospectus or at the time of the CAC Special Meeting.**

**Background of the Transactions**

***Original Merger Agreement***

In June 2014, the CAC board of directors established the CAC Special Committee, consisting of Marc Beilinson, Philip Erlanger and Don Kornstein (each of whom is an independent member of the CAC board of directors), and delegated to the CAC Special Committee the authority to act on behalf of the CAC board of directors to, among other things, consider any transactions or agreements to be entered into between CAC or CGP (or any of their respective affiliates), on the one hand, and CEC, CEOC, CES or any other CEC affiliate, on the other hand, at the request of the CAC board of directors or the Executive Committee of the CAC board of directors (the CAC Executive Committee ) and make a recommendation to the CAC board of directors to reject or approve any such transaction or agreement. The CAC Special Committee subsequently appointed Mr. Beilinson as its Chairman and engaged Skadden, Arps, Slate, Meagher & Flom LLP ( Skadden Arps ) as its independent legal counsel.

In July 2014, the CEC board of directors established a special committee of the CEC board of directors (the CEC Special Committee ), consisting of Fred J. Kleisner, Lynn C. Swann and Christopher J. Williams, each of whom is an independent member of the CEC board of directors (or in the case of Mr. Swann, was an independent member of the CEC board of directors until his resignation on June 30, 2016). The CEC board of directors delegated, through the CEC Special Committee Charter dated June 30, 2014, to the CEC Special Committee authority to act on behalf of the CEC board of directors to assess and value selected assets owned directly or indirectly by CEC. The CEC Special Committee subsequently appointed Mr. Kleisner as its Chairman.

On August 4, 2014, the CEC Special Committee engaged Reed Smith LLP ( Reed Smith ) as its independent legal counsel and on August 8, 2014, the CEC Special Committee engaged Centerview as its independent financial advisor, based on reputation and experience with similar transactions, as well as the absence of any material relationship between Centerview, on the one hand, and the Sponsors and CAC, on the other hand, that would reasonably be expected to impair Centerview's ability to perform its services to the CEC Special Committee.

Also on August 4, 2014, the trustee for the 10.00% Second-Priority Notes filed the Delaware Second Lien Lawsuit in the Delaware Court of Chancery against CEC, CEOC, CERP, CAC, CGP and other related entities and individuals alleging intentional and fraudulent transfer, breach of fiduciary duty, corporate waste and breach of contract, which focused on several transactions, including the Four Properties Transaction, as well as transactions related to CERP, CGP and CES, including the transfer of assets into such entities.

Beginning in late summer 2014, CEC and its advisors engaged in multilateral, arm's-length negotiations with CEOC and certain of its first lien lenders and certain first lien noteholders regarding the terms of a potential restructuring of CEOC's indebtedness.

In August 2014, Centerview commenced financial and business due diligence and Reed Smith commenced legal due diligence of CEOC with a view toward evaluating any potential transaction involving CEOC. The CEC

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Special Committee met several times during September 2014 and October 2014 to review the status of Centerview's and Reed Smith's ongoing due diligence and analyses of the assets of CEC and its subsidiaries. During such meetings, the CEC Special Committee also received updates from Reed Smith and The Blackstone Group L.P. (now PJT Partners Inc.), restructuring advisor to CEC (PJT), regarding the status of CEOC's restructuring discussions.

In early October 2014, the CEC Special Committee received a presentation from its advisors outlining a preliminary restructuring proposal regarding the potential restructuring of CEOC's indebtedness that was under consideration by CEC, which included a possible merger of CEC and CAC as part of the proposed restructuring.

On October 13, 2014, the CEC Special Committee, certain other members of the CEC board of directors and representatives of Reed Smith, Centerview and Paul, Weiss, Rifkind, Wharton & Garrison LLP (Paul, Weiss), legal counsel to CEC, met telephonically. One of the members of the CEC board of directors presented the terms of a proposed restructuring of CEOC which would be funded in part by contributions from CEC. The CEC Special Committee discussed possible options for CEC's contribution to the restructuring and the rationale for a potential merger of CEC and CAC. After the other members of the CEC board of directors and CEC's advisors were excused from the October 13, 2014 meeting, the CEC Special Committee, along with representatives of Reed Smith and Centerview, discussed the presentation received from the members of the CEC board of directors and various related issues, including the process for engaging in potential merger discussions with CAC, preliminary financial analysis of the respective companies, structural considerations and the CEC Special Committee's fiduciary duties both in the context of a potential merger with CAC as well as in connection with a possible Chapter 11 filing by CEOC. The CEC Special Committee instructed Reed Smith and Centerview to analyze a potential merger of CEC and CAC, to continue conducting financial and legal due diligence and to prepare a draft merger agreement.

The CEC Special Committee's Charter was amended and restated as of October 22, 2014 to expand the CEC Special Committee's mandate and authority. Under the CEC Special Committee's Amended and Restated Charter, the CEC board of directors delegated to the CEC Special Committee authority to act on behalf of the CEC board of directors to undertake any analysis, assessment, valuation, negotiation or other actions necessary or appropriate in connection with the role of CEC in a potential sale of assets, sale of equity, merger, equity or debt financing, restructuring of indebtedness of CEC and certain of its affiliates or other strategic transactions or opportunities, including any transactions that are intended to raise capital by CEC in connection with any such restructuring, whether involving a single transaction or a series of related transactions, and in all cases only to the extent involving CEC and its subsidiaries or affiliates, on the one hand, and any other subsidiaries or affiliates of CEC or other persons or entities related to or affiliated with any of them, on the other hand (any of the foregoing, a CEC Affiliate Transaction). Further to that objective, the CEC board of directors empowered the CEC Special Committee to act on behalf, and with the full authority, of the full CEC board of directors to: (1) evaluate, review, obtain advice concerning and negotiate, on behalf of the CEC board of directors and/or CEC, the terms of any potential CEC Affiliate Transaction as may be proposed or identified by the CEC board of directors or CEC to the CEC Special Committee; (2) evaluate the fairness of any proposed CEC Affiliate Transaction; (3) definitively reject any proposed CEC Affiliate Transaction that the CEC Special Committee determines is not in the best interests of CEC and its stockholders; (4) take such other actions as the CEC Special Committee determines are necessary or desirable in connection with the foregoing mandate; and (5) determine the process it will use in carrying out its responsibilities. The CEC board of directors resolved not to approve any proposed CEC Affiliate Transaction unless the CEC Special Committee determined it is in the best interests of CEC and its stockholders.