

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

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the Quarterly Period Ended June 30, 2018

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission File No. 1-10410

**CAESARS ENTERTAINMENT CORPORATION**

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

62-1411755

(I.R.S. Employer Identification No.)

One Caesars Palace Drive, Las Vegas, Nevada

(Address of principal executive offices)

89109

(Zip Code)

(702) 407-6000

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	<input type="radio"/>	Accelerated filer	<input checked="" type="radio"/>
Non-accelerated filer	<input type="radio"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input type="radio"/>
		Emerging growth company	<input type="radio"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

<u>Class</u>	<u>Outstanding at July 30, 2018</u>
Common stock, \$0.01 par value	693,508,796

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**PART I—FINANCIAL INFORMATION**

**Item 1. Unaudited Financial Statements**

**CAESARS ENTERTAINMENT CORPORATION  
CONSOLIDATED CONDENSED BALANCE SHEETS  
(UNAUDITED)**

<i>(In millions)</i>	June 30, 2018	December 31, 2017
<b>Assets</b>		
Current assets		
Cash and cash equivalents (\$40 and \$58 attributable to our VIEs)	\$ 2,687	\$ 2,558
Restricted cash	111	116
Receivables, net	443	494
Due from affiliates, net	9	11
Prepayments and other current assets (\$1 and \$2 attributable to our VIEs)	187	239
Inventories	40	39
Total current assets	3,477	3,457
Property and equipment, net (\$79 and \$57 attributable to our VIEs)	15,844	16,154
Goodwill	3,814	3,815
Intangible assets other than goodwill	1,573	1,609
Restricted cash	50	35
Deferred income taxes	2	2
Deferred charges and other assets (\$30 and \$0 attributable to our VIEs)	394	364
Total assets	\$ 25,154	\$ 25,436
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities		
Accounts payable (\$4 and \$3 attributable to our VIEs)	\$ 250	\$ 318
Accrued expenses and other current liabilities	1,247	1,326
Interest payable	35	38
Contract liabilities	146	129
Current portion of financing obligations	11	9
Current portion of long-term debt	64	64
Total current liabilities	1,753	1,884
Financing obligations	9,422	9,355
Long-term debt	8,822	8,849
Deferred income taxes	550	577
Deferred credits and other liabilities	1,301	1,474
Total liabilities	21,848	22,139
Commitments and contingencies (Note 7)		
Stockholders' equity		
Caesars stockholders' equity	3,219	3,226
Noncontrolling interests	87	71
Total stockholders' equity	3,306	3,297
Total liabilities and stockholders' equity	\$ 25,154	\$ 25,436

See accompanying Notes to Consolidated Condensed Financial Statements.

**CAESARS ENTERTAINMENT CORPORATION**  
**CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME/(LOSS)**  
**(UNAUDITED)**

<i>(In millions, except per share data)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
<b>Revenues</b>				
Casino	\$ 1,062	\$ 420	\$ 2,045	\$ 810
Food and beverage	391	205	774	411
Rooms	388	242	755	489
Other revenue	215	141	387	264
Management fees	15	—	30	—
Reimbursed management costs	48	—	100	—
Net revenues	2,119	1,008	4,091	1,974
<b>Operating expenses</b>				
Direct				
Casino	567	227	1,131	449
Food and beverage	273	142	539	283
Rooms	121	82	236	162
Property, general, administrative, and other	451	246	873	477
Reimbursable management costs	48	—	100	—
Depreciation and amortization	268	96	548	198
Corporate expense	76	48	158	89
Other operating costs	33	18	99	17
Total operating expenses	1,837	859	3,684	1,675
Income from operations	282	149	407	299
Interest expense	(334)	(142)	(664)	(289)
Restructuring and support expenses and other	45	(1,407)	229	(1,871)
Loss before income taxes	(7)	(1,400)	(28)	(1,861)
Income tax benefit/(provision)	36	(32)	23	(79)
Net income/(loss)	29	(1,432)	(5)	(1,940)
Net loss attributable to noncontrolling interests	—	—	—	1
Net income/(loss) attributable to Caesars	\$ 29	\$ (1,432)	\$ (5)	\$ (1,939)
<b>Earnings/(loss) per share - basic and diluted</b>				
Basic and diluted earnings/(loss) per share	\$ 0.04	\$ (9.62)	\$ (0.01)	\$ (13.09)
Weighted-average common shares outstanding - basic	698	149	697	148
Weighted-average common shares outstanding - diluted	702	149	697	148
<b>Comprehensive income/(loss)</b>				
Foreign currency translation adjustments	\$ (22)	\$ —	\$ (19)	\$ —
Change in fair market value of interest rate swaps, net of tax	9	—	13	—
Other	—	—	1	—
Other comprehensive loss, net of income taxes	(13)	—	(5)	—
Comprehensive income/(loss)	16	(1,432)	(10)	(1,940)
<b>Amounts attributable to noncontrolling interests:</b>				
Foreign currency translation adjustments	5	—	3	—
Comprehensive loss attributable to noncontrolling interests	5	—	3	1
Comprehensive income/(loss) attributable to Caesars	\$ 21	\$ (1,432)	\$ (7)	\$ (1,939)

See accompanying Notes to Consolidated Condensed Financial Statements.

**CAESARS ENTERTAINMENT CORPORATION**  
**CONSOLIDATED CONDENSED STATEMENTS OF STOCKHOLDERS' EQUITY/(DEFICIT)**  
**(UNAUDITED)**

<b>Caesars Stockholders' Equity/(Deficit)</b>								
<i>(In millions)</i>	<b>Common Stock</b>	<b>Treasury Stock</b>	<b>Additional Paid-in- Capital</b>	<b>Accumulated Deficit</b>	<b>Accumulated Other Comprehensive Income/(Loss)</b>	<b>Total Caesars Stockholders' Equity/(Deficit)</b>	<b>Noncontrolling Interests</b>	<b>Total Equity/(Deficit)</b>
Balance as of December 31, 2016	\$ 1	\$ (29)	\$ 8,676	\$ (10,307)	\$ (1)	\$ (1,660)	\$ 53	\$ (1,607)
Net loss	—	—	—	(1,939)	—	(1,939)	(1)	(1,940)
Stock-based compensation	—	(8)	24	—	—	16	—	16
Change in noncontrolling interest, net of distributions and contributions	—	—	—	—	—	—	(5)	(5)
Balance as of June 30, 2017	<u>\$ 1</u>	<u>\$ (37)</u>	<u>\$ 8,700</u>	<u>\$ (12,246)</u>	<u>\$ (1)</u>	<u>\$ (3,583)</u>	<u>\$ 47</u>	<u>\$ (3,536)</u>
Balance as of December 31, 2017	\$ 7	\$ (152)	\$ 14,040	\$ (10,675)	\$ 6	\$ 3,226	\$ 71	\$ 3,297
Net loss	—	—	—	(5)	—	(5)	—	(5)
Stock-based compensation	—	(12)	43	—	—	31	—	31
Repurchase of common stock	—	(31)	—	—	—	(31)	—	(31)
Other comprehensive loss, net of tax	—	—	—	—	(2)	(2)	(3)	(5)
Change in noncontrolling interest, net of distributions and contributions	—	—	—	—	—	—	19	19
Balance as of June 30, 2018	<u>\$ 7</u>	<u>\$ (195)</u>	<u>\$ 14,083</u>	<u>\$ (10,680)</u>	<u>\$ 4</u>	<u>\$ 3,219</u>	<u>\$ 87</u>	<u>\$ 3,306</u>

See accompanying Notes to Consolidated Condensed Financial Statements.

**CAESARS ENTERTAINMENT CORPORATION**  
**CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS**  
**(UNAUDITED)**

<i>(In millions)</i>	Six Months Ended June 30,	
	2018	2017
Cash flows provided by operating activities	\$ 404	\$ 203
Cash flows from investing activities		
Acquisitions of property and equipment, net of change in related payables	(215)	(164)
Proceeds from the sale and maturity of investments	28	26
Payments to acquire investments	(16)	(18)
Cash flows used in investing activities	(203)	(156)
Cash flows from financing activities		
Proceeds from long-term debt and revolving credit facilities	467	285
Debt issuance costs and fees	(5)	(8)
Repayments of long-term debt and revolving credit facilities	(500)	(348)
Proceeds from the issuance of common stock	4	7
Repurchase of common stock	(31)	—
Taxes paid related to net share settlement of equity awards	(12)	(9)
Financing obligation payments	(5)	—
Contributions from noncontrolling interest owners	20	—
Distributions to noncontrolling interest owners	—	(6)
Cash flows used in financing activities	(62)	(79)
Net increase/(decrease) in cash, cash equivalents, and restricted cash	139	(32)
Cash, cash equivalents, and restricted cash, beginning of period	2,709	4,658
Cash, cash equivalents, and restricted cash, end of period	\$ 2,848	\$ 4,626
<b>Supplemental Cash Flow Information:</b>		
Cash paid for interest	\$ 581	\$ 272
Cash paid for income taxes	4	3
<b>Non-cash investing and financing activities:</b>		
Change in accrued capital expenditures	10	(9)

See accompanying Notes to Consolidated Condensed Financial Statements.

**CAESARS ENTERTAINMENT CORPORATION**  
**NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS**  
**(UNAUDITED)**

*In this filing, the name “CEC” 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 words “Company,” “Caesars,” “Caesars Entertainment,” “we,” “our,” and “us” refer to Caesars Entertainment Corporation, inclusive of its consolidated subsidiaries and variable interest entities, unless otherwise stated or the context otherwise requires.*

*This Form 10-Q should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2017 and Exhibit 99.1 included in our Current Report on Form 8-K filed on June 1, 2018 presenting the Company’s financial statements and financial information in certain sections of our Form 10-K recast on a basis consistent with the new revenue recognition standard discussed in Note 11 (collectively, the “2017 Annual Report”). Capitalized terms used but not defined in this Form 10-Q have the same meanings as in the 2017 Annual Report.*

*We also refer to (i) our Consolidated Condensed Financial Statements as our “Financial Statements,” (ii) our Consolidated Condensed Statements of Operations and Comprehensive Income/(Loss) as our “Statements of Operations,” (iii) our Consolidated Condensed Balance Sheets as our “Balance Sheets,” and (iv) our Consolidated Condensed Statements of Cash Flows as our “Statements of Cash Flows.”*

## **Note 1 — Description of Business**

### **Organization**

CEC is primarily a holding company with no independent operations of its own. Caesars Entertainment operates the business primarily through its wholly owned subsidiaries CEOC, LLC (“CEOC LLC”) and Caesars Resort Collection, LLC (“CRC”). Caesars Entertainment operates a total of 49 casino properties in 13 U.S. states and five countries. Nine casinos are in Las Vegas, which represented 47% and 46%, respectively, of net revenues for the three and six months ended June 30, 2018.

We lease certain real property assets from VICI Properties Inc. (“VICI”).

### **CEOC’s Emergence from Bankruptcy and CEC’s Merger with Caesars Acquisition Company**

As previously disclosed in our 2017 Annual Report, Caesars Entertainment Operating Company, Inc. (“CEOC”) and certain of its U.S. subsidiaries (collectively, the “Debtors”) voluntarily filed for reorganization on January 15, 2015, at which time CEC deconsolidated CEOC. The Debtors emerged from bankruptcy and consummated their reorganization pursuant to their third amended joint plan of reorganization (the “Plan”) on October 6, 2017 (the “Effective Date”). As part of its emergence from bankruptcy, CEOC reorganized into an operating company separate from its real property assets. The operating company was acquired by CEC on the Effective Date and immediately merged with and into CEOC LLC. CEOC LLC operates the properties and facilities formerly held by CEOC and leases the properties and facilities from VICI.

Pursuant to the merger agreement with Caesars Acquisition Company (“CAC”), on the Effective Date, CAC merged with and into CEC, with CEC as the surviving company (the “CAC Merger”). The CAC Merger was accounted for as a reorganization of entities under common control, which resulted in CAC being consolidated into Caesars at book value as an equity transaction for all periods presented (see Note 2).

### **Acquisition of Centaur Holdings, LLC**

On July 16, 2018, we completed the acquisition of Centaur Holdings, LLC (“Centaur”). Centaur operates Hoosier Park Racing & Casino in Anderson, Indiana, and Indiana Grand Racing & Casino in Shelbyville, Indiana. See Note 16 for additional information.

## **Note 2 — Basis of Presentation and Principles of Consolidation**

### **Basis of Presentation and Use of Estimates**

The accompanying unaudited consolidated condensed financial statements of Caesars have been prepared under the rules and regulations of the Securities and Exchange Commission (the “SEC”) applicable for interim periods, and therefore, do not include all information and footnotes necessary for complete financial statements in conformity with accounting principles generally accepted in the United States (“GAAP”). The results for the interim periods reflect all adjustments (consisting primarily of normal recurring adjustments) that management considers necessary for a fair presentation of financial position, results of operations, and

**CAESARS ENTERTAINMENT CORPORATION**  
**NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (CONTINUED)**  
**(UNAUDITED)**

cash flows. The results of operations for our interim periods are not necessarily indicative of the results of operations that may be achieved for the entire 2018 fiscal year.

GAAP requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses and the disclosure of contingent assets and liabilities. Management believes the accounting estimates are appropriate and reasonably determined. Actual amounts could differ from those estimates.

Adoption of New Revenue Recognition Standard

On January 1, 2018, we adopted the new accounting standard Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers*, and all related amendments. See Note 11 for additional information and details on the effects of adopting the new standard.

Reportable Segments

We view each casino property as an operating segment and aggregate all such casino properties into three regionally-focused reportable segments: (i) Las Vegas, (ii) Other U.S., and (iii) All Other, which is consistent with how we manage the business. See Note 15.

Cash, Cash Equivalents, and Restricted Cash

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported on the Balance Sheets that sum to amounts reported on the Statements of Cash Flows.

<i>(In millions)</i>	June 30, 2018	December 31, 2017
Cash and cash equivalents	\$ 2,687	\$ 2,558
Restricted cash, current	111	116
Restricted cash, non-current	50	35
Total cash, cash equivalents, and restricted cash	<u>\$ 2,848</u>	<u>\$ 2,709</u>

Merger with CAC

The following table reconciles the previously-reported net revenues and net income/(loss) of Caesars to the amounts reported in the Statements of Operations after giving effect to the CAC Merger (see Note 1) and adoption of the new revenue recognition standard (see Note 11).

Reconciliation of Net Revenues and Net Loss

<i>(In millions)</i>	Three Months Ended June 30, 2017	Six Months Ended June 30, 2017
<b>Net revenues</b>		
Caesars previously reported	\$ 1,002	\$ 1,965
CAC previously reported	—	—
Adoption of new revenue recognition standard <sup>(1)</sup>	6	9
As currently reported	<u>\$ 1,008</u>	<u>\$ 1,974</u>
<b>Net loss</b>		
Caesars previously reported	\$ (1,426)	\$ (1,950)
CAC previously reported	(3)	(1)
Elimination and consolidation adjustments	(5)	9
Adoption of new revenue recognition standard <sup>(1)</sup>	2	2
As currently reported	<u>\$ (1,432)</u>	<u>\$ (1,940)</u>

<sup>(1)</sup> See Adoption of New Revenue Recognition Standard above.

**CAESARS ENTERTAINMENT CORPORATION**  
**NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (CONTINUED)**  
**(UNAUDITED)**

***Consolidation of Subsidiaries and Variable Interest Entities***

Our consolidated financial statements include the accounts of Caesars Entertainment and its subsidiaries after elimination of all intercompany accounts and transactions.

We consolidate all subsidiaries in which we have a controlling financial interest and variable interest entities (“VIEs”) for which we or one of our consolidated subsidiaries is the primary beneficiary. Control generally equates to ownership percentage, whereby (1) affiliates that are more than 50% owned are consolidated; (2) investments in affiliates of 50% or less but greater than 20% are generally accounted for using the equity method where we have determined that we have significant influence over the entities; and (3) investments in affiliates of 20% or less are generally accounted for using the cost method.

***Consolidation of Korea Joint Venture***

During 2017, CEC formed a joint venture referred to herein as the Korea JV. The purpose of the Korea JV is to acquire, develop, own, and operate a casino resort project in Incheon, South Korea. We determined that the Korea JV is a VIE and CEC is the primary beneficiary, and therefore, consolidates the Korea JV into its financial statements as of December 31, 2017.

**Note 3 — Recently Issued Accounting Pronouncements**

The Financial Accounting Standards Board (the “FASB”) issued the following authoritative guidance amending the FASB Accounting Standards Codification (“ASC”).

In 2018, we adopted the following ASUs:

- ASU 2014-09, *Revenue from Contracts with Customers* (see Note 11).
- ASU 2016-16, *Income Taxes* (see Note 13).

In 2018, the following ASUs became effective, but there was no effect on our financial statements:

- ASU 2018-05, *Income Taxes (Topic 740): Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 118*.
- ASU 2018-04, *Investments — Debt Securities (Topic 320) and Regulated Operations (Topic 980): Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 117 and SEC Release No. 33-9273*.
- ASU 2017-09, *Compensation - Stock Compensation*.
- ASU 2017-01, *Business Combinations*.
- ASU 2016-18, *Statement of Cash Flows*.
- ASU 2016-01, *Financial Instruments - Overall*.

The following amendments to the FASB ASC are not yet effective:

***Compensation - Stock Compensation - June 2018:*** Amended guidance expands the scope of employee share-based payments to include share-based payment transactions for acquiring goods and services from nonemployees. Equity-classified share-based payment awards issued to nonemployees will be measured on the grant date, instead of the previous requirement to remeasure the awards through the performance completion date. This amended guidance also clarifies that any share-based payment awards issued to customers should be evaluated under ASC 606, *Revenue from Contracts with Customers*. The amendments in this update are effective for public entities for fiscal years beginning after December 15, 2018, including interim periods within that fiscal year. Early adoption is permitted. We are currently assessing the effect the adoption of this standard will have on our financial statements.

**CAESARS ENTERTAINMENT CORPORATION**  
**NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (CONTINUED)**  
**(UNAUDITED)**

**Previously Disclosed**

Income Statement - Reporting Comprehensive Income - February 2018: Amendments in this update allow a reclassification from accumulated other comprehensive income to retained earnings effectively eliminating the stranded tax effects resulting from the Tax Cuts and Jobs Act (the U.S. federal government enacted a tax bill, H.R.1, An Act to Provide for Reconciliation Pursuant to Titles II and V of the Concurrent Resolution on the Budget for Fiscal Year 2018) (the “Tax Act”). Because the amendments only relate to the reclassification of the income tax effects of the Tax Act, the underlying guidance that requires that the effect of a change in tax laws or rates be included in income from continuing operations is not impacted. The amendments in this update are effective for all entities for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Early adoption is permitted. Amendments in this update should be applied either in the period of adoption or retrospectively to each period (or periods) in which the effect of the change in the U.S. federal corporate income tax rate in the Tax Act is recognized. We are currently assessing the effect the adoption of this standard will have on our financial statements.

Leases - February 2016 (amended through July 2018): The amended guidance requires most lease obligations to be recognized as a right-of-use (“ROU”) asset with a corresponding liability on the balance sheet. The guidance requires additional qualitative and quantitative disclosures to aid users in assessing the amount, timing, and uncertainty of cash flows arising from leases. Many long-term operating leases, including agreements relating to slot machines and real estate, may be recorded on the balance sheet as an ROU asset with a corresponding lease liability, which will be amortized using the effective interest rate method as payments are made. Leases embedded in other arrangements will be accounted for separately by allocating payments between lease and nonlease components. As a practical expedient, lessees are permitted to make an accounting policy election by class of underlying asset to account for each lease and nonlease component as a single lease component. The amended guidance will not require us to re-evaluate land easements that exist or expired before adoption that were not previously accounted for as a lease under Topic 840.

This guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. The guidance should be implemented for the earliest period presented using a modified retrospective approach. We will adopt the new standard on January 1, 2019. The qualitative and quantitative effects of adoption are still being analyzed as we are in the process of cataloging our existing lease contracts and identifying arrangements containing embedded leases.

Financial Instruments - Credit Losses - June 2016 (amended January 2017): Amended guidance replaces the incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. Amendments affect entities holding financial assets and net investments in leases that are not accounted for at fair value through net income. The amendments affect loans, debt securities, trade receivables, net investments in leases, off-balance-sheet credit exposures, reinsurance receivables and any other financial assets not excluded from the scope that have the contractual right to receive cash. Amendments are effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption is permitted. We are currently assessing the effect the adoption of this standard will have on our financial statements.

**Note 4 — Property and Equipment**

<i>(In millions)</i>	June 30, 2018	December 31, 2017
Land and land improvements	\$ 4,850	\$ 4,930
Buildings, riverboats and leasehold improvements	11,939	11,751
Furniture, fixtures, and equipment	1,397	1,277
Construction in progress	163	329
Total property and equipment	18,349	18,287
Less: accumulated depreciation	(2,505)	(2,133)
Total property and equipment, net	\$ 15,844	\$ 16,154

Depreciation Expense and Capitalized Interest

<i>(In millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Depreciation expense	\$ 251	\$ 81	\$ 515	\$ 168
Capitalized interest	1	1	3	2

**CAESARS ENTERTAINMENT CORPORATION**  
**NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (CONTINUED)**  
**(UNAUDITED)**

**Note 5 — Goodwill and Other Intangible Assets**

Changes in Carrying Value of Goodwill and Other Intangible Assets

<i>(In millions)</i>	Amortizing Intangible Assets	Non-Amortizing Intangible Assets	
		Goodwill	Other
Balance as of December 31, 2017	\$ 355	\$ 3,815	\$ 1,254
Other	—	(1)	(3)
Amortization	(33)	—	—
Balance as of June 30, 2018	<u>\$ 322</u>	<u>\$ 3,814</u>	<u>\$ 1,251</u>

Gross Carrying Value and Accumulated Amortization of Intangible Assets Other Than Goodwill

<i>(Dollars in millions)</i>	June 30, 2018				December 31, 2017			
	Weighted Average Remaining Useful Life (in years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	
<b>Amortizing</b>								
Customer relationships	4.5	\$ 1,030	\$ (725)	\$ 305	\$ 1,030	\$ (693)	\$ 337	
Contract rights	6.5	3	(2)	1	3	(2)	1	
Gaming rights and other	6.0	43	(27)	16	43	(26)	17	
		<u>\$ 1,076</u>	<u>\$ (754)</u>	<u>322</u>	<u>\$ 1,076</u>	<u>\$ (721)</u>	<u>355</u>	
<b>Non-amortizing intangible assets</b>								
Trademarks				790			790	
Gaming rights				208			211	
Total Rewards				253			253	
				<u>1,251</u>			<u>1,254</u>	
Total intangible assets other than goodwill				<u>\$ 1,573</u>			<u>\$ 1,609</u>	

**CAESARS ENTERTAINMENT CORPORATION**  
**NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (CONTINUED)**  
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**Note 6 — Fair Value Measurements**

**Items Measured at Fair Value on a Recurring Basis**

The following table shows the fair value of our financial assets and financial liabilities that are required to be measured at fair value as of the date shown:

Estimated Fair Value

<u>(In millions)</u>	<u>Balance</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<b>June 30, 2018</b>				
<b>Assets</b>				
Government bonds	\$ 19	\$ —	\$ 19	\$ —
Derivative instruments - interest rate swaps	18	—	18	—
<b>Total assets at fair value</b>	<b>\$ 37</b>	<b>\$ —</b>	<b>\$ 37</b>	<b>\$ —</b>
<b>Liabilities</b>				
Derivative instruments - interest rate swaps	\$ 1	\$ —	\$ 1	\$ —
Derivative instruments - CEC Convertible Notes	831	—	—	831
Disputed claims liability	86	—	—	86
<b>Total liabilities at fair value</b>	<b>\$ 918</b>	<b>\$ —</b>	<b>\$ 1</b>	<b>\$ 917</b>
<b>December 31, 2017</b>				
<b>Assets</b>				
Equity securities	\$ 8	\$ 8	\$ —	\$ —
Government bonds	25	—	25	—
<b>Total assets at fair value</b>	<b>\$ 33</b>	<b>\$ 8</b>	<b>\$ 25</b>	<b>\$ —</b>
<b>Liabilities</b>				
Derivative instruments - CEC Convertible Notes	\$ 1,016	\$ —	\$ —	\$ 1,016
Disputed claims liability	112	—	—	112
<b>Total liabilities at fair value</b>	<b>\$ 1,128</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 1,128</b>

Changes in Level 3 Fair Value Measurements

<u>(In millions)</u>	<u>Three Months Ended June 30, 2018</u>		<u>Six Months Ended June 30, 2018</u>	
	<u>Derivative Instruments</u>	<u>Disputed Claims Liability</u>	<u>Derivative Instruments</u>	<u>Disputed Claims Liability</u>
Balance as of beginning of period	\$ 856	\$ 102	\$ 1,016	\$ 112
Change in fair value recorded in Restructuring and support expenses and other	(25)	(1)	(185)	(9)
Change due to resolved claims in Disputed claims liability	—	(15)	—	(17)
Balance as of end of period	<b>\$ 831</b>	<b>\$ 86</b>	<b>\$ 831</b>	<b>\$ 86</b>

**Equity Securities**

Investments in equity securities are traded in active markets and have readily determined market values. These investments were included in Prepayments and other current assets on our Balance Sheets. Gross unrealized gains and losses on marketable securities were not material as of December 31, 2017.

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***Government Bonds***

Investments primarily consist of debt securities held by our captive insurance entities that are traded in active markets, have readily determined market values, and have maturity dates of greater than three months from the date of purchase. These investments primarily represent collateral for several escrow and trust agreements with third-party beneficiaries and are recorded in Deferred charges and other assets while a portion is included in Prepayments and other current assets in our Balance Sheets.

***Derivative Instruments***

We do not purchase or hold any derivative financial instruments for trading purposes.

***CEC Convertible Notes - Derivative Liability***

On the Effective Date, CEC issued \$1.1 billion aggregate principal amount of 5.00% convertible senior notes maturing in 2024 (the “CEC Convertible Notes”) to CEOC’s creditors pursuant to the terms of the Plan. The CEC Convertible Notes were issued pursuant to the Indenture, dated as of October 6, 2017.

The CEC Convertible Notes are convertible at the option of holders into a number of shares of CEC common stock that is equal to approximately 0.139 shares of CEC common stock per \$1.00 principal amount of CEC Convertible Notes, which is equal to an initial conversion price of \$7.19 per share. If all the shares were issued on the Effective Date, they would have represented approximately 17.9% of the shares of CEC common stock outstanding on a fully diluted basis. The holders of the CEC Convertible Notes can convert them at any time after issuance. CEC can convert the CEC Convertible Notes beginning in October 2020 if the last reported sale price of CEC common stock equals or exceeds 140% of the conversion price for the CEC Convertible Notes in effect on each of at least 20 trading days during any 30 consecutive trading day period. As of June 30, 2018, an immaterial amount of the CEC Convertible Notes were converted into shares of CEC common stock. An aggregate of 156 million shares of CEC common stock are issuable upon conversion of the CEC Convertible Notes. As of June 30, 2018, the remaining life of the CEC Convertible Notes is 6.25 years.

Management analyzed the conversion features for derivative accounting consideration under ASC Topic 815, *Derivatives and Hedging*, (“ASC 815”) and determined that the CEC Convertible Notes contains bifurcated derivative features and qualifies for derivative accounting. In accordance with ASC 815, CEC has bifurcated the conversion features of the CEC Convertible Notes and recorded a derivative liability. The CEC Convertible Notes derivative features are not designated as hedging instruments. The derivative features of the CEC Convertible Notes are carried on CEC’s Balance Sheet at fair value in Deferred credits and other liabilities. The derivative liability is marked-to-market each measurement period, and any unrealized change in fair value is recorded as a component of Restructuring and support expenses and other in the Statements of Operations. The derivative liability associated with the CEC Convertible Notes will remain in effect until such time as the underlying convertible notes are exercised or terminated and the resulting derivative liability will be transitioned from a liability to equity as of such date.

***Valuation Methodology***

We estimated the fair value of the CEC Convertible Notes using a binomial lattice valuation model that incorporated the value of both the straight debt and conversion features of the notes. The CEC Convertible Notes have a face value of \$1.1 billion, a term of 7 years, a coupon rate of 5%, and are convertible into 156 million shares of CEC common stock. The valuation model incorporated assumptions regarding the incremental cost of borrowing for CEC, the value of CEC’s equity into which these notes could convert, the expected volatility of such equity, and the risk-free rate.

Key Assumptions as of June 30, 2018:

- Incremental cost of borrowing - 6.0%
- Expected volatility - 35%
- Risk-free rate - 2.8%

Since the key assumptions used in the valuation model, including CEC’s estimated incremental cost of borrowing and the expected volatility of CEC’s equity, were significant unobservable inputs, the fair value for the conversion features of the CEC Convertible Notes was classified as Level 3.

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Interest Rate Swap Derivatives

We use forward-starting interest rate swaps to manage the mix of our debt between fixed and variable rate instruments. During the six months ended June 30, 2018, we entered into six interest rate swap agreements to fix the interest rate on \$2.0 billion of variable rate debt. As of June 30, 2018, we have entered into a total of ten interest rate swap agreements for notional amounts totaling \$3.0 billion. The interest rate swaps are designated as cash flow hedging instruments. The difference to be paid or received under the terms of the interest rate swap agreements will be accrued as interest rates change and recognized as an adjustment to interest expense for the related debt beginning on December 31, 2018. Changes in the variable interest rates to be paid or received pursuant to the terms of the interest rate swap agreements will have a corresponding effect on future cash flows.

The major terms of the interest rate swap agreements as of June 30, 2018 are as follows:

Effective Date	Notional Amount (In millions)	Fixed Rate Paid	Variable Rate Received as of June 30, 2018	Maturity Date
12/31/2018	250	2.274%	N/A	12/31/2022
12/31/2018	200	2.828%	N/A	12/31/2022
12/31/2018	600	2.739%	N/A	12/31/2022
1/1/2019	250	2.153%	N/A	12/31/2020
1/1/2019	250	2.196%	N/A	12/31/2021
1/1/2019	400	2.788%	N/A	12/31/2021
1/1/2019	200	2.828%	N/A	12/31/2022
1/2/2019	250	2.172%	N/A	12/31/2020
1/2/2019	200	2.731%	N/A	12/31/2020
1/2/2019	400	2.707%	N/A	12/31/2021

Valuation Methodology

The estimated fair values of our interest rate swap derivative instruments are derived from market prices obtained from dealer quotes for similar, but not identical, assets or liabilities. Such quotes represent the estimated amounts we would receive or pay to terminate the contracts. The interest rate swap derivative instruments are included in either Deferred charges and other assets or Deferred credits and other liabilities on our Balance Sheets. Our derivatives are recorded at their fair values, adjusted for the credit rating of the counterparty if the derivative is an asset, or adjusted for the credit rating of the Company if the derivative is a liability. None of our derivative instruments are offset and all were classified as Level 2.

The effect of derivative instruments designated as hedging instruments on the Balance Sheet for amounts transferred into Accumulated other comprehensive income was \$12 million and \$17 million, respectively, during the three and six months ended June 30, 2018.

Disputed Claims Liability

CEC and CEOC deposited cash, CEC common stock, and CEC Convertible Notes into an escrow trust to be distributed to satisfy certain remaining unsecured claims (excluding debt claims) as they become allowed (see Note 7). We have estimated the fair value of the remaining liability of those claims. As key assumptions used in the valuation model, including assumptions for the conversion features of the CEC Convertible Notes, include significant unobservable inputs, the fair value of the liability is classified as Level 3.

**Note 7 — Litigation, Contractual Commitments, and Contingent Liabilities**

Litigation

Caesars is party to ordinary and routine litigation incidental to our business. We do not expect the outcome of any such litigation to have a material effect on our consolidated financial position, results of operations, or cash flows.

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**Contractual Commitments**

Except as described in Note 6, during the six months ended June 30, 2018, we have not entered into any material contractual commitments outside of the ordinary course of business that have materially changed our contractual commitments as compared to December 31, 2017.

**Exit Cost Accruals**

As of June 30, 2018 and December 31, 2017, exit costs were included in Accrued expenses and other current liabilities and Deferred credits and other liabilities on the accompanying Balance Sheets for accruals related to the following:

<b><u>(In millions)</u></b>	<b><u>Accrual Obligation End Date</u></b>	<b><u>June 30, 2018</u></b>	<b><u>December 31, 2017</u></b>
Iowa greyhound pari-mutuel racing fund	December 2021	\$ 32	\$ 40
Future obligations under land lease agreements <sup>(1)</sup>	December 2092	43	43
Permanent closure of international properties <sup>(2)</sup>	January 2032	18	18
Total		<u>\$ 93</u>	<u>\$ 101</u>

<sup>(1)</sup> Associated with the abandonment of a construction project near the Mississippi Gulf Coast.

<sup>(2)</sup> Properties include Alea Leeds, Golden Nugget and Southend.

**NV Energy**

In September 2017, we filed our final notice to proceed with our plan to exit the fully bundled sales system of NV Energy for our Nevada casino properties and purchase energy, capacity, and/or ancillary services from a provider other than NV Energy. The transition to unbundle electric service was completed in the first quarter of 2018 (the "Cease-Use Date"). As a result of our decision to exit, an order from the Public Utilities Commission of Nevada required that we pay an aggregate exit fee of \$48 million. These fees are payable over three to six years at an aggregate present value of \$37 million as of June 30, 2018 and are recorded in Accrued expenses and other current liabilities and Deferred credits and other liabilities on the Balance Sheets.

For six years following the Cease-Use Date, we will also be required to make ongoing payments to NV Energy for non-bypassable rate charges, which primarily relate to each entity's share of NV Energy's portfolio of above-market renewable energy contracts and the costs of decommissioning and remediation of coal-fired power plants. As of the effective date of the transition, total fees to be incurred are \$31 million, which was recorded at a present value of \$26 million in Accrued expenses and other current liabilities and Deferred credits and other liabilities on the Balance Sheets as of June 30, 2018. The amount will be adjusted in the future if actual fees incurred differ from our estimates.

**Golf Course Properties**

Concurrently with the execution of the leases CEOC LLC maintains with VICI, certain golf course properties (the "Golf Course Properties") were sold to VICI, and CEOC LLC entered into a golf course use agreement (the "Golf Course Use Agreement") with VICI. An obligation of \$143 million is recorded in Deferred credits and other liabilities as of June 30, 2018 representing the fair value of the \$10 million in annual payments to be made under the Golf Course Use Agreement, which exceeds the fair value of services being received.

The obligation is being amortized using the effective interest method over the term of the Golf Course Use Agreement which continues through October 2052. The amortization on this obligation for the three and six months ended June 30, 2018 was \$2 million and \$5 million, respectively, reflected in Interest expense in our Statement of Operations.

**Resolution of Disputed Claims**

Prior to the Effective Date, CEOC's financial statements included amounts classified as liabilities subject to compromise, which represented estimates of pre-petition obligations impacted by the Chapter 11 reorganization process. These amounts represented the Debtors' then-current estimate of known or potential pre-petition obligations to be resolved in connection with CEOC's emergence from bankruptcy.

Following the Effective Date, actions to enforce or otherwise affect repayment of liabilities preceding January 15, 2015 (the "Petition Date"), as well as pending litigation against the Debtors related to such liabilities, generally have been permanently

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enjoined. Any unresolved claims will continue to be subject to the claims reconciliation process under the supervision of the Bankruptcy Court. CEOC LLC will continue the process of reconciling such claims to the amounts listed by the Debtors in their schedules of assets and liabilities, as amended. The amounts submitted by claimants that remain unresolved total approximately \$777 million. We estimate the fair value of these claims to be \$86 million as of June 30, 2018, which is based on management's estimate of the claim amounts that the Bankruptcy Court will ultimately allow and the fair value of the underlying CEC common stock and CEC Convertible Notes held in escrow for the purpose of resolving those claims.

Pursuant to the Plan, CEC and CEOC deposited cash, CEC common stock, and CEC Convertible Notes into an escrow trust to be distributed to satisfy certain remaining unsecured claims (excluding debt claims) as they become allowed. As claims are resolved, the claimants receive distributions of CEC common stock, cash or cash equivalents, and/or CEC Convertible Notes from the reserves on the same basis as if such distributions had been made on or about the Effective Date. To the extent that any of the reserved shares, cash, and convertible notes remain undistributed upon resolution of the remaining disputed claims, such amounts will be returned to CEC.

As of June 30, 2018, approximately \$51 million in cash, 8 million shares of CEC common stock, and \$33 million in principal value of CEC Convertible Notes remain in reserve for distribution to holders of disputed claims whose claims may ultimately become allowed in the escrow trust. The CEC common stock and CEC Convertible Notes held in the escrow trust are treated as not outstanding in CEC's Financial Statements. We estimate that the number of shares, cash, and CEC Convertible Notes reserved is sufficient to satisfy the Debtors' obligations under the Plan.

***Contingent Liabilities***

***Self-Insurance***

We are self-insured for workers compensation and other risk insurance, as well as health insurance effective in the first quarter of 2017 when the liability related to certain health insurance contracts was transferred from CEOC to Caesars Enterprise Services, LLC ("CES"). Our total estimated self-insurance liability was \$180 million and \$192 million, respectively, as of June 30, 2018 and December 31, 2017.

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**Note 8 — Debt**

<i>(Dollars in millions)</i>	June 30, 2018				December 31, 2017	
	Final Maturity	Rate(s) <sup>(1)</sup>	Face Value	Book Value	Book Value	
<b>Secured debt</b>						
CRC Revolving Credit Facility	2022	variable <sup>(2)</sup>	\$ —	\$ —	\$ —	\$ —
CRC Term Loan	2024	variable <sup>(3)</sup>	4,676	4,595		4,616
CEOC LLC Revolving Credit Facility	2022	variable <sup>(4)</sup>	—	—		—
CEOC LLC Term Loan	2024	variable <sup>(5)</sup>	1,493	1,490		1,499
<b>Unsecured debt</b>						
CEC Convertible Notes	2024	5.00%	1,081	1,081		1,078
CRC Notes	2025	5.25%	1,700	1,665		1,664
Special Improvement District Bonds	2037	4.30%	55	55		56
Total debt			9,005	8,886		8,913
Current portion of long-term debt			(64)	(64)		(64)
Long-term debt			\$ 8,941	\$ 8,822		\$ 8,849
Unamortized discounts and deferred finance charges				\$ 119		\$ 121
Fair value			\$ 8,870			

<sup>(1)</sup> Interest rate is fixed, except where noted.

<sup>(2)</sup> London Interbank Offered Rate (“LIBOR”) plus 2.13%. On May 4, 2018, the interest rate was reduced from the previous LIBOR plus 2.25% due to a step-down based on the senior secured leverage ratio in accordance with the CRC Credit Agreement.

<sup>(3)</sup> LIBOR plus 2.75%.

<sup>(4)</sup> LIBOR plus 2.00%.

<sup>(5)</sup> LIBOR plus 2.00%. On April 16, 2018, the interest rate was repriced from the previous LIBOR plus 2.50%, see CEOC LLC Term Loan Repricing section below.

**Annual Estimated Debt Service Requirements as of June 30, 2018**

<i>(In millions)</i>	Remaining	Years Ended December 31,					Thereafter	Total
	2018	2019	2020	2021	2022			
Annual maturities of long-term debt	\$ 31	\$ 64	\$ 64	\$ 64	\$ 64	\$ 8,718	\$ 9,005	
Estimated interest payments	230	470	480	480	480	1,010	3,150	
Total debt service obligation <sup>(1)</sup>	\$ 261	\$ 534	\$ 544	\$ 544	\$ 544	\$ 9,728	\$ 12,155	

<sup>(1)</sup> Debt principal payments are estimated amounts based on maturity dates and potential borrowings under our revolving credit facilities. Interest payments are estimated based on the forward-looking LIBOR curve and include the estimated impact of the ten interest rate swap agreements (see Note 6). Actual payments may differ from these estimates.

**Current Portion of Long-Term Debt**

The current portion of long-term debt as of June 30, 2018 and December 31, 2017 includes the principal payments on the term loans, other unsecured borrowings, and special improvement district bonds that are expected to be paid within 12 months.

Although there are no outstanding amounts under the revolving credit facilities as of June 30, 2018, \$77 million was committed to outstanding letters of credit. Borrowings under the revolving credit facilities are each subject to the provisions of the applicable credit facility agreements, which each have a contractual maturity of greater than one year. Amounts borrowed, if any, under the revolving credit facilities are intended to satisfy short term liquidity needs and would be classified as current.

**Fair Value**

The fair value of debt has been calculated primarily based on the borrowing rates available as of June 30, 2018 based on market quotes of our publicly traded debt. We classify the fair value of debt within Level 1 and Level 3 in the fair value hierarchy.

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***CEOC LLC Term Loan Repricing***

On April 16, 2018, CEOC LLC entered into Amendment No. 1 to the Credit Agreement, dated as of October 6, 2017 (as amended, the “CEOC LLC Credit Agreement”) that, among other things, reduced the interest rate margins applicable to CEOC LLC’s existing approximately \$1.5 billion term loan facility to LIBOR plus 2.00%, from LIBOR plus 2.50%.

***Terms of Outstanding Debt***

*Restrictive Covenants*

The CRC Credit Agreement, CEOC LLC Credit Agreement, and the indentures related to the CEC Convertible Notes and CRC Notes contain covenants which are standard and customary for these types of agreements. These include negative covenants, which, subject to certain exceptions and baskets, limit the Company’s ability to (among other items) incur additional indebtedness, make investments, make restricted payments, including dividends, grant liens, sell assets and make acquisitions.

The CRC Revolving Credit Facility and CEOC LLC Revolving Credit Facility include maximum first-priority net senior secured leverage ratio financial covenants of 6.35:1 and 3.50:1, respectively, which are applicable solely to the extent that certain testing conditions are satisfied.

*Guarantees*

The borrowings under the CRC Credit Agreement and CEOC LLC Credit Agreement are guaranteed by the material, domestic, wholly owned subsidiaries of CRC and CEOC LLC, respectively, (subject to exceptions) and substantially all of the applicable existing and future property and assets that serve as collateral for the borrowings.

The CRC Notes are guaranteed on a senior unsecured basis by each wholly owned, domestic subsidiary of CRC that is a subsidiary guarantor with respect to the CRC Senior Secured Credit Facilities.

**Note 9 — Stockholders’ Equity**

***Share Repurchase Program***

On May 2, 2018, the Company announced that our Board of Directors authorized a Share Repurchase Program (the “Repurchase Program”) to repurchase up to \$500 million of our common stock. Repurchases may be made at the Company’s discretion from time to time on the open market or in privately negotiated transactions. The Repurchase Program has no time limit, does not obligate the Company to make any repurchases, and may be suspended for periods or discontinued at any time. Any shares acquired are available for general corporate purposes. During the three and six months ended June 30, 2018, we repurchased approximately 2.7 million shares for approximately \$31 million under the program recorded in Treasury stock.

**Note 10 — Earnings Per Share**

Basic earnings per share (“EPS”) is computed by dividing the applicable income amounts by the weighted-average number of shares of common stock outstanding. Diluted earnings per share is computed by dividing the applicable income amounts by the sum of weighted-average number of shares of common stock outstanding and dilutive potential common stock.

For a period in which Caesars generated a net loss, the weighted-average basic shares outstanding was used in calculating diluted loss per share because using diluted shares would have been anti-dilutive to loss per share.

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*Basic and Dilutive Net Earnings Per Share Reconciliation*

<i>(In millions, except per share data)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net income/(loss) attributable to Caesars	\$ 29	\$ (1,432)	\$ (5)	\$ (1,939)
Weighted-average common shares outstanding - basic	698	149	697	148
Dilutive potential common shares: Stock Options	2	—	—	—
Dilutive potential common shares: Restricted Stock Units and Awards	2	—	—	—
Weighted-average common shares outstanding - diluted	702	149	697	148
Basic and diluted earnings/(loss) per share	\$ 0.04	\$ (9.62)	\$ (0.01)	\$ (13.09)

*Weighted-Average Number of Anti-Dilutive Shares Excluded from Calculation of EPS*

<i>(In millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Stock options	1	10	9	12
Restricted stock units and awards	—	5	18	7
CEC Convertible Notes	150	—	150	—
Total anti-dilutive common stock	151	15	177	19

**Note 11 — Revenue Recognition**

**Adoption of New Revenue Recognition Standard**

In May 2014, the FASB issued a new standard related to revenue recognition, ASU 2014-09, *Revenue from Contracts with Customers*. We adopted the standard effective January 1, 2018, using the full retrospective method, which requires the Company to recast each prior reporting period presented consistent with the new standard. The most significant effects of adopting the new standard related to the accounting for our Total Rewards customer loyalty program and casino promotional allowances.

Total Rewards affects revenue from our four core businesses: casino entertainment, food and beverage, rooms and hotel, and entertainment and other business operations. Previously, the Company accrued a liability based on the estimated cost of fulfilling the redemption of Reward Credits, after consideration of estimated forfeitures (referred to as “breakage”), based upon the cost of historical redemptions. Upon adoption of the new accounting standard, Reward Credits are no longer recorded at cost, and a deferred revenue model is used to account for the classification and timing of revenue recognized as well as the classification of related expenses when Reward Credits are redeemed. This results in a portion of casino revenues being recorded as deferred revenue as Reward Credits are earned. Revenue is recognized in a future period based on when and for what good or service the Reward Credits are redeemed (e.g., a hotel room).

Additionally, we previously recorded promotional allowances in a separate line item within net revenues. As part of adopting the new standard, promotional allowances are no longer presented separately. Alternatively, revenue is recognized based on relative standalone selling prices for transactions with more than one performance obligation. For example, when a casino customer is given a complimentary room, we are required to allocate a portion of the casino revenues earned from the customer to rooms revenues based on the standalone selling price of the room. As a result of this change, we are reporting substantially lower casino revenues; however, there is no material effect on total net revenues.

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Effect of Adopting New Revenue Recognition Standard - Balance Sheets

<i>(In millions)</i>	Previously Reported	ASC Adjustments	As Recast
<b>December 31, 2017</b>			
Receivables, net	\$ 496	\$ (2)	\$ 494
Property and equipment, net <sup>(1)</sup>	16,228	(74)	16,154
Accrued expenses and other current liabilities <sup>(2)</sup>	1,459	(133)	1,326
Contract liabilities <sup>(2)</sup>	—	129	129
Financing obligations <sup>(1)</sup>	9,429	(74)	9,355
Deferred credits and other liabilities	1,473	1	1,474
Stockholders' equity	3,296	1	3,297
<b>December 31, 2016</b>			
Stockholders' deficit	\$ (1,609)	\$ 2	\$ (1,607)

<sup>(1)</sup> The conditions that were considered prohibited forms of continuing involvement related to our sale of the Golf Course Properties (see Note 7) are no longer considered continuing involvement under the new revenue recognition standard. As of result of adopting the new standard on a full retrospective basis, we are now reflecting this transaction as a completed sale in the period in which it occurred.

<sup>(2)</sup> Adjustments are primarily related to the reclassification of assets and liabilities in accordance with the new accounting and disclosure requirements.

Effect of Adopting New Revenue Recognition Standard - Statements of Operations

<i>(In millions)</i>	Three Months Ended June 30, 2017				
	Prior to Adoption				Post Adoption
	CEC	CAC	Eliminations	Total	Total
Net revenues	\$ 1,002	\$ —	\$ —	\$ 1,002	\$ 1,008
Total operating expenses	845	8	—	853	859
Income/(loss) from operations	157	(8)	—	149	149
Net loss	(1,426)	(3)	(5)	(1,434)	(1,432)

<i>(In millions)</i>	Six Months Ended June 30, 2017				
	Prior to Adoption				Post Adoption
	CEC	CAC	Eliminations	Total	Total
Net revenues	\$ 1,965	\$ —	\$ —	\$ 1,965	\$ 1,974
Total operating expenses	1,650	17	—	1,667	1,675
Income/(loss) from operations	315	(17)	—	298	299
Net loss	(1,950)	(1)	9	(1,942)	(1,940)

Disaggregation of Revenue by Segment

<i>(In millions)</i>	Three Months Ended June 30, 2018				
	Las Vegas	Other U.S.	All Other	Eliminations	Total
Casino	\$ 311	\$ 691	\$ 60	\$ —	\$ 1,062
Food and beverage	246	138	7	—	391
Rooms	282	105	1	—	388
Management fees	—	1	15	(1)	15
Reimbursed management costs	—	1	47	—	48
Entertainment and other	114	43	16	(1)	172
Total contract revenues	953	979	146	(2)	2,076
Other	39	3	1	—	43
Net revenues	\$ 992	\$ 982	\$ 147	\$ (2)	\$ 2,119

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**Three Months Ended June 30, 2017**

<i>(In millions)</i>	<b>Las Vegas</b>	<b>Other U.S.</b>	<b>All Other</b>	<b>Eliminations</b>	<b>Total</b>
Casino	\$ 209	\$ 199	\$ 12	\$ —	\$ 420
Food and beverage	156	49	—	—	205
Rooms	201	41	—	—	242
Entertainment and other	72	15	5	(1)	91
Total contract revenues	638	304	17	(1)	958
Other	46	3	1	—	50
Net revenues	\$ 684	\$ 307	\$ 18	\$ (1)	\$ 1,008

**Six Months Ended June 30, 2018**

<i>(In millions)</i>	<b>Las Vegas</b>	<b>Other U.S.</b>	<b>All Other</b>	<b>Eliminations</b>	<b>Total</b>
Casino	\$ 568	\$ 1,354	\$ 123	\$ —	\$ 2,045
Food and beverage	487	273	14	—	774
Rooms	562	191	2	—	755
Management fees	—	2	31	(3)	30
Reimbursed management costs	—	1	99	—	100
Entertainment and other	206	82	23	(2)	309
Total contract revenues	1,823	1,903	292	(5)	4,013
Other	71	5	2	—	78
Net revenues	\$ 1,894	\$ 1,908	\$ 294	\$ (5)	\$ 4,091

**Six Months Ended June 30, 2017**

<i>(In millions)</i>	<b>Las Vegas</b>	<b>Other U.S.</b>	<b>All Other</b>	<b>Eliminations</b>	<b>Total</b>
Casino	\$ 402	\$ 385	\$ 23	\$ —	\$ 810
Food and beverage	318	93	—	—	411
Rooms	416	73	—	—	489
Entertainment and other	133	30	9	(1)	171
Total contract revenues	1,269	581	32	(1)	1,881
Other	86	5	2	—	93
Net revenues	\$ 1,355	\$ 586	\$ 34	\$ (1)	\$ 1,974

**Accounting Policy**

We analyze our revenues based upon the type of services we provide and the geographic location of the related property. We recognize revenue when control over the goods and services we provide has transferred to the customer, which is generally when the services are performed and when we have no substantive performance obligation remaining. Sales and other taxes collected from customers on behalf of governmental authorities are accounted for on a net basis and are not included in net revenues or operating expenses.

**Casino Revenues**

Casino revenues include revenues generated by our casino operations and casino related activities such as poker, pari-mutuel wagering, and tournaments, less sales incentives and other adjustments. Casino revenues are measured by the aggregate net difference between gaming wins and losses. Jackpots, other than the incremental amount of progressive jackpots, are recognized at the time they are won by customers. We accrue the incremental amount of progressive jackpots as the progressive machine is played, and the progressive jackpot amount increases, with a corresponding reduction to casino revenues. Funds deposited by customers in advance along with chips and slot vouchers in a customer's possession are recorded in Accrued expenses and other current liabilities on our Balance Sheets until such amounts are redeemed or used in gaming play by the customer.

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Non-Gaming Revenues

Rooms revenue, food and beverage revenue, and entertainment and other revenue include: (i) the actual amounts paid for such services (less any amounts allocated to unperformed performance obligations, such as Reward Credits described below); (ii) the value of Reward Credits redeemed for such services; and (iii) the portion of the transaction price allocated to complimentary goods or services provided in conjunction with other revenue-generating activities. Rooms revenue is generally recognized over time, consistent with the customer's reservation period. Food and beverage and entertainment and other revenues are recognized at the point in time the services are performed or events are held. Amounts paid in advance, such as advance deposits on rooms and advance ticket sales, are recorded as a liability until the goods or services are provided to the customer (see Contract Liabilities below).

Other Revenue

Other revenue primarily includes revenue from third-party real estate leasing arrangements at our casino properties. Rental income is recognized ratably over the lease term with contingent rental income being recognized when the right to receive such rental income is established according to the lease agreements.

Total Rewards Loyalty Program

Caesars' customer loyalty program, Total Rewards, grants Reward Credits to Total Rewards Members based on on-property spending, including gaming, hotel, dining, and retail shopping at all Caesars-affiliated properties. Members may redeem Reward Credits for complimentary or discounted goods and services such as rooms, food and beverages, merchandise, entertainment, and travel accommodations. Members are able to accumulate Reward Credits over time that they may redeem at their discretion under the terms of the program. A member's Reward Credit balance is forfeited if the member does not earn a Reward Credit for a continuous six-month period.

Because of the significance of the Total Rewards program and the ability for customers to accumulate Reward Credits based on their past play, we have determined that Reward Credits granted in conjunction with other earning activity represent a performance obligation. As a result, for transactions in which Reward Credits are earned, we allocate a portion of the transaction price to the Reward Credits that are earned based upon the relative standalone selling prices ("SSP") of the goods and services involved. When the activity underlying the "earning" of the Reward Credits has a wide range of selling prices and is highly variable, such as in the case of gaming activities, we use the residual approach in this allocation by computing the value of the Reward Credits as described below and allocating the residual amount to the gaming activity. This allocation results in a significant portion of the transaction price being deferred and presented as a Contract Liability on our accompanying Balance Sheets. Any amounts allocated to Contract Liabilities are recognized as revenue when the Reward Credits are redeemed in accordance with the specific recognition policy of the activity for which the credits are redeemed. This balance is further described below under Contract Liabilities.

Our Total Rewards loyalty program includes various tiers that offer different benefits, and members are able to earn credits towards tier status, which generally enables them to receive discounts similar to those provided as complimentary described below. We have determined that any such discounts received as a result of tier status do not represent material rights, and therefore, we do not account for them as distinct performance obligations.

We have determined the SSP of a Reward Credit by computing the redemption value of credits expected to be redeemed. Because Reward Credits are not otherwise independently sold, we analyzed all Reward Credit redemption activity over the preceding calendar year and determined the redemption value based on the fair market value of the goods and services for which the Reward Credits were redeemed. We have applied the practical expedient under the portfolio approach to our Reward Credit transactions because of the similarity of gaming and other transactions and the homogeneity of Reward Credits.

As part of determining the SSP for Reward Credits, we also determined that there is generally an amount of Reward Credits that is not redeemed, which is considered "breakage." We recognize the expected breakage proportionally with the pattern of revenue recognized related to the redemption of Reward Credits. We periodically reassess our customer behaviors and revise our expectations as deemed necessary on a prospective basis.

Complimentaries

As part of our normal business operations, we often provide lodging, transportation, food and beverage, entertainment and other goods and services to our customers at no additional charge. Alternatively, Reward Credits can be redeemed for these services.

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Both are considered complimentary. Such complimentary are provided in conjunction with other revenue-earning activities and are generally provided to encourage additional customer spending on those activities. Accordingly, we allocate a portion of the transaction price we receive from such customers to the complimentary goods and services. We perform this allocation based on the SSP of the underlying goods and services, which is determined based upon the weighted-average cash sales prices received for similar services at similar points during the year.

*Retail Value of Complimentaries*

<i>(In millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Food and beverage	\$ 143	\$ 144	\$ 292	\$ 295
Rooms	118	122	226	237
Other	15	17	30	31
	<u>\$ 276</u>	<u>\$ 283</u>	<u>\$ 548</u>	<u>\$ 563</u>

*Receivables and Contract Liabilities*

We issue credit to approved casino customers following investigations of creditworthiness. Business or economic conditions or other significant events could affect the collectibility of these receivables. Accounts receivable are non-interest bearing and are initially recorded at cost.

Marker play represents a significant portion of our overall table games volume. We maintain strict controls over the issuance of markers and aggressively pursue collection from those customers who fail to pay their marker balances timely. These collection efforts include the mailing of statements and delinquency notices, personal contacts, the use of outside collection agencies and civil litigation. Markers are generally legally enforceable instruments in the United States. Markers are not legally enforceable instruments in some foreign countries, but the United States assets of foreign customers may be reached to satisfy judgments entered in the United States. We consider the likelihood and difficulty of enforceability, among other factors, when we issue credit to customers who are not residents of the United States.

Accounts are written off when management deems the account to be uncollectible. Recoveries of accounts previously written off are recorded when received. We reserve an estimated amount for gaming receivables that may not be collected to reduce the Company's receivables to their net carrying amount. Methodologies for estimating the allowance for doubtful accounts range from specific reserves to various percentages applied to aged receivables. Historical collection rates are considered, as are customer relationships, in determining specific reserves. As with many estimates, management must make judgments about potential actions by third parties in establishing and evaluating our reserves for allowance for doubtful accounts. Receivables are reported net of the allowance for doubtful accounts.

*Receivables*

<i>(In millions)</i>	June 30, 2018	December 31, 2017
Casino	\$ 156	\$ 173
Food and beverage and rooms	78	59
Entertainment and other	77	79
Contract receivables, net	311	311
Other	132	183
Receivables, net	<u>\$ 443</u>	<u>\$ 494</u>

*Allowance for Doubtful Accounts*

<i>(In millions)</i>	Contracts	Other	Total
Balance as of December 31, 2017	\$ 44	\$ 7	\$ 51
Provision for doubtful accounts	—	(3)	(3)
Write-offs less recoveries	(7)	(1)	(8)
Balance as of June 30, 2018	<u>\$ 37</u>	<u>\$ 3</u>	<u>\$ 40</u>

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Contract Liability Balances

<i>(In millions)</i>	Total Rewards	Customer Advances	Total
December 31, 2017 <sup>(1)</sup>	\$ 62	\$ 69	\$ 131
June 30, 2018 <sup>(2)</sup>	68	84	152

<sup>(1)</sup> \$2 million included within Deferred credits and other liabilities.

<sup>(2)</sup> \$6 million included within Deferred credits and other liabilities.

Revenue Recognized from December 31, 2017 Contract Liability Balances

<i>(In millions)</i>	Total Rewards	Customer Advances	Total
Three Months Ended June 30, 2018	\$ 9	\$ 16	\$ 25
Six Months Ended June 30, 2018	24	66	90

Generally, customer advances and their corresponding performance obligations are satisfied within 12 months of the date of receipt of advanced payment. While Rewards Credits are generally redeemed by customers over a four-year period from when they were earned, of the total Reward Credits expected to be redeemed, approximately 90% are redeemed within one year and approximately 10% are redeemed beyond one year.

**Note 12 — Stock-Based Compensation**

We maintain long-term incentive plans for management, other personnel, and key service providers. The plans allow for granting stock-based compensation awards, based on CEC common stock (NASDAQ symbol “CZR”), including time-based and performance-based stock options, restricted stock units (“RSUs”), performance stock units (“PSUs”), restricted stock awards, stock grants, or a combination of awards.

2017 Performance Incentive Plan

In April 2018, the Company granted approximately 1.6 million PSUs that are scheduled to vest in three equal tranches over a three-year period. On each vesting date, recipients will receive between 0% and 200% of the granted PSUs in the form of CEC common stock based on the achievement of specified performance service conditions. Based on the terms and conditions of the awards, the fair value of the PSUs was initially set equal to the quoted market price of our common stock on the date of grant, but will need to be reassessed each reporting period.

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**Composition of Stock-Based Compensation Expense**

<i>(In millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Corporate expense	\$ 15	\$ 8	\$ 28	\$ 16
Property, general, administrative, and other	5	1	10	2
Total stock-based compensation expense	\$ 20	\$ 9	\$ 38	\$ 18

**Outstanding at End of Period**

	June 30, 2018		December 31, 2017	
	Quantity <sup>(1)</sup>	Wtd Avg <sup>(2)</sup>	Quantity	Wtd Avg <sup>(2)</sup>
Stock options <sup>(3)</sup>	8,764,136	\$ 10.45	9,227,890	\$ 10.36
Restricted stock units <sup>(4)</sup>	17,103,637	11.72	17,274,659	11.22
Performance stock units <sup>(5)</sup>	1,546,382	10.70	—	—

<sup>(1)</sup> During the six months ended June 30, 2018, 4.1 million RSUs were issued under the 2017 Performance Incentive Plan. There were no grants of stock options during the six months ended June 30, 2018.

<sup>(2)</sup> Represents weighted average exercise price for stock options, weighted average grant date fair value for RSUs, and the price of CEC common stock as of the balance sheet date for PSUs.

<sup>(3)</sup> During the six months ended June 30, 2018, 424,612 stock options were exercised.

<sup>(4)</sup> During the six months ended June 30, 2018, 3,647,545 restricted stock units vested.

<sup>(5)</sup> No PSUs have vested during the six months ended June 30, 2018.

**Note 13 — Income Taxes**

Caesars' provision for income taxes during the interim reporting period for the three and six months ended June 30, 2018 has been calculated by applying an estimate of the annual effective tax rate ("AETR") for the full year to "ordinary" income or loss (pre-tax income or loss excluding unusual or infrequently occurring discrete items) for the reporting period. We utilized a discrete effective tax rate method, as allowed by ASC 740-270 *Income Taxes, Interim Reporting*, to calculate taxes for the three and six months ended June 30, 2017. We determined that as small changes in estimated "ordinary" income would result in significant changes in the estimated AETR, the historical method would not provide a reliable estimate for the three and six months ended June 30, 2017.

Effective January 1, 2018, we adopted ASU 2016-16, *Income Taxes (Topic 740)*, which provides amended guidance regarding intra-entity transfers of assets other than inventory and requires the recognition of any related income tax consequences when such transfers occur.

The SEC staff issued Staff Accounting Bulletin No. 118 ("SAB 118"), which provides guidance for the accounting of the effects of the Tax Act. SAB 118 provides a measurement period that should not be extended past a year from the enactment date for companies to complete the accounting of the Tax Act under ASC Topic 740, *Income Taxes* ("ASC 740"). Companies that do not complete the accounting under ASC 740 for the tax effects of the Tax Act, must record a provisional estimate of the tax effects of the Tax Act. If a provisional estimate cannot be determined, a company should continue to apply ASC 740 based on the tax laws in effect immediately before the enactment of the Tax Act.

As of June 30, 2018, the Company has not completed the accounting for the tax effects of the Tax Act; however, the Company has made a reasonable estimate of the effects on the existing deferred tax balances and accrued a provisional income tax benefit of approximately \$1.2 billion which was recorded in the period ended December 31, 2017. The amount of the estimated income tax benefit is (i) \$797 million related to the net deferred tax benefit of the corporate rate reduction and (ii) \$442 million related to the net deferred tax benefit of deferred tax assets which are now realizable due to the changing rules related to uses and limitations of net operating loss carryforwards created in tax years beginning after December 31, 2017. During the three months ended June 30, 2018, the Company revised its estimate of the effects on the existing deferred tax balances as of December 31, 2017, and accrued an additional provisional income tax benefit of \$82 million. The total amount of the revised estimated income tax benefit is (i) \$710 million related to the net deferred tax benefit of the corporate rate reduction and (ii) \$569 million related to the net deferred tax benefit of deferred tax assets which are now realizable due to the changing rules related to uses and limitations of net operating loss carryforwards created in tax years beginning after December 31, 2017 and (iii) \$42 million relating to the net deferred

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tax benefit of state deferred tax assets which are now realizable due to the changing rules related to interest expense disallowance for those states which conform to the Tax Act.

In order to complete the accounting requirements under ASC 740, the Company needs to (i) evaluate the impact of additional guidance, if any, from the FASB and external providers on its application of ASC 740 to the calculation; (ii) evaluate the impact of further guidance from Treasury and/or the Internal Revenue Service (“IRS”) on the technical application of the law with regard to our facts; (iii) evaluate the impact of further guidance from the state tax authorities regarding their conformity to the provisions of the Tax Act; and (iv) complete the analysis of the revaluation of deferred tax assets and liabilities as the Company is still analyzing certain aspects of the Tax Act. The accounting for the tax effects of the Tax Act will be completed in 2018.

The Tax Act also includes provisions for Global Intangible Low-Taxed Income (“GILTI”), which imposes taxes on foreign income in excess of a deemed return on tangible assets of foreign corporations. Because of the complexities of the new provisions, the Company is continuing to evaluate how the provisions will be accounted for under GAAP. Companies are allowed to make an accounting policy election of either (i) account for GILTI as a component of income tax expense in the period in which the Company is subject to the rules (the “period cost method”), or (ii) account for GILTI in the Company’s measurement of deferred taxes (the “deferred method”). The Company has not elected a method and will do so after completing its analysis of the GILTI provisions of the Tax Act depending on the analysis of the Company’s global income. Therefore, we have not recorded any potential deferred tax effects related to the GILTI in our financial statements and have no policy election regarding whether to record deferred taxes on GILTI or use the period cost method. We have however, included an estimate of the current GILTI impact in our AETR for 2018. We expect to complete the accounting during the measurement period.

Income Tax Allocation

<i>(Dollars in millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Loss before income taxes	\$ (7)	\$ (1,400)	\$ (28)	\$ (1,861)
Income tax benefit/(provision)	\$ 36	\$ (32)	\$ 23	\$ (79)
Effective tax rate	514.3%	(2.3)%	82.1%	(4.2)%

We classify reserves for tax uncertainties within Deferred credits and other liabilities on the Balance Sheets, separate from any related income tax payable, which is also reported within Accrued expenses and other current liabilities, or Deferred income taxes. Reserve amounts relate to any potential income tax liabilities resulting from uncertain tax positions, as well as potential interest or penalties associated with those liabilities.

Management assesses the available positive and negative evidence to estimate if sufficient future taxable income will be generated to use the existing deferred tax assets. We have provided a valuation allowance on certain federal and state deferred tax assets that were not deemed realizable based upon estimates of future taxable income.

The effective tax rate related to the loss before income taxes for the three months ended June 30, 2018 differed from the expected federal tax rate of 21% primarily due to the deferred tax benefit from revisions to the estimated deferred tax balances as of December 31, 2017 as a result of the Tax Act offset by losses not tax benefitted and nondeductible expenses. The effective tax rate related to the loss before income taxes for the three months ended June 30, 2017 differed from the expected federal tax rate of 35% primarily due to losses not tax benefitted, including accrued restructuring and support expenses, and state deferred tax expense.

The effective tax rate related to the loss before income taxes for the six months ended June 30, 2018 differed from the expected federal tax rate of 21% primarily due the deferred tax benefit from revisions to the estimated deferred tax balances as of December 31, 2017 as a result of the Tax Act offset by losses not tax benefitted and nondeductible expenses. The effective tax rate related to the loss before income taxes for the six months ended June 30, 2017 differed from the expected federal tax rate of 35% primarily due to losses not tax benefitted, including accrued restructuring and support expenses, and state deferred tax expense. Effective January 1, 2017, CEC elected to no longer treat Caesars Entertainment Resort Properties, LLC (“CERP”) as a corporation for income tax purposes, which resulted in additional state deferred tax expense due to additional state filing requirements for CEC.

We file income tax returns, including returns for our subsidiaries, with federal, state, and foreign jurisdictions. We are under regular and recurring audit by the IRS on open tax positions, and it is possible that the amount of the liability for unrecognized tax benefits could change during the next 12 months.

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**Note 14 — Related Party Transactions**

<i>(In millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
<b>Transactions with Sponsors and their affiliates</b>				
Expenses paid to Sponsors' portfolio companies	\$ 8	\$ 1	\$ 9	\$ 1
<b>Transactions with Horseshoe Baltimore</b>				
Management fees	2	—	5	—
Reimbursements and allocated expenses	2	—	3	—
<b>Transactions with CEOC</b>				
Shared services allocated expenses to CEOC	—	108	—	204
Shared services allocated expenses from CEOC	—	23	—	46
Management fees incurred	—	11	—	22
Octavius Tower lease revenue	—	9	—	18
Other expenses incurred	—	2	—	6

***Transactions with Sponsors and their Affiliates***

The members of Hamlet Holdings LLC are comprised of individuals affiliated with Apollo Global Management, LLC and affiliates of TPG Capital LP (collectively, the "Sponsors"). On the Effective Date, we entered into a "Termination Agreement" with the Sponsors and their affiliates, pursuant to which certain agreements terminated. Due to a reduction in ownership percentage of the Company on the Effective Date, we are no longer controlled by the Sponsors.

Additionally, we may engage in transactions with companies owned or controlled by affiliates of the Sponsors in the normal course of business. Amounts paid to the Sponsors' portfolio companies are included in the table above and we believe such transactions are conducted at fair value.

***Transactions with Horseshoe Baltimore***

Upon our deconsolidation of Horseshoe Baltimore effective August 31, 2017, Horseshoe Baltimore, which remains 41% owned by us, is now held as an equity method investment and considered to be a related party. These related party transactions include items such as casino management fees, reimbursement of various costs incurred by CEOC LLC on behalf of Horseshoe Baltimore, and the allocation of other general corporate expenses. A summary of the transactions with Horseshoe Baltimore subsequent to the deconsolidation is provided in the table above.

***Transactions with CEOC***

Upon its filing for reorganization under Chapter 11 of the Bankruptcy Code and its subsequent deconsolidation, transactions with CEOC were no longer eliminated in consolidation and were considered related party transactions for Caesars. A summary of these transactions is provided in the table above. However, subsequent to CEOC's emergence from bankruptcy on the Effective Date, CEOC's successor, CEOC LLC, became a wholly owned subsidiary of CEC, and therefore will no longer be treated as a related party going forward. The following activities, to the extent that they continued subsequent to the Effective Date, are eliminated in consolidation from that point forward.

***CEOC Shared Services Agreement***

Pursuant to a shared services agreement, CEOC provided Caesars with certain corporate and administrative services, and the costs of these services were allocated to Caesars. Certain services are now provided by CES.

Prior to the deconsolidation of CEOC, we were self-insured for employee medical (health, dental, and vision) and risk products, including workers compensation and surety bonds, and our insurance claims and reserves included accruals of estimated settlements for known claims, as well as accruals of actuarial estimates of incurred but not reported claims.

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Services Joint Venture

CES provides certain corporate and administrative services to its members, and the costs of these services are allocated among the members. CES allocates costs including amounts for insurance coverage.

Management Fees

Caesars Growth Partners, LLC (“CGP”) pays a management fee to CEOC for the CGP properties that are managed by CEOC or CES.

Octavius Tower Lease Agreement

Under the Octavius Tower lease agreement, CEOC LLC leases the Octavius Tower at Caesars Palace Las Vegas (“Caesars Palace”) for \$35 million annually from CRC. On July 11, 2018, the real estate assets of the Octavius Tower were sold by the Company to VICI. See Note 16 for additional information.

LINQ Access and Parking Easement Agreements

Under the LINQ Access and Parking easement agreements, subsidiaries of CEOC granted easements for access and parking behind The LINQ Promenade and The LINQ Hotel & Casino to CERP and CGP and certain of their subsidiaries. Together, CERP and CGP paid approximately \$2 million annually. Amounts are included within Other expenses incurred in the table above. The parking lot was sold to VICI upon CEOC’s emergence from bankruptcy but was partially repurchased by CRC as part of the purchase of approximately 18 acres of land adjacent to the Harrah’s Las Vegas property with the other portion still owned by VICI.

Service Provider Fee

CEOC, CERP and CGP had a shared services agreement under which CERP and CGP paid for certain indirect corporate support costs. Amounts are included within Other expenses incurred in the table above.

Cross Marketing and Trademark License Agreement

Caesars Interactive Entertainment, LLC (“CIE”) and CEOC have a Cross Marketing and Trademark License Agreement. The agreement granted CIE the exclusive right to use various brands of Caesars Entertainment in connection with social and mobile games and online real money gaming in exchange for a 3.0% royalty. This agreement also provides for cross marketing and promotional activities between CIE and CEOC, including participation by CIE in Caesars’ Total Rewards customer loyalty program. CEOC also receives a revenue share from CIE for customer referrals. Amounts are included within Other expenses incurred in the table above.

Equity Incentive Awards

Caesars maintained an equity incentive awards plan under which CEC issued time-based and performance-based stock options, restricted stock units and restricted stock awards to CEOC employees. Although awards under the plan resulted in the issuance of shares of CEC common stock, because CEOC was no longer a consolidated subsidiary of CEC, we accounted for these awards as nonemployee awards subsequent to the date of deconsolidation.

Employee Benefit Plans

CEC maintains a defined contribution savings and retirement plan in which employees of specified CEC subsidiaries may participate. The plan provides for, among other things, pre-tax, Roth and after-tax contributions by employees. The plan also provides for employer matching contributions. Under the plan, participating employees may elect to contribute a percentage of their eligible earnings (subject to certain IRS and plan limits). In addition, employees subject to certain collective bargaining agreements receive benefits through the multi-employer retirement plans sponsored by the organization in which they are a member. The expenses related to contributions for a participant in the CEC plan or a multi-employer plan are allocated to the properties at which the participant is employed.

Total Rewards Loyalty Program

Until the Effective Date, the total estimated cost for Total Rewards was accrued by CEOC; on the Effective Date, administration of Total Rewards is managed by CEC.

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***Due from/to Affiliates***

Amounts from or to affiliates for each counterparty represent the net receivable or payable as of the end of the reporting period primarily resulting from the transactions described above and are settled on a net basis by each counterparty in accordance with the legal and contractual restrictions governing transactions by and among Caesars' consolidated entities.

As of June 30, 2018 and December 31, 2017, Due from affiliates, net was \$9 million and \$11 million, respectively, and represented transactions with Horseshoe Baltimore.

**Note 15 — Segment Reporting**

We view each casino property as an operating segment and aggregate such casino properties into three regionally-focused reportable segments: (i) Las Vegas, (ii) Other U.S. and (iii) All Other, which is consistent with how we manage the business.

The results of each reportable segment presented below are consistent with the way management assesses these results and allocates resources, which is a consolidated view that adjusts for the effect of certain transactions between reportable segments within Caesars. We recast previously reported segment amounts to conform to the way management assesses results and allocates resources for the current year.

“All Other” includes managed, international and other properties as well as parent and other adjustments to reconcile to consolidated Caesars results.

***Condensed Statements of Operations - By Segment***

	<b>Three Months Ended June 30, 2018</b>				
<i>(In millions)</i>	<b>Las Vegas</b>	<b>Other U.S.</b>	<b>All Other</b>	<b>Elimination</b>	<b>Caesars</b>
Net revenues	\$ 992	\$ 982	\$ 147	\$ (2)	\$ 2,119
Depreciation and amortization	132	121	15	—	268
Income/(loss) from operations	246	131	(95)	—	282
Interest expense	(80)	(139)	(115)	—	(334)
Restructuring and support expenses and other <sup>(1)</sup>	(2)	—	47	—	45
Income tax benefit <sup>(2)</sup>	—	—	36	—	36
	<b>Three Months Ended June 30, 2017</b>				
<i>(In millions)</i>	<b>Las Vegas</b>	<b>Other U.S.</b>	<b>All Other</b>	<b>Elimination</b>	<b>Caesars</b>
Net revenues	\$ 684	\$ 307	\$ 18	\$ (1)	\$ 1,008
Depreciation and amortization	74	21	1	—	96
Income/(loss) from operations	156	47	(54)	—	149
Interest expense	(3)	(7)	(132)	—	(142)
Restructuring and support expenses and other <sup>(1)</sup>	(3)	—	(1,404)	—	(1,407)
Income tax provision <sup>(2)</sup>	—	—	(32)	—	(32)
	<b>Six Months Ended June 30, 2018</b>				
<i>(In millions)</i>	<b>Las Vegas</b>	<b>Other U.S.</b>	<b>All Other</b>	<b>Elimination</b>	<b>Caesars</b>
Net revenues	\$ 1,894	\$ 1,908	\$ 294	\$ (5)	\$ 4,091
Depreciation and amortization	274	242	32	—	548
Income/(loss) from operations	394	217	(204)	—	407
Interest expense	(158)	(277)	(229)	—	(664)
Restructuring and support expenses and other <sup>(1)</sup>	—	2	227	—	229
Income tax benefit <sup>(2)</sup>	—	—	23	—	23

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**Six Months Ended June 30, 2017**

<i>(In millions)</i>	<b>Las Vegas</b>	<b>Other U.S.</b>	<b>All Other</b>	<b>Elimination</b>	<b>Caesars</b>
Net revenues	\$ 1,355	\$ 586	\$ 34	\$ (1)	\$ 1,974
Depreciation and amortization	153	42	3	—	198
Income/(loss) from operations	308	76	(85)	—	299
Interest expense	(8)	(14)	(267)	—	(289)
Restructuring and support expenses and other <sup>(1)</sup>	(3)	—	(1,868)	—	(1,871)
Income tax provision <sup>(2)</sup>	—	—	(79)	—	(79)

<sup>(1)</sup> 2018 amount primarily represents a change in fair value of our derivative liability related to the conversion option of the CEC Convertible Notes; 2017 amount primarily represents CEC's costs in connection with the restructuring of CEOC.

<sup>(2)</sup> Taxes are recorded at the consolidated level and not estimated or recorded to our Las Vegas and Other U.S. segments.

**Adjusted EBITDA - By Segment**

Adjusted EBITDA is presented as a measure of the Company's performance. Adjusted EBITDA is defined as revenues less 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 we do not consider indicative of its ongoing operating performance at an operating property level.

In evaluating Adjusted EBITDA you should be aware that, in the future, we 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 construed as an inference that future results will be unaffected by unusual or unexpected items.

Adjusted EBITDA is a non-GAAP financial measure commonly used in our 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). 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.

**Three Months Ended June 30, 2018**

<i>(In millions)</i>	<b>Las Vegas</b>	<b>Other U.S.</b>	<b>All Other</b>	<b>Elimination</b>	<b>Caesars</b>
Net income/(loss) attributable to Caesars	\$ 164	\$ (9)	\$ (126)	\$ —	\$ 29
Net income/(loss) attributable to noncontrolling interests	—	1	(1)	—	—
Income tax benefit <sup>(1)</sup>	—	—	(36)	—	(36)
Restructuring and support expenses and other <sup>(2)</sup>	2	—	(47)	—	(45)
Interest expense	80	139	115	—	334
Depreciation and amortization	132	121	15	—	268
Other operating costs <sup>(3)</sup>	1	1	30	1	33
Stock-based compensation expense	2	3	15	—	20
Other items <sup>(4)</sup>	2	2	17	(1)	20
Adjusted EBITDA	<u>\$ 383</u>	<u>\$ 258</u>	<u>\$ (18)</u>	<u>\$ —</u>	<u>\$ 623</u>

**CAESARS ENTERTAINMENT CORPORATION**  
**NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (CONTINUED)**  
**(UNAUDITED)**

**Three Months Ended June 30, 2017**

<i>(In millions)</i>	Las Vegas	Other U.S.	All Other	Elimination	Caesars
Net income/(loss) attributable to Caesars	\$ 150	\$ 40	\$ (1,622)	\$ —	\$ (1,432)
Income tax provision <sup>(1)</sup>	—	—	32	—	32
Restructuring and support expenses and other <sup>(2)</sup>	3	—	1,404	—	1,407
Interest expense	3	7	132	—	142
Depreciation and amortization	74	21	1	—	96
Other operating costs <sup>(3)</sup>	9	1	8	—	18
Stock-based compensation expense	—	1	8	—	9
Other items <sup>(4)</sup>	3	1	14	—	18
Adjusted EBITDA	<u>\$ 242</u>	<u>\$ 71</u>	<u>\$ (23)</u>	<u>\$ —</u>	<u>\$ 290</u>

**Six Months Ended June 30, 2018**

<i>(In millions)</i>	Las Vegas	Other U.S.	All Other	Elimination	Caesars
Net income/(loss) attributable to Caesars	\$ 236	\$ (59)	\$ (182)	\$ —	\$ (5)
Net income/(loss) attributable to noncontrolling interests	—	1	(1)	—	—
Income tax benefit <sup>(1)</sup>	—	—	(23)	—	(23)
Restructuring and support expenses and other <sup>(2)</sup>	—	(2)	(227)	—	(229)
Interest expense	158	277	229	—	664
Depreciation and amortization	274	242	32	—	548
Other operating costs <sup>(3)</sup>	29	7	62	1	99
Stock-based compensation expense	4	5	29	—	38
Other items <sup>(4)</sup>	3	3	44	(1)	49
Adjusted EBITDA	<u>\$ 704</u>	<u>\$ 474</u>	<u>\$ (37)</u>	<u>\$ —</u>	<u>\$ 1,141</u>

**Six Months Ended June 30, 2017**

<i>(In millions)</i>	Las Vegas	Other U.S.	All Other	Elimination	Caesars
Net income/(loss) attributable to Caesars	\$ 297	\$ 63	\$ (2,299)	\$ —	\$ (1,939)
Net loss attributable to noncontrolling interests	—	(1)	—	—	(1)
Income tax provision <sup>(1)</sup>	—	—	79	—	79
Restructuring and support expenses and other <sup>(2)</sup>	3	—	1,868	—	1,871
Interest expense	8	14	267	—	289
Depreciation and amortization	153	42	3	—	198
Other operating costs <sup>(3)</sup>	15	2	—	—	17
Stock-based compensation expense	1	1	16	—	18
Other items <sup>(4)</sup>	4	2	27	—	33
Adjusted EBITDA	<u>\$ 481</u>	<u>\$ 123</u>	<u>\$ (39)</u>	<u>\$ —</u>	<u>\$ 565</u>

<sup>(1)</sup> Taxes are recorded at the consolidated level and not estimated or recorded to our Las Vegas and Other U.S. segments.

<sup>(2)</sup> 2018 amount primarily represents a change in fair value of our derivative liability related to the conversion option of the CEC Convertible Notes; 2017 amount primarily represents CEC's costs in connection with the restructuring of CEOC.

<sup>(3)</sup> Amounts primarily represent costs incurred in connection with costs associated with the development activities and reorganization activities, and/or recoveries associated with such items.

<sup>(4)</sup> Other items includes other add-backs and deductions to arrive at Adjusted EBITDA but not separately identified such as litigation awards and settlements, costs associated with CEOC's restructuring and related litigation, severance and relocation costs, sign-on and retention bonuses, permit remediation costs, and business optimization expenses.

**CAESARS ENTERTAINMENT CORPORATION**  
**NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (CONTINUED)**  
**(UNAUDITED)**

**Condensed Balance Sheets - By Segment**

	<b>June 30, 2018</b>				
<i>(In millions)</i>	<b>Las Vegas</b>	<b>Other U.S.</b>	<b>All Other</b>	<b>Elimination</b>	<b>Caesars</b>
Total assets	\$ 14,100	\$ 6,660	\$ 7,401	\$ (3,007)	\$ 25,154
Total liabilities	5,294	4,990	11,431	133	21,848

	<b>December 31, 2017</b>				
<i>(In millions)</i>	<b>Las Vegas</b>	<b>Other U.S.</b>	<b>All Other</b>	<b>Elimination</b>	<b>Caesars</b>
Total assets	\$ 14,145	\$ 6,865	\$ 7,458	\$ (3,032)	\$ 25,436
Total liabilities	5,239	5,012	11,780	108	22,139

**Note 16 — Subsequent Events**

**Acquisition of Centaur Holdings, LLC**

On July 16, 2018 (the “Centaur Closing Date”), CEC completed its acquisition of Centaur for consideration of \$1.7 billion, composed of the following:

*Composition of Acquisition Consideration*

<i>(In millions)</i>	
Cash paid on the Centaur Closing Date	\$ 1,630
Deferred consideration <sup>(1)</sup>	66
<b>Total purchase price</b>	<b>\$ 1,696</b>

<sup>(1)</sup> Deferred consideration is payable in an installment of \$25 million on the second anniversary of the Centaur Closing Date and \$50 million on the third anniversary of the Centaur Closing Date with prepayments and right of setoff permitted, subject to the terms and conditions of the Unit Purchase Agreement. \$66 million represents the present value of future expected cash flows.

**CAESARS ENTERTAINMENT CORPORATION**  
**NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (CONTINUED)**  
**(UNAUDITED)**

Preliminary Purchase Price Allocation

The following table summarizes the assets acquired and liabilities recognized as part of acquisition. We will continue to evaluate and value identifiable assets acquired and liabilities assumed, and that may require the preliminary purchase price allocation to be adjusted. The preliminary determination of assets and liabilities recognized is based on a number of estimates and assumptions; actual amounts could differ from these estimates. The intangible assets subject to amortization will be amortized on a straight-line basis over their estimated useful lives as of the acquisition date.

<i>(In millions)</i>	Fair Value	Weighted-Average Useful Life (years)
Assets acquired:		
Cash and cash equivalents	\$ 38	
Receivables, net	3	
Other current assets	24	
Property and equipment	299	
Intangible assets other than goodwill		
Trade names and trademarks	14	2.5
Gaming rights <sup>(1)</sup>	1,400	
Customer relationships	41	15.0
Total assets	<u>1,819</u>	
Liabilities assumed:		
Current liabilities	(96)	
Deferred income taxes	(291)	
Total liabilities	<u>(387)</u>	
Net identifiable assets acquired	1,432	
Goodwill	264	
Total Centaur equity value	<u>\$ 1,696</u>	

<sup>(1)</sup> Indefinite-lived intangible assets.

***New Transactions with VICI***

*Sale of Octavius Tower at Caesars Palace*

On July 11, 2018, we sold Octavius Tower at Caesars Palace to VICI for \$508 million in cash. Proceeds from the transaction supported the closing of CEC's acquisition of Centaur. We will continue to operate the Octavius Tower under the current terms of the long-term lease agreement with VICI relating to Caesars Palace.

*Harrah's Philadelphia Real Estate Sale and Leaseback*

Also on July 11, 2018, CEC and VICI agreed to the sale by CEC of all the real property used in the operation of Harrah's Philadelphia Casino and Racetrack ("Harrah's Philadelphia") to VICI for \$83 million in cash, which includes \$242 million for the sale of the real property assets of Harrah's Philadelphia net of \$159 million constituting consideration to VICI for the lease modifications described below. We will lease Harrah's Philadelphia from VICI pursuant to the existing long-term lease agreement relating to other domestic properties.

*Modifications to Lease Agreements with VICI*

In connection with the Octavius Tower and Harrah's Philadelphia transactions, CEC and VICI will consummate certain lease modifications to certain of our existing lease agreements. The modifications are intended to bring the lease terms into alignment with other market precedents and the long-term performance of the properties and create additional flexibility to facilitate our future development strategies.

**CAESARS ENTERTAINMENT CORPORATION**  
**NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (CONTINUED)**  
**(UNAUDITED)**

The Octavius Tower sale includes a contingency that could require CEC to repurchase the Octavius Tower if the Harrah's Philadelphia transaction and lease modifications transactions are not completed. The Harrah's Philadelphia transaction and lease modifications are expected to close during the fourth quarter of 2018, subject to customary closing conditions and regulatory and third party approvals.

## Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

In this filing, the name “CEC” 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 words “Company,” “Caesars,” “Caesars Entertainment,” “we,” “our,” and “us” refer to Caesars Entertainment Corporation, inclusive of its consolidated subsidiaries and variable interest entities, unless otherwise stated or the context otherwise requires.

We also refer to (i) our Consolidated Condensed Financial Statements as our “Financial Statements,” (ii) our Consolidated Condensed Statements of Operations and Comprehensive Income/(Loss) as our “Statements of Operations,” (iii) our Consolidated Condensed Balance Sheets as our “Balance Sheets,” and (iv) our Consolidated Condensed Statements of Cash Flows as our “Statements of Cash Flows.” References to numbered “Notes” refer to Notes to Consolidated Condensed Financial Statements included in Item 1, “Unaudited Financial Statements.”

The following discussion and analysis of the financial position and operating results of Caesars Entertainment for the six months ended June 30, 2018 and 2017 should be read in conjunction with the unaudited consolidated condensed financial statements and the notes thereto and other financial information included elsewhere in this Form 10-Q as well as Management’s Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”) presented in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017 and Exhibit 99.1 included in our Current Report on Form 8-K filed on June 1, 2018 presenting the Company’s financial statements and financial information in certain sections of our Form 10-K recast on a basis consistent with the new revenue recognition standard discussed in Note 11 (collectively, the “2017 Annual Report”). Capitalized terms used but not defined in this Form 10-Q have the same meanings as in the 2017 Annual Report.

The statements in this discussion regarding our expectations regarding our 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. Our actual results may differ materially from those contained in or implied by any forward-looking statements. See “CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS” below in this report.

### Overview

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CEC is primarily a holding company with no independent operations of its own. Caesars Entertainment operates its business primarily through its wholly owned subsidiaries CEOC, LLC (“CEOC LLC”) and Caesars Resort Collection, LLC (“CRC”).

We view each casino property as an operating segment and aggregate such casino properties into three regionally-focused reportable segments: (i) Las Vegas, (ii) Other U.S., and (iii) All Other, which is consistent with how we manage the business. The way in which Caesars management assesses results and allocates resources is aligned with these segments.

### Summary of Significant Events

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The following are the significant events and drivers of performance. Accordingly, the remainder of the discussion and analysis of results should be read in conjunction with this summary.

#### **Adoption of New Revenue Recognition Standard**

On January 1, 2018, we adopted the new accounting standard Accounting Standards Update 2014-09, *Revenue from Contracts with Customers*, and all related amendments using the full retrospective method and have recast revenue and expenses for all prior periods presented. See Note 11 for additional information.

#### **CEOC’s Emergence from Bankruptcy and CEC’s Merger with Caesars Acquisition Company**

As previously disclosed in our 2017 Annual Report, Caesars Entertainment Operating Company, Inc. (“CEOC”) and certain of its U.S. subsidiaries emerged from bankruptcy and consummated their reorganization pursuant to their third amended joint plan of reorganization (the “Plan”) on October 6, 2017 (the “Effective Date”). As part of its emergence from bankruptcy, CEOC reorganized into an operating company separate from its real property assets. The operating company was acquired by CEC on the Effective Date and immediately merged with and into CEOC LLC. CEOC LLC operates the properties and facilities formerly held by CEOC and leases the properties and facilities from VICI Properties Inc. (“VICI”). As a result of CEC’s acquisition of the operating company and its subsequent merger with and into CEOC LLC, CEC’s consolidated financial results include the results of the operating company subsequent to the Effective Date.

CEOC LLC Operating Results

<i>(In millions)</i>	Three Months Ended June 30, 2018	Six Months Ended June 30, 2018
Casino	\$ 716	\$ 1,360
Food and beverage	196	385
Rooms	143	272
Other revenue	56	105
Management fees	14	28
Reimbursed management costs	48	100
Net revenues	<u>\$ 1,173</u>	<u>\$ 2,250</u>
Income from operations	\$ 124	\$ 157
Interest expense	(215)	(430)
Restructuring and support expenses and other	5	20
Net loss	(86)	(253)
Net loss attributable to Caesars	(87)	(255)

On the Effective Date, Caesars Acquisition Company (“CAC”) merged with and into CEC, with CEC as the surviving company (the “CAC Merger”). The CAC Merger was accounted for as a reorganization of entities under common control, which resulted in CAC being consolidated into Caesars at book value as an equity transaction for all periods presented (see Note 2).

**Failed Sale-Leaseback Financing Obligations**

As previously disclosed in our 2017 Annual Report, our leases with VICI were evaluated as a sale-leaseback of real estate, and we determined that these transactions did not qualify for sale-leaseback accounting. The amount recognized for depreciation expense and interest expense substantially exceeds our periodic rental payments for CEOC LLC’s leases with VICI as a result of the failed sale-leaseback obligation being initially recognized at an amount equal to the fair value of the leased properties when CEOC emerged from bankruptcy. The table below presents the activity for the period.

<i>(In millions)</i>	Three Months Ended June 30, 2018			Six Months Ended June 30, 2018		
	Depreciation Expense	Interest Expense	Rental Payments	Depreciation Expense	Interest Expense	Rental Payments
Harrah’s Las Vegas lease	\$ 4	\$ 20	\$ 29	\$ 8	\$ 39	\$ 44
CEOC LLC leases	124	197	160	242	393	319
Total	<u>\$ 128</u>	<u>\$ 217</u>	<u>\$ 189</u>	<u>\$ 250</u>	<u>\$ 432</u>	<u>\$ 363</u>

### ***Horseshoe Baltimore Deconsolidation***

As previously disclosed in our 2017 Annual Report, as of August 31, 2017, Horseshoe Baltimore was deconsolidated and accounted for as an equity method investment subsequent to the deconsolidation.

### ***Horseshoe Baltimore Operating Results***

<i>(In millions)</i>	<b>Three Months Ended June 30, 2017</b>	<b>Six Months Ended June 30, 2017</b>
Casino	\$ 64	\$ 126
Food and beverage	5	10
Other revenue	3	5
Management fees	—	(2)
Net revenues	<u>\$ 72</u>	<u>\$ 139</u>
Income from operations	\$ 6	\$ 11
Interest expense	(8)	(15)
Net loss	(2)	(4)
Net loss attributable to Caesars	(2)	(3)

### ***Share Repurchase Program***

On May 2, 2018, the Company announced that our Board of Directors authorized a Share Repurchase Program (the “Repurchase Program”) to repurchase up to \$500 million of our common stock. Repurchases may be made at the Company’s discretion from time to time on the open market or in privately negotiated transactions. The Repurchase Program has no time limit, does not obligate the Company to make any repurchases, and may be suspended for periods or discontinued at any time. Any shares acquired are available for general corporate purposes. During the three and six months ended June 30, 2018, we repurchased approximately 2.7 million shares for approximately \$31 million under the program recorded in Treasury stock.

### ***Recently Issued Accounting Standards***

See Note 3 for discussions of the adoption and potential effects of recently issued accounting standards.

### ***Critical Accounting Policies and Estimates***

For information on critical accounting policies and estimates, see “Critical Accounting Policies and Estimates” in Management’s Discussion and Analysis of Financial Condition and Results of Operations of the 2017 Annual Report. There have been no changes to these policies during the six months ended June 30, 2018.

## Discussion of Operating Results

### Analysis of Key Drivers of Consolidated Operating Results

The following represents the discussion and analysis of the results of operations and key metrics focusing on the key drivers of performance.

#### Consolidated Operating Results

<i>(Dollars in millions)</i>	Three Months Ended June 30,		Fav/(Unfav)		Six Months Ended June 30,		Fav/(Unfav)	
	2018	2017	\$	%	2018	2017	\$	%
	Net revenues	\$ 2,119	\$ 1,008	\$ 1,111	110.2 %	\$ 4,091	\$ 1,974	\$ 2,117
Income from operations	282	149	133	89.3 %	407	299	108	36.1 %
Interest expense	(334)	(142)	(192)	(135.2)%	(664)	(289)	(375)	(129.8)%
Restructuring and support expenses and other	45	(1,407)	1,452	*	229	(1,871)	2,100	*
Net income/(loss)	29	(1,432)	1,461	*	(5)	(1,940)	1,935	99.7 %
Net income/(loss) attributable to Caesars	29	(1,432)	1,461	*	(5)	(1,939)	1,934	99.7 %
Adjusted EBITDA <sup>(1)</sup>	623	290	333	114.8 %	1,141	565	576	101.9 %
Operating margin <sup>(2)</sup>	13.3%	14.8%	—	(1.5) pts	9.9%	15.1%	—	(5.2) pts

\* Not meaningful.

<sup>(1)</sup> See the "Reconciliation of Non-GAAP Financial Measures" discussion later in this MD&A for a reconciliation of Adjusted EBITDA.

<sup>(2)</sup> Operating margin is calculated as income from operations divided by net revenues.

### Analysis of Key Drivers of Revenue Performance

Our gaming-related revenues, rooms revenues, and operating performance are dependent upon the volume and spend behavior of customers at our resort properties, which affects the price we can charge for our hotel rooms and other amenities, and directly affects our gaming volumes. Our food and beverage revenues are generated primarily from our buffets, restaurants, bars, nightclubs, and lounges located throughout our casinos, as well as banquets and room service. Our other revenues are generated primarily from third-party real estate leasing arrangements at our casino properties, revenue from company-operated retail stores, revenue from parking, revenue from our entertainment venues and The High Roller observation wheel and, subsequent to the Effective Date, revenue earned from CEOC LLC's casino management service fees and reimbursed management costs charged to third parties.

#### Net Revenues - Consolidated

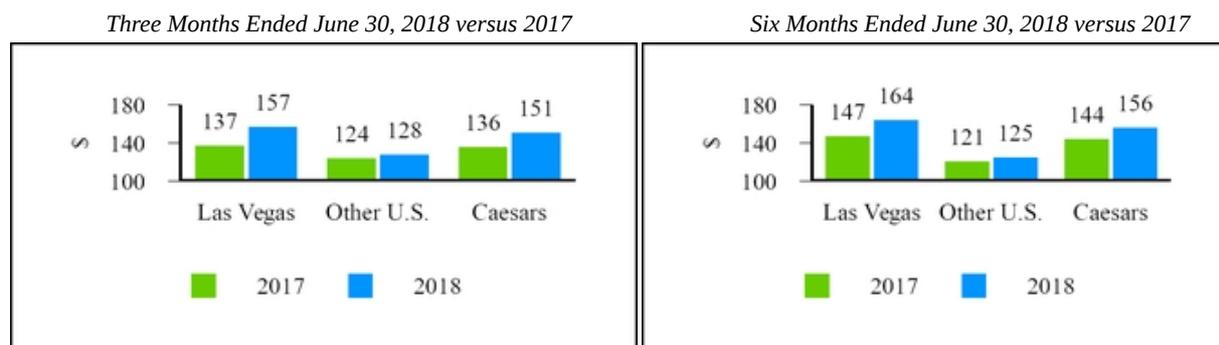
<i>(Dollars in millions)</i>	Three Months Ended June 30,		Fav/(Unfav)		Six Months Ended June 30,		Fav/(Unfav)	
	2018	2017	\$	%	2018	2017	\$	%
	Casino	\$ 1,062	\$ 420	\$ 642	152.9%	\$ 2,045	\$ 810	\$ 1,235
Food and beverage	391	205	186	90.7%	774	411	363	88.3%
Rooms	388	242	146	60.3%	755	489	266	54.4%
Other revenue	215	141	74	52.5%	387	264	123	46.6%
Management fees	15	—	15	*	30	—	30	*
Reimbursed management costs	48	—	48	*	100	—	100	*
Net revenues	<u>\$ 2,119</u>	<u>\$ 1,008</u>	<u>\$ 1,111</u>	<u>110.2%</u>	<u>\$ 4,091</u>	<u>\$ 1,974</u>	<u>\$ 2,117</u>	<u>107.2%</u>

Net Revenues - Segment

<i>(Dollars in millions)</i>	Three Months Ended June 30,				Six Months Ended June 30,			
			Fav/(Unfav)				Fav/(Unfav)	
	2018	2017	\$	%	2018	2017	\$	%
Las Vegas	\$ 992	\$ 684	\$ 308	45.0%	\$ 1,894	\$ 1,355	\$ 539	39.8%
Other U.S.	982	307	675	*	1,908	586	1,322	*
All Other	145	17	128	*	289	33	256	*
Net revenues	\$ 2,119	\$ 1,008	\$ 1,111	110.2%	\$ 4,091	\$ 1,974	\$ 2,117	107.2%

\* Not meaningful.

Cash ADR <sup>(1)</sup>



<sup>(1)</sup> Average cash daily rate ("cash ADR") is a key indicator by which we evaluate the performance of our properties and is determined by rooms revenues and rooms occupied.

Three Months Ended June 30, 2018 vs. 2017

Net revenue increased \$1.1 billion, or 110.2%, in 2018 compared with 2017 primarily due to the consolidation of CEOC LLC's results following the Effective Date, which contributed \$1.2 billion to net revenues, partially offset by a decrease of \$72 million in net revenue due to the deconsolidation of Horseshoe Baltimore's results subsequent to August 31, 2017. In addition to the effect of CEOC LLC and Horseshoe Baltimore, net revenues increased \$10 million primarily due to the following:

- Other revenues increased \$21 million in 2018 compared with 2017 primarily due to revenue from valet and self-parking fees that were fully implemented in Las Vegas in 2017 and an increase in entertainment revenues in the Las Vegas segment.
- This increase was offset by a decrease in casino revenues of \$10 million in 2018 compared with 2017 primarily due to unfavorable hold in the Other U.S. segment.

Six Months Ended June 30, 2018 vs. 2017

Net revenue increased \$2.1 billion, or 107.2%, in 2018 compared with 2017 primarily due to the consolidation of CEOC LLC's results following the Effective Date, which contributed \$2.3 billion to net revenues, partially offset by a decrease of \$139 million in net revenue due to the deconsolidation of Horseshoe Baltimore's results subsequent to August 31, 2017. In addition to the effect of CEOC LLC and Horseshoe Baltimore, net revenues increased \$6 million primarily due to the following:

- Other revenues increased \$23 million in 2018 compared with 2017 primarily due to revenue from valet and self-parking fees that were fully implemented in Las Vegas in 2017 and an increase in entertainment revenues at certain Las Vegas properties.
- This increase was offset by a decrease in food and beverage revenues by \$12 million in 2018 compared with 2017 primarily in the Las Vegas region including a decrease in non-recurring banquet revenues in the first half of 2017. Rooms revenues also decreased \$6 million in 2018 compared with 2017 primarily due to a convention that took place in 2017 that did not reoccur in 2018.

## Analysis of Key Drivers of Income from Operations Performance

### Income from Operations by Category - Consolidated

<i>(Dollars in millions)</i>	Three Months Ended June 30,				Six Months Ended June 30,			
			Fav/(Unfav)				Fav/(Unfav)	
	2018	2017	\$	%	2018	2017	\$	%
<b>Net revenues</b>	\$ 2,119	\$ 1,008	\$ 1,111	110.2 %	\$ 4,091	\$ 1,974	\$ 2,117	107.2 %
<b>Operating expenses</b>								
Casino	567	227	(340)	(149.8)%	1,131	449	(682)	(151.9)%
Food and beverage	273	142	(131)	(92.3)%	539	283	(256)	(90.5)%
Rooms	121	82	(39)	(47.6)%	236	162	(74)	(45.7)%
Property, general, administrative, and other	451	246	(205)	(83.3)%	873	477	(396)	(83.0)%
Reimbursable management costs	48	—	(48)	*	100	—	(100)	*
Depreciation and amortization	268	96	(172)	(179.2)%	548	198	(350)	(176.8)%
Corporate expense	76	48	(28)	(58.3)%	158	89	(69)	(77.5)%
Other operating costs	33	18	(15)	(83.3)%	99	17	(82)	*
Total operating expenses	1,837	859	(978)	(113.9)%	3,684	1,675	(2,009)	(119.9)%
<b>Income from operations</b>	\$ 282	\$ 149	\$ 133	89.3 %	\$ 407	\$ 299	\$ 108	36.1 %

### Income from Operations - Segment

<i>(Dollars in millions)</i>	Three Months Ended June 30,				Six Months Ended June 30,			
			Fav/(Unfav)				Fav/(Unfav)	
	2018	2017	\$	%	2018	2017	\$	%
Las Vegas	\$ 246	\$ 156	\$ 90	57.7 %	\$ 394	\$ 308	\$ 86	27.9 %
Other U.S.	131	47	84	178.7 %	217	76	141	185.5 %
All Other	(95)	(54)	(41)	(75.9)%	(204)	(85)	(119)	(140.0)%
Income from operations	\$ 282	\$ 149	\$ 133	89.3 %	\$ 407	\$ 299	\$ 108	36.1 %

\* Not meaningful.

### Three Months Ended June 30, 2018 vs. 2017

Income from operations increased \$133 million, or 89.3%, in 2018 compared with 2017 primarily due to the consolidation of CEOC LLC's results following the Effective Date, which contributed \$124 million to income from operations, partially offset by a decrease of \$6 million in income from operations due to the deconsolidation of Horseshoe Baltimore's results subsequent to August 31, 2017. In addition to the effect of CEOC LLC and Horseshoe Baltimore, income from operations increased \$15 million primarily due to the following:

- Net revenues increased \$10 million in 2018 compared with 2017 as explained above.
- Operating expenses decreased by \$5 million in 2018 compared with 2017 primarily due to operating efficiencies driven by lower marketing and labor costs.

Six Months Ended June 30, 2018 vs. 2017

Income from operations increased \$108 million, or 36.1%, in 2018 compared with 2017 primarily due to the consolidation of CEOC LLC's results following the Effective Date, which contributed \$157 million to income from operations, partially offset by a decrease of \$11 million in income from operations due to the deconsolidation of Horseshoe Baltimore's results subsequent to August 31, 2017. In addition to the effect of CEOC LLC and Horseshoe Baltimore, income from operations decreased \$38 million primarily due to the following:

- Other operating costs increased \$61 million in 2018 compared with 2017 primarily due to additional exit fees of \$21 million for non-CEOC LLC properties (\$27 million including CEOC LLC properties) recognized for NV Energy utility contracts (see Note 7), \$20 million related to lease termination costs, and a \$9 million loss on asset sales in 2018. In addition, during the first quarter of 2017, CEC benefitted from the reimbursement of \$19 million for amounts related to the Korea joint venture development that were previously written off. These were partially offset by a decrease in legal fees of \$9 million in 2018 compared with 2017.
- Depreciation and amortization increased \$13 million in 2018 compared with 2017 primarily due to accelerated depreciation of \$19 million in 2018 compared with \$5 million in 2017 due to the removal and replacement of certain assets in connection with ongoing property renovation projects.
- These increases were partially offset by a decrease of \$35 million in direct expenses in 2018 compared with 2017 primarily due to operating efficiencies driven by lower marketing and labor costs as well as an increase in net revenues of \$6 million over the same period as explained above.

**Other Factors Affecting Net Income/(Loss)**

Other Factors Affecting Net Income/(Loss) - Consolidated

<i>(Dollars in millions)</i>	Three Months Ended June 30,		Fav/(Unfav)		Six Months Ended June 30,		Fav/(Unfav)	
	2018	2017	\$	%	2018	2017	\$	%
	Interest expense	\$ (334)	\$ (142)	\$ (192)	(135.2)%	\$ (664)	\$ (289)	\$ (375)
Restructuring and support expenses and other	45	(1,407)	1,452	*	229	(1,871)	2,100	*
Income tax benefit/(provision)	36	(32)	68	*	23	(79)	102	*

\* Not meaningful.

Interest Expense

Interest expense increased \$192 million, or 135.2%, for the three months ended June 30, 2018 compared with the same period in 2017 primarily due to the consolidation of CEOC LLC's results following the Effective Date. CEOC LLC contributed \$215 million to the increase in interest expense as a result of (1) \$197 million recognized as interest expense related to CEOC LLC's lease agreements with VICI that are accounted for as failed sale-leaseback financing obligations, (2) \$16 million in interest expense recognized for the CEOC LLC Term Loan, and (3) \$2 million recognized as interest expense related to the Golf Course Use Agreements (as defined and further described in Note 7). The increase was partially offset by an \$8 million decrease in interest expense related to the Horseshoe Baltimore debt resulting from the deconsolidation of Horseshoe Baltimore in August 2017. In addition to the effect of CEOC LLC and Horseshoe Baltimore, interest expense decreased by \$15 million primarily due to the following:

- A \$49 million decrease in interest expense resulting from lower interest rates due to the refinancing of debt as well as repayment of loans in 2017.
- This decrease was partially offset by \$20 million recognized as interest expense related to the Harrah's Las Vegas lease agreement with VICI, which is accounted for as failed sale-leaseback financing obligation, and \$14 million in interest expense recognized for the CEC Convertible Notes (as defined and further described in Note 6), which were not outstanding in the second quarter of 2017.

Interest expense increased \$375 million, or 129.8%, for the six months ended June 30, 2018 compared with the same period in 2017 primarily due to the consolidation of CEOC LLC's results following the Effective Date. CEOC LLC contributed \$430 million to the increase in interest expense as a result of (1) \$393 million recognized as interest expense related to CEOC LLC's lease agreements with VICI that are accounted for as failed sale-leaseback financing obligations, (2) \$32 million in interest expense

recognized for the CEOC LLC Term Loan, and (3) \$5 million recognized as interest expense related to the Golf Course Use Agreements. The increase was partially offset by a \$15 million decrease in interest expense related to the Horseshoe Baltimore debt resulting from the deconsolidation of Horseshoe Baltimore in August 2017. In addition to the effect of CEOC LLC and Horseshoe Baltimore, interest expense decreased by \$40 million primarily due to the following:

- A \$107 million decrease in interest expense resulting from lower interest rates due to the refinancing of debt as well as repayment of loans in 2017.
- This decrease was partially offset by \$39 million recognized as interest expense related to the Harrah's Las Vegas lease agreement with VICI, which is accounted for as failed sale-leaseback financing obligation, and \$28 million in interest expense recognized for the CEC Convertible Notes, which were not outstanding in the six months ended June 30, 2017.

#### Restructuring and Support Expenses and Other

As described in our 2017 Annual Report, we recognized certain obligations that were ultimately settled upon CEOC's emergence from bankruptcy on the Effective Date. As a result, during the three and six months ended June 30, 2017, we incurred expenses associated with the CEOC restructuring totaling approximately \$1.4 billion and \$1.9 billion, respectively. A portion of the obligations we recognized during the three and six months ended June 30, 2017 reflected our estimates of the fair value of the consideration CEC agreed to provide in exchange for the resolution of litigation claims and potential claims against CEC and its affiliates.

For the three and six months ended June 30, 2018, other income primarily relates to a benefit of \$25 million and \$185 million, respectively, due to a change in fair value of the derivative liability related to the conversion option of the CEC Convertible Notes and a benefit of \$1 million and \$9 million, respectively, due to a change in the fair value of the disputed claims liability related to the CEC Convertible Notes and CEC common stock estimated to be used to settle those claims. For both the three and six months ended June 30, 2018, we also recorded a gain of \$10 million for claims that were expunged (see Note 6 for further details) and we recorded dividend and interest income of \$8 million and \$15 million, respectively.

#### Income Tax Benefit/(Provision)

For the three months ended June 30, 2018 and 2017, the income tax benefit/(provision) was a benefit of \$36 million and a provision of \$32 million, respectively. For the six months ended June 30, 2018 and 2017, the income tax benefit/(provision) was a benefit of \$23 million and a provision of \$79 million, respectively. See Note 13 for a detailed discussion of income taxes and the effective tax rates.

#### **Reconciliation of Non-GAAP Financial Measures**

Adjusted earnings before interest, taxes, depreciation and amortization ("EBITDA") is presented as a measure of the Company's performance. Adjusted EBITDA is defined as revenues less 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 we do not consider indicative of its ongoing operating performance at an operating property level.

In evaluating Adjusted EBITDA you should be aware that, in the future, we 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 construed as an inference that future results will be unaffected by unusual or unexpected items.

Adjusted EBITDA is a non-GAAP financial measure commonly used in our 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 generally accepted accounting principles, "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.

## Reconciliation of Adjusted EBITDA

(In millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net income/(loss) attributable to Caesars	\$ 29	\$ (1,432)	\$ (5)	\$ (1,939)
Net loss attributable to noncontrolling interests	—	—	—	(1)
Income tax (benefit)/provision	(36)	32	(23)	79
Restructuring and support expenses and other <sup>(1)</sup>	(45)	1,407	(229)	1,871
Interest expense	334	142	664	289
Depreciation and amortization	268	96	548	198
Other operating costs <sup>(2)</sup>	33	18	99	17
Stock-based compensation expense	20	9	38	18
Other items <sup>(3)</sup>	20	18	49	33
Adjusted EBITDA	\$ 623	\$ 290	\$ 1,141	\$ 565

<sup>(1)</sup> 2018 amount primarily represents a change in fair value of our derivative liability related to the conversion option of the CEC Convertible Notes; 2017 amount primarily represents CEC's costs in connection with the restructuring of CEOC.

<sup>(2)</sup> Amounts primarily represent costs incurred in connection with costs associated with the development activities and reorganization activities, and/or recoveries associated with such items.

<sup>(3)</sup> Other items includes other add-backs and deductions to arrive at Adjusted EBITDA but not separately identified such as litigation awards and settlements, costs associated with CEOC's restructuring and related litigation, severance and relocation costs, sign-on and retention bonuses, permit remediation costs, and business optimization expenses.

## Segment Adjusted EBITDA <sup>(1)</sup>

(Dollars in millions)	Three Months Ended June 30,				Six Months Ended June 30,			
			Fav/(Unfav)				Fav/(Unfav)	
	2018	2017	\$	%	2018	2017	\$	%
Las Vegas	\$ 383	\$ 242	\$ 141	58.3%	\$ 704	\$ 481	\$ 223	46.4%
Other U.S.	258	71	187	*	474	123	351	*
All Other	(18)	(23)	5	21.7%	(37)	(39)	2	5.1%
Adjusted EBITDA	\$ 623	\$ 290	\$ 333	114.8%	\$ 1,141	\$ 565	\$ 576	101.9%

\* Not meaningful.

<sup>(1)</sup> See reconciliation of Net income/(loss) attributable to Caesars to Adjusted EBITDA by segment in Note 15.

## Liquidity and Capital Resources

### Liquidity Discussion and Analysis

CEC has no requirement to fund the operations of CRC, CEOC LLC, or their subsidiaries; however, the payment of all monetary obligations under CEOC LLC's leases with VICI is guaranteed by CEC. CEC cash outflows are primarily used for corporate development opportunities, other corporate-level activity, litigation, and restructuring expenses associated with CEOC's bankruptcy including residual claims upon emergence. 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.

Cash and cash equivalents as of June 30, 2018, as shown in the table below, includes amounts held by CRC and CEOC LLC, which are not readily available to CEC and includes \$152 million related to its insurance captives.

### Summary of Cash and Revolver Capacity

(In millions)	June 30, 2018			
	CRC	CEOC LLC	Other	Caesars
Cash and cash equivalents	\$ 1,296	\$ 317	\$ 1,074	\$ 2,687
Revolver capacity	1,000	200	—	1,200
Revolver capacity drawn or committed to letters of credit	(27)	(50)	—	(77)
Total	\$ 2,269	\$ 467	\$ 1,074	\$ 3,810

During the six months ended June 30, 2018, our operating activities yielded consolidated operating cash inflows of \$404 million, which is an increase of \$201 million, or 99.0%, from the six months ended June 30, 2017 primarily due to operating cash inflows from CEOC LLC in 2018. We believe that our cash flows from operations are sufficient to cover planned capital expenditures for ongoing property renovations and our total estimated financing activities during the next 12 months. However, if needed, our existing cash and cash equivalents and availability under our revolving credit facilities are available to further support operations during the next 12 months and the foreseeable future. In addition, restrictions under our lending arrangements generally prevent the distribution of cash from our subsidiaries to CEC, except for certain restricted payments.

During the six months ended June 30, 2018, we paid \$581 million in interest, which includes \$218 million of interest associated with our debt and \$363 million of interest related to our financing obligations and the Golf Course Use Agreement. Our capital expenditures were \$215 million during the six months ended June 30, 2018 in support of our ongoing property renovations, see Capital Spending and Development section below.

On July 16, 2018, we completed our acquisition of Centaur Holdings, LLC (“Centaur”) for \$1.7 billion, including \$1.6 billion at closing and \$75 million in deferred consideration. The funding for this acquisition was primarily from \$1.1 billion in cash proceeds received from the sale of the real estate assets of Harrah’s Las Vegas to VICI in December 2017, \$500 million in cash proceeds received from the sale of the Octavius Tower to VICI in July 2018, and the use of \$200 million of our revolving credit facility. See Note 16 for additional information.

On May 2, 2018, the Company announced that our Board of Directors authorized a Share Repurchase Program to repurchase up to \$500 million of our common stock. Repurchases may be made at the Company’s discretion from time to time on the open market or in privately negotiated transactions. The Repurchase Program has no time limit, does not obligate the Company to make any repurchases, and may be suspended for periods or discontinued at any time. Any shares acquired are available for general corporate purposes. During the three and six months ended June 30, 2018, we repurchased approximately 2.7 million shares for approximately \$31 million under the program recorded in Treasury stock. Through July 31, 2018, we repurchased approximately 5.2 million shares for approximately \$60 million under the program.

Our ability to fund operations, pay debt and financing obligations, and fund planned capital expenditures depends, in part, upon economic and other factors that are beyond our control, and disruptions in capital markets and restrictive covenants related to our existing debt could impact our ability to fund liquidity needs, pay indebtedness and financing obligations, and secure additional funds through financing activities.

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 our present expectations. Factors that may cause actual results to differ materially from present expectations include, without limitation, the positive or negative changes in the operational and other matters assumed in preparing our forecasts.

#### ***Debt and Lease-Related Obligations***

As noted above, we are a highly-leveraged company and had \$9.0 billion in face value of debt outstanding as of June 30, 2018. Additionally, as a result of the reorganization pursuant to the Plan, VICI owns certain real property assets and related fixtures and leases those assets back to us. We account for our leases with VICI as failed sale-leaseback financing obligations. As of June 30, 2018, the present value of our financing obligations recognized on our Balance Sheet was \$9.4 billion. As a result, a significant portion of our liquidity needs are for debt service, including significant interest payments, and these financing obligations. As detailed in the table below, our estimated debt service (including principal and interest) is \$261 million for the remainder of 2018 and \$11.9 billion thereafter to maturity and our estimated financing obligations are \$303 million for the remainder of 2018 and \$39.3 billion thereafter to maturity.

Financing Activities as of June 30, 2018

<i>(In millions)</i>	Remaining	Years Ended December 31,					Thereafter	Total
	2018	2019	2020	2021	2022			
Annual maturities of long-term debt	\$ 31	\$ 64	\$ 64	\$ 64	\$ 64	\$ 8,718	\$ 9,005	
Estimated interest payments	230	470	480	480	480	1,010	3,150	
Total debt service payments <sup>(1)</sup>	261	534	544	544	544	9,728	12,155	
Financing obligations - principal	4	11	13	15	17	7,839	7,899	
Financing obligations - interest	299	719	721	724	728	28,491	31,682	
Total financing obligation payments <sup>(2)</sup>	303	730	734	739	745	36,330	39,581	
Total financing activities	\$ 564	\$ 1,264	\$ 1,278	\$ 1,283	\$ 1,289	\$ 46,058	\$ 51,736	

<sup>(1)</sup> Debt principal payments are estimated amounts based on maturity dates and potential borrowings under our revolving credit facility. Interest payments are estimated based on the forward-looking London Interbank Offered Rate curve and include the estimated impact of the ten interest rate swap agreements (see Note 6). Actual payments may differ from these estimates.

<sup>(2)</sup> Financing obligation principal and interest payments are estimated amounts based on the future minimum lease payments and certain estimates based on contingent rental payments (as described below). Actual payments may differ from the estimates.

For our leases with VICI, we assume the renewals are probable and include renewal commitments in the estimated financing obligations in the table above. In addition, the future lease payment amounts included in the table above represent the contractual lease payments adjusted for estimated escalations, as determined by the underlying lease agreements. The estimates are based on the terms and conditions known at the inception of the leases. However, a portion of the actual payments will be determined in the period in which they are due, and therefore, actual lease payments may differ from our estimates.

As described in Note 2 to our financial statements, we are party to a joint venture referred to as the Korea JV that we consolidate into our financial statements. The purpose of the Korea JV is to develop, acquire, own and operate a resort casino in Incheon, South Korea. To finance construction of the project, we intend to incur debt in the amount of \$550 million to \$650 million to supplement the equity capital being contributed by us and our joint venture partner. This debt will, when incurred, be included on our Balance Sheets, but will have no associated net income impact until the project is completed.

We are continually evaluating opportunities to improve our capital structure and will seek to refinance our financial obligations or otherwise engage in transactions impacting our capital structure when market and other conditions are attractive to us. These transactions may involve refinancing or new senior credit facilities, tender or exchange offers, issuance of new bonds and/or sale-leasebacks.

**Capital Spending and Development**

We incur capital expenditures in the normal course of business, and we perform ongoing refurbishment and maintenance at our existing casino entertainment facilities to maintain our quality standards. We also continue to pursue development and acquisition opportunities for additional casino entertainment and other hospitality facilities, and online businesses that meet our 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 our 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.

Summary of Consolidated Capital Expenditures

<i>(In millions)</i>	Six Months Ended June 30,		Increase/ (Decrease)
	2018	2017	
Development	\$ 35	\$ 1	\$ 34
Renovation/refurbishment	128	120	8
Other	52	43	9
Total capital expenditures	\$ 215	\$ 164	\$ 51

Included in capital expenditures:

Capitalized payroll costs	\$ 5	\$ 3
Capitalized interest	3	2

For the six months ended June 30, 2018, capital expenditures were primarily related to hotel renovation projects at Flamingo Las Vegas, Bally's Las Vegas, Harrah's Laughlin, and Harrah's Atlantic City, construction of the Fly LINQ Zipline, and the development of a casino resort project in Incheon, South Korea and a new convention center in Las Vegas (the "Eastside Convention Center").

Our projected capital expenditures for 2018 range from \$775 million to \$925 million. We expect to fund these capital expenditures from cash flows generated by our operating activities and established debt programs. Our projected capital expenditures for 2018 include estimates for:

- Hotel remodeling projects at Bally's Las Vegas, Flamingo Las Vegas, Paris Las Vegas, Harrah's Atlantic City, and Horseshoe South Indiana;
- Development of the Eastside Convention Center;
- Development of a casino resort project in Incheon, South Korea through a joint venture (see Note 2);
- Integration and maintenance costs associated with the Centaur acquisition post-closing; and
- Information technology, marketing, analytics, accounting, payroll, and other projects that benefit the operating structures.

Our 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. We must also comply with covenants and restrictions set forth in our debt agreements.

There are various risks and uncertainties and the expected capital expenditures set forth above may change for various reasons, including our financial performance and market conditions.

#### ***Related Party Transactions***

For a description of the nature and extent of related party transactions, see Note 14.

#### ***Contractual Obligations and Commitments***

Material changes to our aggregate indebtedness, if any, are described in Note 8.

Except as described in Note 7, as of June 30, 2018, there have been no other material changes outside of the ordinary course of business to our other known contractual obligations, which are set forth in the table included in Item 7 in our 2017 Annual Report.

## CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains 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. These statements can be identified by the fact that they do not relate strictly to historical or current facts. We have based these forward-looking statements on our current expectations about future events. Further, statements that include words such as “may,” “will,” “project,” “expect,” “believe,” “anticipate,” “intend,” “could,” “would,” “estimate,” “continue,” “present,” or “pursue,” or the negative of these words or other words or expressions of similar meaning may identify forward-looking statements. These forward-looking statements are found at various places throughout this report. These forward-looking statements, including, without limitation, those relating to future actions, new projects, strategies, future performance, the outcome of contingencies such as legal proceedings, and future financial results, wherever they occur in this report, are necessarily estimates reflecting the best judgment of our 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. These forward-looking statements should, therefore, be considered in light of various important factors set forth above and from time to time in our filings with the Securities and Exchange Commission.

Important factors that could cause actual results to differ materially from estimates or projections contained in the forward-looking statements include without limitation:

- our ability to respond to changes in the industry, particularly digital transformation, and to take advantage of the opportunity for legalized sports betting in multiple jurisdictions in the United States (which may require third-party arrangements and/or regulatory approval);
- development of the Eastside Convention Center and certain of our other announced projects are subject to risks associated with new construction projects, including those described below;
- we may not be able to realize the anticipated benefits of our acquisition of Centaur;
- completion of the sale of Harrah’s Philadelphia Casino and Racetrack to VICI is subject to customary closing conditions, including certain regulatory approvals and third party approvals, which may not be satisfied;
- the impact of our new operating structure following CEOC’s emergence from bankruptcy;
- the effects of local and national economic, credit, and capital market conditions on the economy, in general, and on the gaming industry, in particular;
- the effect of reductions in consumer discretionary spending due to economic downturns or other factors and changes in consumer demands;
- the ability to realize improvements in our business and results of operations through our property renovation investments, technology deployments, business process improvement initiatives, and other continuous improvement initiatives;
- the ability to take advantage of opportunities to grow our revenue;
- the ability to use net operating losses to offset future taxable income as anticipated;
- the ability to realize all of the anticipated benefits of current or potential future acquisitions;
- the ability to effectively compete against our competitors;
- the financial results of our consolidated businesses;
- the impact of our substantial indebtedness, including its impact on our ability to raise additional capital in the future and react to changes in the economy, and lease obligations and the restrictions in our debt and lease agreements;
- the ability to access available and reasonable financing or additional capital on a timely basis and on acceptable terms or at all, including our ability to refinance our indebtedness on acceptable terms;
- the ability of our customer tracking, customer loyalty, and yield management programs to continue to increase customer loyalty and same-store or hotel sales;

- changes in the extensive governmental regulations to which we are subject and (1) changes in laws, including increased tax rates, smoking bans, regulations, or accounting standards; (2) third-party relations; and (3) approvals, decisions, disciplines and fines of courts, regulators, and governmental bodies;
- compliance with the extensive laws and regulations to which we are subject, including applicable gaming laws, the Foreign Corrupt Practices Act and other anti-corruption laws, and the Bank Secrecy Act and other anti-money laundering laws;
- our ability to recoup costs of capital investments through higher revenues;
- growth in consumer demand for non-gaming offerings;
- abnormal gaming holds (“gaming hold” is the amount of money that is retained by the casino from wagers by customers);
- the effects of competition, including locations of competitors, growth of online gaming, competition for new licenses, and operating and market competition;
- our ability to protect our intellectual property rights and damages caused to our brands due to the unauthorized use of our brand names by third parties in ways outside of our control;
- the ability to timely and cost-effectively integrate companies that we acquire into our operations;
- the ability to execute on our brand licensing and management strategy is subject to third party agreements and other risks associated with new projects;
- not being able to realize all of our anticipated cost savings;
- the potential difficulties in employee retention, recruitment, and motivation;
- our ability to retain our performers or other entertainment offerings on acceptable terms or at all;
- the risk of fraud, theft, and cheating;
- seasonal fluctuations resulting in volatility and an adverse effect on our operating results;
- any impairments to goodwill, indefinite-lived intangible assets, or long-lived assets that we may incur;
- 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;
- the impact of adverse legal proceedings and judicial and governmental body actions, including gaming legislative action, referenda, regulatory disciplinary actions, and fines and taxation;
- acts of war or terrorist incidents (including the impact of the recent mass shooting in Las Vegas on tourism), 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 our ability to attract customers to certain of our facilities;
- fluctuations in energy prices;
- work stoppages and other labor problems;
- our ability to collect on credit extended to our customers;
- the effects of environmental and structural building conditions relating to our properties and our exposure to environmental liability, including as a result of unknown environmental contamination;

- a disruption, failure, or breach of our network, information systems, or other technology, or those of our vendors, on which we are dependent;
- risks and costs associated with protecting the integrity and security of internal, employee, and customer data;
- access to insurance for our assets on reasonable terms;
- the impact, if any, of unfunded pension benefits under multi-employer pension plans; and
- the other factors set forth under “Risk Factors” in our 2017 Annual Report.

You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this report. We 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 report or to reflect the occurrence of unanticipated events, except as required by law.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

During the six months ended June 30, 2018, we entered into six interest rate swap agreements to fix the interest rate on \$2.0 billion of variable rate debt. Of our \$9.0 billion face value of debt, as of June 30, 2018, we have entered into ten interest rate swap agreements to fix the interest rate on \$3.0 billion of variable rate debt, and \$3.2 billion of debt remains subject to variable interest rates for the term of the agreement. While we may enter into agreements limiting our exposure to higher interest rates, any such agreements may not offer complete protection from this risk. We do not purchase or hold any derivative financial instruments for trading purposes. See Note 6 for additional information.

There have been no other material changes to our market risk in 2018. For information on our exposure to market risk, refer to Part II, Item 7A, “Quantitative and Qualitative Disclosures About Market Risk,” contained in our 2017 Annual Report.

### **Item 4. Controls and Procedures**

#### ***Evaluation of Disclosure Controls and Procedures***

We maintain disclosure controls and procedures designed to provide reasonable assurance that information required to be disclosed in reports filed under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), is recorded, processed, summarized and reported within the specified time periods and accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Our management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) promulgated under the Exchange Act) at June 30, 2018. Based on this evaluation required by paragraph (b) of Rules 13a-15 or 15d-15, our CEO and CFO concluded that our disclosure controls and procedures were effective as of June 30, 2018.

#### ***Changes in Internal Controls***

We have commenced several transformation initiatives to automate and simplify our business processes. These are long-term initiatives that we believe will enhance our internal control over financial reporting due to increased automation and integration of related processes. We will continue to monitor and evaluate our internal control over financial reporting throughout the transformation.

There have not been any other changes in our internal control over financial reporting during the three months ended June 30, 2018, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II—OTHER INFORMATION

### Item 1. Legal Proceedings

From time to time, we are a defendant in various lawsuits or other legal proceedings relating to matters incidental to our business. Some of these matters involve commercial or contractual disputes, intellectual property claims, legal compliance, personal injury claims, and employment claims. 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. We may not be successful in the defense or prosecution of these lawsuits, which could result in settlements or damages that could significantly impact our business, financial condition, and results of operations. See Note 7.

### Item 1A. Risk Factors

For risk factors that could cause actual results to differ materially from those anticipated, please refer to our 2017 Annual Report.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

#### Share Repurchase Program

On May 2, 2018, the Company announced that our Board of Directors authorized a Share Repurchase Program (the “Repurchase Program”) to repurchase up to \$500 million of our common stock. Repurchases may be made at the Company’s discretion from time to time on the open market or in privately negotiated transactions. The Repurchase Program has no time limit, does not obligate the Company to make any repurchases, and may be suspended for periods or discontinued at any time. Any shares acquired are available for general corporate purposes. During the three and six months ended June 30, 2018, we repurchased approximately 2.7 million shares for approximately \$31 million under the program recorded in Treasury stock.

The following table presents information relating to the shares of our common stock repurchased during the three months ended June 30, 2018:

Month	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Maximum Dollar Value that May Still Be Purchased Under the Program (in millions)
May 1 to May 31, 2018	653,808	\$ 12.55	653,808	\$ 492
June 1 to June 30, 2018	2,003,563	11.57	2,003,563	469
	<u>2,657,371</u>		<u>2,657,371</u>	

### Item 3. Defaults Upon Senior Securities

None.

### Item 4. Mine Safety Disclosures

Not applicable.

### Item 5. Other Information

None.

## Item 6. Exhibits

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference			
			Form	Period Ending	Exhibit	Filing Date
2.1	<a href="#">Purchase and Sale Agreement, dated July 11, 2018, by and between Caesars Octavius, LLC and Octavius Propco LLC.</a>	—	8-K	—	2.1	7/12/2018
2.2	<a href="#">Purchase and Sale Agreement, dated July 11, 2018, by and between Chester Downs and Marina, LLC and Philadelphia Propco LLC.</a>	—	8-K	—	2.2	7/12/2018
10.1	<a href="#">Amendment No. 1, dated April 16, 2018, among CEOC, LLC, the lenders named therein and Credit Suisse AG, Cayman Islands Branch, as administrative agent and as collateral agent.</a>	—	8-K	—	10.1	4/16/2018
10.2	<a href="#">Amendment to Unit Purchase Agreement, dated May 8, 2018, among Caesars Entertainment Corporation and Clairvest GP Manageco, Inc.</a>	X				
**10.3	<a href="#">Second Amendment to Unit Purchase Agreement, dated July 15, 2018, among Caesars Entertainment Corporation, Clairvest GP Manageco, Inc., Centaur Holdings, LLC, and each of the Persons listed on Schedule 1 of the Unit Purchase Agreement, dated November 16, 2017.</a>	X				
10.4	<a href="#">Assignment Agreement, dated July 15, 2018, among Caesars Entertainment Corporation, Caesars Resort Collection, LLC, Clairvest GP Manageco, Inc. and Centaur Holdings, LLC.</a>	X				
31.1	<a href="#">Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>	X				
31.2	<a href="#">Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>	X				
*32.1	<a href="#">Certification of Principal Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>	X				
*32.2	<a href="#">Certification of Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>	X				
101.INS	XBRL Instance Document	X				
101.SCH	XBRL Taxonomy Extension Schema Document	X				
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document	X				
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document	X				
101.LAB	XBRL Taxonomy Extension Label Linkbase Document	X				
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document	X				

\* Furnished herewith.

\*\* Schedules and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Registrant agrees to furnish supplementally to the SEC a copy of any omitted schedule or exhibit upon request.



### Amendment to Unit Purchase Agreement

This Amendment to Unit Purchase Agreement (this “**Amendment**”) is entered into as of May 8, 2018, by and among Caesars Entertainment Corporation, a Delaware corporation (“**Buyer**”) and Clairvest GP Manageco Inc. (“**Sellers Representative**”).

#### RETICALS:

A. Buyer and Sellers Representative have entered into that certain Unit Purchase Agreement, dated as of November 16, 2017 (as may be amended from time to time including hereby, the “**UPA**”), by and among Buyer, Centaur Holdings, LLC, the Persons listed on Schedule 1 thereto, and, solely in its capacity as “**Sellers Representative**” thereunder, Sellers Representative.

B. The Buyer and Sellers Representative now desire to amend the terms of the UPA to extend the Outside Date thereunder, as set forth herein.

C. Pursuant to **Section 11.09** of the UPA, the UPA may be amended by an agreement in writing signed by Buyer and Sellers Representative.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. *Incorporation of Recitals; Defined Terms.* The parties hereto acknowledge that the Recitals set forth above are true and correct in all material respects. The defined terms in the Recitals set forth above are hereby incorporated into this Amendment by reference. All other capitalized terms used herein without definition shall have the same meanings herein as such terms have in the UPA.

2. *Amendment to UPA. Section 10.01(d)(iii)* of the UPA is hereby amended and restated in the entirety as follows:

(iii) *Outside Date and Extension Rights.* If the Closing shall not have occurred by July 16, 2018 (the “**Outside Date**”); *provided, however* that either Sellers Representative or Buyer may elect (in such party’s sole and absolute discretion) to extend such date (which notice of extension must be provided to the parties at least two Business Days prior to the then-scheduled Outside Date) in monthly increments until the date that is twelve (12) months following the date of this Agreement (such extended date, thereafter the “**Outside Date**” for all purposes hereunder) if the only outstanding conditions to the Closing are those conditions set forth in **Article VII** that, by their nature, are to be satisfied or waived at Closing and that are capable of being so satisfied (including the Cash Count) and either:

- (A) if the Outside Date extension relates to a Regulatory Approval issue, any of the conditions in **Section 7.01** (Conditions to Obligations of All Parties) or **Section 7.02(q)** (Buyer Consolidation Regulatory Approval) have not been satisfied; or
- (B) if the Outside Date extension relates to a Material Adverse Effect issue, any of the conditions in **Section 7.02(a)(iii)** (Representations by Sellers and the Company) or **Section 7.02(n)** (No MAC) have not been satisfied due to the existence of a Material Adverse Effect as contemplated by the last proviso of the definition thereof and the Company and the Sellers are in the process of remediating as permitted by the definition of “Material Adverse Effect”;

*provided, further*, the right to terminate or extend this Agreement under this **Section 10.01(d)(iii)** shall not be available to Buyer if its breach of, or failure to fulfill any covenant or obligation under, this Agreement shall have been the cause of, or shall have resulted in, the failure of the Closing to occur on or prior to the Outside Date, or to Sellers Representative if its, the Company’s or any Seller’s breach of, or failure to fulfill any covenant or obligation under, this Agreement shall have been the cause of, or shall have resulted in, the failure of the Closing to occur on or prior to the Outside Date.

3. *Miscellaneous.* By its acceptance hereof, each of Buyer and Sellers Representative hereby represents that it has the necessary power and authority to execute, deliver, and perform the undertakings contained herein, and that this Amendment constitutes the valid and binding obligation of each such party enforceable against it in accordance with its terms. This Amendment may be executed in counterparts and by different parties on separate counterpart signature pages, each of which constitutes an original and all of which taken together constitute one and the same instrument. Delivery of a counterpart hereof by e-mail transmission of an Adobe portable document format file (also known as a “**PDF**” file) shall be effective as delivery of a manually executed counterpart hereof. This Amendment shall be governed by New York law.

[SIGNATURE PAGES TO FOLLOW]

This Amendment to Unit Purchase Agreement is entered into as of the date and year first above written.

**“BUYER”**

CAESARS ENTERTAINMENT CORPORATION

By: /s/ Eric Hession  
Name: Eric Hession  
Title: Chief Financial Officer

**“SELLER REPRESENTATIVE”**

CLAIRVEST GP MANAGECO INC.

By: /s/ Kenneth B. Rotman  
Name: Kenneth B. Rotman  
Title: Chief Executive Officer and Managing Director

By: /s/ Daniel Cheng  
Name: Daniel Cheng  
Title: Chief Financial Officer

### Second Amendment to Unit Purchase Agreement

This Second Amendment to Unit Purchase Agreement (this “**Amendment**”) is entered into as of July 15, 2018, by and among Caesars Entertainment Corporation, a Delaware corporation (“**Buyer**”), Clairvest GP Manageco Inc. (“**Sellers Representative**”), Centaur Holdings, LLC (“**Centaur**”) and each of the Persons listed on Schedule 1 of the UPA (as defined herein) (the “**Sellers**”).

#### RECITALS:

A. Buyer, Sellers Representative, Centaur and Sellers have entered into that certain Unit Purchase Agreement, dated as of November 16, 2017 (as may be amended from time to time including hereby, the “**UPA**”).

B. Buyer, Sellers Representative, Centaur and Sellers now desire to amend the terms of the UPA, as set forth herein, in accordance with **Section 11.09** (Amendments) of the UPA.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. *Incorporation of Recitals; Defined Terms.* The parties hereto acknowledge that the Recitals set forth above are true and correct in all material respects. The defined terms in the Recitals set forth above are hereby incorporated into this Amendment by reference. All other capitalized terms used herein without definition shall have the same meanings herein as such terms have in the UPA.

2. *Amendment to UPA.*

a) The following definitions are hereby added to Article I of the UPA, with such other changes to the definitions in Article I of the UPA as may be required by the amendments set forth in this Section 2 of the Amendment:

“**Accrued Tax Balance**” means (i) the aggregate amount of prepaid income and gaming Taxes less (ii) the aggregate amount of all income and gaming tax liabilities, determined as of the applicable time.

“**Company Cash Balance**” means the amount of Company Cash determined as of the applicable time.

“**Horsemen’s Cash Balance**” means (i) the aggregate amount of Horsemen’s Cash held by the Company less (ii) the aggregate amount of all liabilities relating to the Horsemen’s Cash, determined as of the applicable time.

“**June 30 Reference Date**” means 11:59 pm on June 30, 2018.

“**June Working Capital**” means (a) the Current Assets of the Company, less (b) the Current Liabilities of the Company, determined as of the June 30 Reference Date, calculated consistent with and using the same methods, procedures, assumptions and adjustments as set forth on Exhibit B.

b) **Section 2.06(a)** of the UPA is hereby amended and restated in its entirety to read as follows:

(a) Closing Adjustments.

(i) *June Working Capital.* At least one Business Day before the Closing, the Company shall prepare and deliver to Buyer a statement setting forth its good faith calculation of the estimated June Working Capital (the “**June Working Capital**”), which statement shall contain a balance sheet of the Company as of the June 30 Reference Date (without giving effect to the transactions contemplated herein) and a calculation of the June Working Capital and the Closing Adjustment (the “**June Statement**”). The June Statement will be prepared in accordance with GAAP applied using the same accounting methods, practices, principles, policies and procedures, with consistent classifications, judgments and valuation and estimation methodologies that were used in the preparation of the Audited Financial Statements for the most recent fiscal year end as if such June Statement was being prepared and audited as of a fiscal year end, except for such adjustments and estimates as may be required, in the good faith determination of the Company, to take account of the fact that the June Statement is being prepared as of the June 30 Reference Date.

(ii) *June Accrued Taxes.* At least one Business Day before the Closing, the Company shall prepare and deliver to Buyer a statement setting forth its good faith calculation of the estimated Accrued Tax Balance as of the June 30 Reference Date (the “**June Accrued Tax Balance**”).

(iii) *June Horsemen’s Cash.* At least one Business Day before the Closing, the Company shall prepare and deliver to Buyer a statement setting forth its good faith calculation of the estimated Horsemen’s Cash Balance as of the June 30 Reference Date (the “**June Horsemen’s Cash Balance**”).

(iv) *June Company Cash.* At least one Business Day before the Closing, the Company shall prepare and deliver to Buyer a statement setting forth its good faith calculation of the estimated Company Cash Balance as of the June 30 Reference Date (the “**June Company Cash**”).

(v) *Closing Adjustment.* The “**Closing Adjustment**” shall be an amount equal to the sum of:

- (A) The difference between June Company Cash and \$25,000,000 (where the difference will be positive, if the June Company Cash exceeds \$25,000,000 or negative, if the June Company Cash is less than \$25,000,000); plus
- (B) The difference between June Working Capital and Target Working Capital (where the difference will be positive, if the June Working Capital exceeds the Target Working Capital, or negative, if the Target Working Capital exceeds the June Working Capital); plus
- (C) The amount by which the June Accrued Tax Balance is greater than zero (if applicable); plus
- (D) The amount by which June Horsemen’s Cash Balance is greater than zero (if applicable); minus
- (E) The absolute value of the amount by which the June Accrued Tax Balance is less than zero (if applicable); minus
- (F) The absolute value of the amount by which the June Horsemen’s Cash Balance is less than zero (if applicable).

(vi) If the Closing Adjustment is a positive number, the Purchase Price shall be increased by the amount of the Closing Adjustment. If the Closing Adjustment is a negative number, the Purchase Price shall be reduced by the amount of the Closing Adjustment.

(vii) *July Adjustment.*

- (A) On or before July 31, 2018, the Company shall prepare and deliver to Buyer and Sellers Representative a statement setting forth its good faith calculation of the estimated Closing Working Capital (the “**July Working Capital**”), which statement shall contain a balance sheet of the Company as of the Closing Date (without giving effect to the transactions contemplated herein) and a calculation of the July Working Capital and the July Adjustment (the “**July Statement**”). The July Statement, as it applies to the calculation of July Working Capital, will be prepared in accordance with GAAP applied using the same accounting methods, practices, principles, policies and procedures, with consistent classifications, judgments and valuation and estimation methodologies that were used in the preparation of the Audited Financial Statements for the most recent fiscal year end as if such July Statement was being prepared and audited as of a fiscal year end, except for such adjustments and estimates as may be required, in the good faith determination of the Company, to take account of the fact that the July Statement is being prepared at a time other than following the closing of the Company’s books for the prior calendar month, which adjustments and estimates shall be consistent with the adjustments and estimates used in the preparation of the Estimated Closing Statement.
- (B) On or before July 31, 2018, the Company shall prepare and deliver to Buyer and Sellers Representative a statement setting forth its good faith calculation

of the estimated Closing Date Accrued Tax Balance (the “**July Accrued Tax Balance**”).

- (C) On or before July 31, 2018, the Company shall prepare and deliver to Buyer and Sellers Representative a statement setting forth its good faith calculation of the estimated Closing Date Horsemen’s Cash Balance (the “**July Horsemen’s Cash Balance**”).
- (D) On or before July 31, 2018, the Company shall prepare and deliver to Buyer and Sellers Representative a statement setting forth its good faith calculation of the estimated Closing Date Company Cash (the “**July Company Cash**”).
- (E) The “**July Adjustment**” shall be an amount equal to the sum of:
  - 1. The difference between July Company Cash and June Company Cash (where the difference will be positive, if the July Company Cash exceeds the June Company Cash, or negative, if the June Company Cash exceeds the July Company Cash); plus
  - 2. The difference between July Working Capital and June Working Capital (where the difference will be positive, if the July Working Capital exceeds the June Working Capital, or negative, if the June Working Capital exceeds the July Working Capital); plus
  - 3. The amount by which the July Accrued Tax Balance exceeds the June Accrued Tax Balance (if applicable); plus
  - 4. The amount by which July Horsemen’s Cash Balance exceeds the June Horsemen’s Cash Balance (if applicable); minus
  - 5. The absolute value of the amount by which the July Accrued Tax Balance is less than the June Accrued Tax Balance (if applicable); minus
  - 6. The absolute value of the amount by which the July Horsemen’s Cash Balance is less than the June Horsemen’s Cash Balance (if applicable).
- (F) After receipt of the July Statement, Buyer and Sellers Representative shall have five (5) Business Days to review the July Statement and to consult with the Company with respect to the calculations shown thereon provided, however, that such consultation shall be in a manner that does not interfere with the normal business operations of the Company.
- (G) If the July Adjustment is a positive number, the Purchase Price shall be increased by the amount of the July Adjustment. If the July Adjustment is a negative number, the Purchase Price shall be reduced by the amount of the July Adjustment.
- (H) The payment of the July Adjustment shall (A) be due on August 7, 2018 and (B) if owed to the Buyer, the amount of the July Adjustment shall be set-off (in accordance with Exhibit A and Section 9.06(b)) as a dollar-for-dollar reduction to the aggregate amount outstanding under the Deferred Purchase Price Payment to the extent such aggregate amount outstanding is available therefor after taking into account any prior set-off claims (and the Sellers shall be responsible, severally and not jointly and in accordance with their Indemnity Allocation Percentages, for any portion of the July Adjustment that cannot be set-off by Buyer), and if owed to Sellers, the amount of the July Adjustment shall be paid by wire transfer of immediately available funds to a bank account or accounts and in such proportions as specified by the Sellers Representative in writing to Buyer on or before July 31, 2018.

c) **Section 2.6(b)(ii) is hereby amended and restated in its entirety as follows:**

- (i) The post-closing adjustment (the “**Post-Closing Adjustment**”) shall be an amount equal to the sum of:

- (A) *The difference between Closing Date Company Cash and July Company Cash (where the difference will be positive, if the Closing Date Company Cash exceeds the July Company Cash, or negative, if the July Company Cash exceeds the Closing Date Company Cash); plus*
- (B) *The difference between Closing Working Capital and July Working Capital (where the difference will be positive, if the Closing Working Capital exceeds the July Working Capital, or negative, if the July Working Capital exceeds the Closing Working Capital); plus*
- (C) *The amount by which the Closing Date Accrued Tax Balance exceeds the July Accrued Tax Balance (if applicable); plus*
- (D) *The amount by which Closing Date Horsemen's Cash Balance exceeds the July Horsemen's Cash Balance (if applicable); minus*
- (E) *The absolute value of the amount by which the Closing Date Accrued Tax Balance is less than the July Accrued Tax Balance (if applicable); minus*
- (F) *The absolute value of the amount by which the Closing Date Horsemen's Cash Balance is less than the July Horsemen's Cash Balance (if applicable).*

*If the Post-Closing Adjustment as finally determined in accordance with this **Section 2.06** is a positive number, Buyer shall pay to Sellers Representative an amount equal to the Post-Closing Adjustment. If the Post-Closing Adjustment is a negative number, Buyer or Assignee shall set-off such amount (in accordance with **Exhibit A** and **Section 9.06(b)**) as a dollar-for-dollar reduction to the aggregate amount outstanding under the Deferred Purchase Price Payment to the extent such aggregate amount outstanding is available therefor after taking into account any prior set-off claims, and the Sellers shall be responsible, severally and not jointly and in accordance with their Indemnity Allocation Percentages, for any portion of the Post-Closing Adjustment that cannot be set-off by Buyer.*

d) **Schedule 1** of the UPA is hereby amended and restated in the entirety by replacing **Schedule 1** of the UPA with **Schedule 1** hereto.

3. *Reservation of Rights Agreement.* The Sellers acknowledge and agree that the Buyer, Centaur and the Sellers Representative have entered into that certain Reservation of Rights Agreement dated on or about the date hereof.

4. *Miscellaneous.* By its acceptance hereof, each of Buyer, Sellers Representative, Centaur and each Seller hereby represents that it has the necessary power and authority to execute, deliver, and perform the undertakings contained herein, and that this Amendment constitutes the valid and binding obligation of each such party enforceable against it in accordance with its terms. This Amendment may be executed in counterparts and by different parties on separate counterpart signature pages, each of which constitutes an original and all of which taken together constitute one and the same instrument. Delivery of a counterpart hereof by e-mail transmission of an Adobe portable document format file (also known as a "**PDF**" file) shall be effective as delivery of a manually executed counterpart hereof. This Amendment shall be governed by New York law.

[Signature Pages to Follow]

This Second Amendment to Unit Purchase Agreement is entered into as of the date and year first above written.

**CAESARS ENTERTAINMENT CORPORATION**

By: /s/ Eric Hession

Name: Eric Hession

Title: Chief Financial Officer

Solely in its capacity as Sellers Representative,

**CLAIRVEST GP MANAGECO INC.**

By: /s/ Michael Wagman

Name: Michael Wagman

Title: President & Managing Director

By: /s/ Daniel Cheng

Name: Daniel Cheng

Title: Chief Financial Officer

**CEP IV CO-INVESTMENT HOLDINGS LIMITED PARTNERSHIP**

By: 2561731 ONTARIO INC., as general partner

By: /s/ Michael Wagman

Name: Michael Wagman

Title: President

By: /s/ Daniel Cheng

Name: Daniel Cheng

Title: Chief Financial Officer

**CEP IV-A-INDY AIV LIMITED PARTNERSHIP**

By: Clairvest General Partners IV, L.P., its general partner

By: Clairvest GP (GPLP) Inc., its general partner

By: /s/ Michael Wagman

Name: Michael Wagman

Title: President

By: /s/ Daniel Cheng

Name: Daniel Cheng

Title: Chief Financial Officer

**CLAIRVEST EQUITY PARTNERS IV HOLDINGS LIMITED PARTNERSHIP**

By: 2561731 ONTARIO INC., its general partner

By: /s/ Michael Wagman

Name: Michael Wagman

Title: President

By: /s/ Daniel Cheng

Name: Daniel Cheng

Title: Chief Financial Officer

/s/ G. John Krediet

G. John Krediet

**PFCE, LLC**

By: /s/ Molly Simmons

Name: Molly Simmons

Title: Managing Director

**NORTHLEAF CAPITAL PRIVATE EQUITY COLLECTOR (CANADA) LP**

By: NORTHLEAF CAPITAL PARTNERS GP LTD, its general partner

By: /s/ Michael Flood

Name: Michael Flood

Title: Managing Director

By: /s/ Katherine Gurney

Name: Katherine Gurney

Title: General Counsel

**WEST FACE LONG TERM OPPORTUNITIES GLOBAL MASTER L.P.**

By: WEST FACE CAPITAL INC., its advisor

By: /s/ Peter Fraser

Name: Peter L. Fraser

Title: Partner

**FCO MA II UB SECURITIES LLC**

By: /s/ Constantine M. Dakolias

Name: Constantine M. Dakolias

Title: President

**FCO MA LSS LP**

By: FCO MA LSS GP LLC, its general partner

By: /s/ Constantine M. Dakolias

Name: Constantine M. Dakolias

Title: President

**FCO MA MAPLE LEAF LP**

By: FCO MA MAPLE LEAF GP LLC, its general partner

By: /s/ Constantine M. Dakolias

Name: Constantine M. Dakolias

Title: President

**FCOF II UBX SECURITIES LLC**

By: /s/ Constantine M. Dakolias

Name: Constantine M. Dakolias

Title: President

**FCOF UB INVESTMENTS LLC**

By: /s/ Constantine M. Dakolias

Name: Constantine M. Dakolias

Title: President

**FTS SIP L.P.**

By: FCO MA GP LLC, its general partner

By: /s/ Constantine M. Dakolias

Name: Constantine M. Dakolias

Title: President

**SPECIAL SITUATIONS INVESTING GROUP, INC.**

By: /s/ Daniel S. Oneglia

Name: Daniel S. Oneglia

Title: Authorized Signatory

**SPECTRUM INVESTMENT PARTNERS LP**

**By: Spectrum Group Management LLC, as Investment Manager**

By: /s/ Jeffrey A. Schaffer

Name: Jeffrey A. Schaffer

Title: Managing Member

**THE RODERICK J. RATCLIFF TRUST, DATED  
APRIL 16, 2016**

By: /s/ Roderick J. Ratcliff

Name: Roderick J. Ratcliff

Title: Trustee

/s/ James L. Brown

James L. Brown

/s/ John S. Keeler

John S. Keeler

**JOHN KEELER SELF-DIRECTED IRA**

By: The National Bank of Indianapolis, as custodian

By: /s/ Sue Johnson

Name: Sue Johnson

Title: Vice President

/s/ Kurt E. Wilson

Kurt E. Wilson

**KURT WILSON SELF-DIRECTED IRA**

By: The National Bank of Indianapolis, as custodian

By: /s/ Sue Johnson

Name: Sue Johnson

Title: Vice President

/s/ Barton A. Early

Barton A. Early

/s/ Roderick J. Ratcliff

Roderick J. Ratcliff

**CENTAUR HOLDINGS, LLC**

By: /s/ John S. Keeler

Name: John S. Keeler

Title: Vice President, General Counsel and Secretary

## ASSIGNMENT AGREEMENT

This Assignment Agreement (this “**Agreement**”) is made as of July 15, 2018 (the “**Effective Date**”), by and among Caesars Entertainment Corporation, a Delaware corporation (“**CEC**”), Caesars Resort Collection, LLC, a Delaware limited liability company (“**CRC**”), Clairvest GP Manageco Inc. (“**Sellers Representative**”) and Centaur Holdings, LLC, a Delaware limited liability company (“**Holdings**”). Each of CEC, CRC, Sellers Representative and Holdings is sometimes referred to in this Agreement as a “**Party**” and collectively, they are sometimes referred to as the “**Parties**”. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the UPA (as defined below).

### RECITALS

A. CEC has entered into that certain Unit Purchase Agreement, dated as of November 16, 2017 (as may be amended from time to time, the “**UPA**”), by and among Holdings, the Persons listed on Schedule 1 thereto, CEC, and, solely in its capacity as “Sellers Representative” thereunder, Sellers Representative.

B. CRC is an Affiliate of CEC.

C. Pursuant to Section 11.07 of the UPA, CEC desires to assign and transfer to CRC, and CRC desires to acquire and accept, all of CEC’s right, title and interest to purchase and acquire the Holdings Interests under the UPA (collectively, the “**Assigned Rights**”), on the terms and subject to the conditions of this Agreement.

D. As contemplated by Section 10 of Exhibit A to the UPA (the “**Original Exhibit A**”), the Parties desire to restructure CEC’s obligations under the Original Exhibit A, such that CRC shall be the primary obligor under Exhibit A and CEC will be released from its obligations as the primary obligor under Exhibit A and, in place of being the primary obligor, shall guarantee the obligations assigned to CRC pursuant to the Restructured Exhibit A (as defined below) on the terms set forth in the Restructured Exhibit A.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. Assignment.

(a) Effective as of the Effective Date, CEC hereby assigns and transfers to CRC all right, title and interest in and to the Assigned Rights (but not the Retained UPA Obligations or the Non-Assigned Rights (each as defined below)), and CRC hereby acquires, assumes and accepts the Assigned Rights (but not the Retained UPA Obligations or the Non-Assigned Rights). For the avoidance of doubt, the Assigned Rights exclude all rights in, to, under or otherwise relating to the UPA and the Ancillary Agreements not expressly included within the definition of Assigned Rights including, without limitation, all rights under Article IX of the UPA and rights to any and all claims under the RWI Policy (the “**Non-Assigned Rights**”).

(b) Each of Holdings and Sellers Representative (on behalf of itself and each of the Sellers) hereby acknowledges having received notice of, and hereby consents to, the assignment set forth in **Section 1(a)**.

2. Restructured Deferred Purchase Price Payment.

(a) Effective as of the Effective Date, CEC, CRC, Holdings and Sellers Representative (on behalf of itself and each of the Sellers) hereby amend and restate **Original Exhibit A** in its entirety to be in the form attached hereto as **Exhibit A** (the “**Restructured Exhibit A**”), and acknowledge and agree that from and after the Effective Date all references in the UPA and in the Ancillary Agreements to “Exhibit A” shall be deemed to refer to the Restructured Exhibit A.

(b) Effective as of the Effective Date, each of CRC, Holdings and Sellers Representative (on behalf of itself and each of the Sellers) hereby irrevocably release CEC from any and all obligations as the primary obligor with respect to the payment of the Deferred Amount, together with any interest thereon and any fees payable under the Original Exhibit A and acknowledge and agree that CEC is not a primary obligor with respect to the Deferred Amount, together with any interest thereon and any fees payable under the Restructured Exhibit A and that CEC’s obligations with respect to payment of the Deferred Amount, together with any interest thereon and any fees payable under the Restructured Exhibit A are limited to the obligations set forth in Section 11 (Guaranty) of the Restructured Exhibit A. For the avoidance of doubt, and other than as specifically set forth in this **Section 2(b)** and the Restructured Exhibit A with respect to the payment of the Deferred Amount, none of CEC’s obligations under the UPA (the “**Retained UPA Obligations**”) shall be assigned to CRC under this Agreement, and all Retained UPA Obligations are, and continue to be, obligations of CEC on the terms set forth in the UPA.

3. Representations and Warranties of CRC.

(a) CRC hereby represents and warrants to Sellers Representative and Holdings, in each case as of the Effective Date:

(i) CRC is a limited liability company duly organized, validly existing and in good standing under the Laws of the state of Delaware. CRC has all necessary company power and authority to enter into this Agreement, to carry out its obligations hereunder and to consummate the transactions contemplated hereby. The execution and delivery by CRC of this Agreement and the Ancillary Agreements to which it is a party, the performance by CRC of its obligations hereunder and thereunder and the consummation by CRC of the transactions contemplated hereby and thereby have been duly authorized by all requisite company action on the part of CRC. This Agreement has been (and when executed and delivered, the Ancillary Agreements to which it is a party will be) duly executed and delivered by CRC, and (assuming due authorization, execution and delivery by Holdings and each Seller and each other party hereto or thereto) this Agreement constitutes (and when executed and delivered, the Ancillary Agreements to which it is a party will constitute) a legal, valid and binding obligation of CRC, enforceable against CRC in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity).

(ii) The execution, delivery and performance by CRC of this Agreement and the Ancillary Agreements to which it is a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not: (a) result in a violation or breach of any provision of the organizational documents of CRC; (b) result in a violation or breach of any provision of any Law or Governmental Order applicable to CRC; or (c) except as set forth in **Section 5.02** of the Disclosure Schedules and assuming receipt of the filings, consents and approvals set forth on **Section 3.04** of the Disclosure Schedules, require the consent, notice or other action by any Person under, conflict with, result in a violation or breach of, constitute a default under or result in the acceleration of any agreement to which CRC is a party, except, in the case of **clause (c)**, where the failure to obtain such consents, notices or other action or such conflicts, violations, breaches, defaults, accelerations, or cancellations would not have a material adverse effect on CRC's ability to consummate the transactions contemplated by this Agreement. Assuming receipt of the filings, consents, and approvals set forth in **Section 3.04** of the Disclosure Schedules, no consent, approval, Permit, Governmental Order, declaration or filing with, or notice or submission to, any Governmental Authority is required by or with respect to CRC in connection with the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby and thereby, except for such filings as set forth in **Section 5.02** of the Disclosure Schedules and such consents, approvals, Permits, Governmental Orders, declarations, filings, notices or submissions which would not have a material adverse effect on CRC's ability to consummate the transactions contemplated hereby and thereby.

(iii) There are no Actions pending or, to CRC's knowledge, threatened (whether in writing or orally) against or by CRC or any Affiliate of CRC that challenge or seek to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement.

(iv) CRC is acquiring the Existing Units, the Warrants and the Member Notes solely for its own account for investment purposes and not with a present view to, or for offer or sale in connection with, any distribution thereof. CRC acknowledges that the Existing Units, the Warrants and the Member Notes are not registered under the Securities Act of 1933, as amended, or any state securities laws, and that the Existing Units, the Warrants and the Member Notes may not be transferred or sold except pursuant to the registration provisions of the Securities Act of 1933, as amended or pursuant to an applicable exemption therefrom and subject to state securities laws and regulations, as applicable. CRC is able to bear the economic risk of holding the Existing Units, the Warrants and the Member Notes for an indefinite period (including total loss of its investment), and has sufficient knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risk of its investment.

(v) CRC or its Affiliate has conducted its own independent investigation, review and analysis of the business, results of operations, prospects, condition (financial or otherwise) or assets of the Company, and acknowledges that it or its Affiliate has been provided adequate access to the personnel, properties, assets, premises, books and records, and other documents and data of the Company for such purpose. CRC acknowledges and agrees that: (a) in making its decision to enter into this Agreement and to consummate the transactions contemplated hereby, CRC has relied solely upon its or its Affiliate's own investigation and the express representations and warranties of the Company and the Sellers set forth in Article III or Article IV of the UPA (including the related portions of the Disclosure Schedules); (b) none of the Company, any Seller, or any other Person has made any representation or warranty as to the Company, any Seller or the UPA, except as expressly set forth in Article III and Article IV of the UPA (including the related portions of the Disclosure Schedules) and any certificates, agreements or other documents required pursuant to the UPA to be delivered at the Closing; and (c) CRC is not relying upon any advice from any Seller and no Seller, nor any of their respective Affiliates, is acting as a financial advisor, agent, underwriter or broker to CRC or

any of CRC's Affiliates or otherwise on behalf of CRC or any of CRC's Affiliates in connection with the transactions contemplated by the UPA and the agreements entered into in connection herewith.

4. Miscellaneous.

(a) Entire Agreement. This Agreement, together with the UPA and the Restructured Exhibit A, constitute the sole and entire agreement of the Parties with respect to the subject matter contained herein.

(b) Governing Law; Submission to Jurisdiction; Waiver of Jury Trial.

(i) This Agreement shall be governed by and construed in accordance with the internal laws of the State of Delaware without giving effect to any choice or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction).

(ii) ANY LEGAL SUIT, ACTION OR PROCEEDING ARISING OUT OF OR BASED UPON THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY MAY BE INSTITUTED IN THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA OR THE COURTS OF THE STATE OF NEW YORK IN EACH CASE LOCATED IN THE BOROUGH OF MANHATTAN, AND EACH PARTY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS IN ANY SUCH SUIT, ACTION OR PROCEEDING. SERVICE OF PROCESS, SUMMONS, NOTICE OR OTHER DOCUMENT BY MAIL TO SUCH PARTY'S ADDRESS SET FORTH IN THE UPA SHALL BE EFFECTIVE SERVICE OF PROCESS FOR ANY SUIT, ACTION OR OTHER PROCEEDING BROUGHT IN ANY SUCH COURT. THE PARTIES IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY OBJECTION TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR PROCEEDING IN SUCH COURTS AND IRREVOCABLY WAIVE AND AGREE NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(iii) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT. EACH PARTY TO THIS AGREEMENT CERTIFIES AND ACKNOWLEDGES THAT (A) NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF A LEGAL ACTION, (B) SUCH PARTY HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (C) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (D) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS **SECTION (4)(b)**.

(c) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

(d) Full Force and Effect. Except as expressly provided in **Sections 1** and **2** above, all of the terms, covenants, agreements, conditions and other provisions of the UPA shall remain in full force and effect in accordance with their respective terms. The UPA, subject to **Section 1** and **2** above, is hereby ratified and confirmed by all Parties.

[Signature page follows]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the date first above written.

**CAESARS ENTERTAINMENT CORPORATION**

By: /s/ Eric Hession

Name: Eric Hession

Title: Chief Financial Officer

**CAESARS RESORT COLLECTION, LLC**

By: /s/ Eric Hession

Name: Eric Hession

Title: Chief Financial Officer and Treasurer

**CENTAUR HOLDINGS, LLC**

By: /s/ John S. Keeler

Name: John S. Keeler

Title: Vice President, General Counsel, and Secretary

**Clairvest GP Manageco Inc.**

By: /s/ Michael Wagman

Name: Michael Wagman

Title: President

By: /s/ Kenneth Rotman

Name: Kenneth Rotman

Title: Chief Executive Officer

[Signature Page to Assignment Agreement]

**EXHIBIT A**

**Restructured Exhibit A to UPA**

See Attached.

## Exhibit A - Deferred Purchase Price Payment

1. *Deferred Purchase Price.* If the Closing occurs, Caesars Resort Collection, LLC, a Delaware limited liability company (“**CRC**”), agrees to pay to the Sellers Representative, on behalf of and for the benefit of the Sellers, the amount of Seventy-Five Million Dollars (\$75,000,000.00) (the “**Deferred Amount**”), together with interest thereon, if any, calculated, to the extent due, in accordance with the provisions of this **Exhibit A**. All amounts owed or paid, as applicable, under this **Exhibit A** shall constitute and be treated as obligations in respect of, or payments of, as applicable, deferred Purchase Price under the Agreement. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in **Section 7** below or, if not so defined therein, the meanings ascribed to such terms in the body of the Agreement.

2. *Interest Rate and Accrual.* No interest shall accrue on the outstanding amount of the Deferred Amount prior to the occurrence of any Event of Default. Upon the occurrence of any Event of Default and at any time thereafter during the continuance of such Event of Default (subject to **Section 3(e)(iv)** below), interest shall accrue on the outstanding amount of the Deferred Amount that is due and payable hereunder at a rate of fifteen percent (15.00%) per annum during the continuance of such Event of Default until the earlier of (a) such Event of Default is no longer continuing, (b) such amount that is due and payable is paid in full or (c) such amount that is due and payable is otherwise set off in accordance with the terms set forth herein. Interest, if any, on the Deferred Amount shall be due and payable in cash on the date the outstanding amount of the Deferred Amount is paid.

3. *Payment of Deferred Amount.*

(a) *Scheduled Payment.* Until such time as the unpaid balance of the Deferred Amount is paid in full or otherwise set off in accordance with the terms set forth herein, the outstanding amount of the Deferred Amount, together with all accrued and unpaid interest thereon, if any, shall be payable in an installment of \$25,000,000.00 on the date that is the second (2nd) anniversary of the Closing Date (the “**First Payment Date**”) and the balance on the date that is the third (3rd) anniversary of the Closing Date (the “**Final Payment Date**”), unless earlier payable in accordance with the automatic or declared acceleration of the payment of the Deferred Amount as set forth in **Section 3(c)** or **Section 6** below.

(b) *Optional Prepayments.* CRC may, at any time and from time to time, without premium or penalty, prepay all or any portion of the outstanding amount of the Deferred Amount, together with, if any, any unpaid interest, which has accrued on the outstanding amount of the Deferred Amount.

(c) *Mandatory Prepayments.* CRC shall prepay, without premium or penalty, the outstanding amount of the Deferred Amount, together with, if any, all accrued and unpaid interest thereon, upon a Sale of the Company.

(d) *Payments.* All payments hereunder shall be made in lawful money of the United States of America at the bank or other financial institution in the United States of America designated by the Sellers Representative to CRC in writing. Each payment shall, when made, be credited first to interest, if any, then due, then to other expenses payable to Sellers Representative, including any collection costs in accordance with **Section 9** of this **Exhibit A**, and the remainder to the outstanding Deferred Amount.

(e) *Right of Setoff.*

(i) On the terms and subject to the conditions of the Agreement and this **Exhibit A**, CRC shall be entitled to setoff any amounts owed to Buyer, to CRC or to any Buyer Indemnified Party by the Sellers or Sellers Representative pursuant to **Section 2.06(b)(ii)**, **2.06(e)** or **Article IX** of the Agreement against the outstanding amount of the Deferred Amount owed pursuant to this **Exhibit A**, regardless of whether the payments are payable to the Sellers Representative or a permitted assign of the Sellers Representative hereunder; *provided*, that, such rights shall be limited by the liability caps and other limitations (including **Section 9.01**) set forth in **Article IX** of the Agreement.

(ii) In the event that it is finally determined by the decision of a court of competent jurisdiction, or the relevant parties to the Agreement agree in writing, that Buyer, CRC or any of the Buyer Indemnified Parties is entitled to indemnification for Losses pursuant to **Section 9.02** of the Agreement (such amount, as determined by a court of competent jurisdiction or by the agreement of the relevant parties to the Agreement, an “**Indemnity Amount**”), after taking into account any limitations set forth hereunder and in **Article IX** of the Agreement, an amount equal to such Indemnity Amount shall be setoff against the outstanding amount of the Deferred Amount, such Indemnity Amount shall be deducted from the outstanding amount of the Deferred Amount under this **Exhibit A** in accordance with the provisions of this **Section 3(e)**, and shall no longer be payable to the Sellers Representative hereunder. For the avoidance of doubt, the parties hereto agree and acknowledge that (I) an Indemnity Amount shall not be deemed “owed to Buyer, to CRC or to any Buyer Indemnified Party” for the purposes of **clause 3(e)(i)** above unless and until (x) such Indemnity Amount is finally determined by the decision of a court of competent jurisdiction, or (y) such Indemnity Amount has been agreed in writing between the relevant parties to the Agreement, and (II) therefore, the rights of setoff under this **clause 3(e)** shall not be effective unless and until such event occurs.

(iii) Notwithstanding anything to the contrary contained in this **Exhibit A** or the Agreement:

(1) subject to the liability caps and other limitations (including **Section 9.01**) set forth in **Article IX** of the Agreement, any claim for setoff pursuant to the Agreement and this **Exhibit A** asserted in writing by CRC in good faith to the Sellers Representative on or prior to the First Payment Date or the Final Payment Date, as applicable (as may be accelerated as provided in this **Exhibit A**) and which remains unresolved at the First Payment Date and/or Final Payment Date, as applicable (collectively, “**Unresolved Claims**”), shall survive and remain outstanding until finally resolved in accordance with this **Exhibit A** and the Agreement;

(2) the amount of each Unresolved Claim, as reasonably estimated by CRC and claimed, in good faith, in accordance with the Agreement, shall be withheld by CRC from payment of the Deferred Amount due to be paid on the First Payment Date and/or Final Payment Date, as applicable, as may be accelerated as provided in this **Exhibit A** (such amount the “**Unresolved Claims Amount**”) and shall not be payable to the Sellers Representative unless and except to the extent (x) that the Unresolved Claim Amount is finally determined by the decision of a court of competent jurisdiction to be owed to the Sellers Representative, or (y) that the Unresolved Claim Amount has been agreed in writing between the relevant parties to the Agreement to be owed to the Sellers Representative; and

(3) if any Unresolved Claim Amount is finally determined by the decision of a court of competent jurisdiction or by the written agreement between the relevant parties to the Agreement to be owed to Buyer, CRC or a Buyer Indemnified Party, the Unresolved Claim Amount shall not be payable to the Sellers Representative hereunder.

(iv) For the avoidance of doubt, no interest shall accrue on any Unresolved Claim Amount; *provided, however*, that if any Unresolved Claim Amount is finally determined to be owed to the Sellers Representative as provided in **clause (e)(iii)(2)** (such amount owed to the Sellers Representative being the “**Resolved Claim Amount**”) then, for any period of time from and after the First Payment Date or Final Payment Date, as applicable (as may be accelerated as provided in this **Exhibit A**), on which such Resolved Claim Amount would have been due and payable but for it being the subject of an Unresolved Claim, the outstanding unpaid amount of the Resolved Claim Amount shall accrue (or be deemed to have accrued) interest at the rate of five percent (5.00%) per annum until all such amounts are actually paid, in full, in cash, to the Sellers Representative; *provided, further*, that if a court of competent jurisdiction determines in a final decision that CRC asserted such Unresolved Claim in bad faith, then the outstanding unpaid amount of such Resolved Claim Amount shall accrue (or be deemed to have accrued) interest at the rate set forth in **Section 2** until all such amounts are actually paid, in full, in cash, to the Sellers Representative.

#### 4. *Representations, Warranties and Covenants of CEC.*

(a) As of the Effective Date, Caesars Entertainment Corporation, a Delaware corporation (“**CEC**”), hereby represents and warrants to the Sellers Representative that it is not a party to any agreement that prohibits the payment of any amount payable under this **Exhibit A**, including the guaranty in **Section 11** below (the “**Guaranty**”).

(b) From and after the Effective Date, until the obligations under this **Exhibit A** have been satisfied in full, CEC shall not enter into any agreement that would prohibit the payment of any amount payable under this **Exhibit A**, including the Guaranty.

For purposes of this **Exhibit A** (including, without limitation, this **Section 4**, **Section 5** and **Section 6**), any agreement that contains limitations, restrictions, or prohibitions on payments, including by making such payments subject to compliance with dollar, ratio-based or other baskets and other customary conditions, shall not be deemed to prohibit the payment of any amount payable under this **Exhibit A** or the Guaranty, unless and until the payment, as may be accelerated as provided in this **Exhibit A**, of any amount payable under this **Exhibit A** or the Guaranty would cause an Event of Default (as defined therein, or any comparable event thereunder) to occur under such agreement after taking into account all dollar, ratio-based and other baskets in such agreement.

#### 5. *Representations, Warranties and Covenants of CRC.*

(a) As of the Effective Date, CRC hereby represents and warrants to the Sellers Representative that:

CRC is not a party to any agreement that prohibits the payment of any amount payable under this **Exhibit A**.

(b) From and after the Effective Date until the obligations under this **Exhibit A** have been satisfied in full, CRC shall not enter into any agreement that would prohibit the payment of any amount payable under this **Exhibit A**.

#### 6. *Events of Default.* The occurrence and continuance of any of the following shall constitute an “**Event of Default**” hereunder:

(a) CRC fails to pay any amount due under this **Exhibit A** when and as the same shall be due and payable.

(b) Any representation or warranty made by CEC in **Section 4(a)** or CRC in **Section 5(a)** of this **Exhibit A** to the Sellers Representative shall be incorrect on the date as of which such representation or warranty was made.

(c) CRC or CEC shall fail to observe or perform any covenant or agreement contained in **Section 4(b)** or **5(b)** of this **Exhibit A** or permit to exist any agreement that would prohibit the payment of any amount payable under this **Exhibit A**, including, the Guaranty, and such failure shall continue for sixty (60) days after written notice to CRC by the Sellers Representative (other than the failure to pay any amount due under this **Exhibit A** which is the subject to **Section 6(a)** above).

(d) (i) CRC or CEC shall commence any case, proceeding or other action (A) under any existing or future law relating to bankruptcy, insolvency, reorganization, or other relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it as bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts or (B) seeking appointment of a receiver, trustee, custodian, conservator or other similar official for it or for all or any substantial part of its assets, or CRC or CEC shall make a general assignment for the benefit of its creditors; (ii) there shall be commenced against CRC or CEC any case, proceeding or other action of a nature referred to in **clause (d)(i)** above which (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undismissed, undischarged or unbonded for a period of sixty (60) calendar days; (iii) there shall be commenced against CRC or CEC any case, proceeding or other action seeking issuance of a warrant of attachment, execution or similar process against all or any substantial part of its assets which results in the entry of an order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal within sixty (60) calendar days from the entry thereof; (iv) CRC or CEC shall take any action indicating its consent to, approval of, or acquiescence in, any of the acts set forth in **clauses (d)(i), (ii) or (iii)**; or (v) CRC or CEC shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due.

(e) There shall occur any Event of Default (as defined therein, or any comparable event thereunder) under any of the Indebtedness of CRC or CEC that results in the acceleration of the payment of such Indebtedness, except where such Event of Default and acceleration would not have a material adverse effect on the ability of CRC or CEC under the Guaranty, to pay the Deferred Amount in accordance with the provisions of this **Exhibit A**.

Except as otherwise provided in **Section 3(e)** above, upon the occurrence of any Event of Default and at any time thereafter during the continuance of such Event of Default, the Sellers Representative may at its option, by written notice to CRC (a) declare the outstanding amount of the Deferred Amount, together with any unpaid interest, which has accrued on the outstanding amount of the Deferred Amount, immediately due and payable; and/or (b) exercise any or all of its rights, powers or remedies under applicable law; *provided, however* that, if an Event of Default described in **Section 6(d)** shall occur with respect to CRC, the outstanding amount of the Deferred Amount, together with any unpaid interest, which has accrued on the outstanding amount of the Deferred Amount shall become immediately due and payable without any notice, declaration or other act on the part of the Sellers Representative.

## 7. Definitions.

“*Assignment Agreement*” means that certain Assignment Agreement by CEC, as assignor, and CRC, as assignee, with respect to the assignment of rights under the Agreement to which this Exhibit A is attached.

“*Effective Date*” shall have the meaning set forth in the Assignment Agreement.

“*Sale of the Company*” means any transaction or series of related transactions pursuant to which a Person after the Effective Date directly or indirectly acquires (i) capital stock of the CRC or CEC possessing the voting power to elect a majority of the board of directors of the CRC or CEC (whether by merger, consolidation, reorganization, combination, transfer of such entity’s capital stock (as applicable), stockholders or voting agreement, proxy, power of attorney or otherwise); (ii) all or substantially all of the CRC’s or CEC’s assets determined on a consolidated basis; or (iii) all or substantially all of the assets of the Company as of the date of the Agreement; *provided that* in each case a transaction involving only the CRC, CEC and/or one or more other Affiliates of CEC shall not be considered a Sale of the Company.

8. *Business Days.* If any payment is due, or any time period for giving notice or taking action expires, on a day which is not a Business Day, the payment shall be due and payable on, and the time period shall automatically be extended to, the next Business Day, and interest shall continue to accrue at the required rate hereunder until any such payment is made.

9. *Expenses.* The Sellers Representative and CRC hereby acknowledge and agree that all reasonable costs and expenses incurred in connection with the collection or enforcement of the Deferred Amount in accordance with the provisions of this **Exhibit A** (excluding costs and expenses related to any claim for indemnification under **Article IX** of the Agreement, which costs and expenses shall be borne by the party or parties as provided in **Article IX**), including, filing fees, and reasonable and documented

attorneys' fees, shall be paid by the non-prevailing party to the prevailing party upon a final non-appealable decision of a court of competent jurisdiction.

10. *Maximum Interest.* Notwithstanding any provision of this **Exhibit A** or any other agreement between CRC and the Sellers Representative to the contrary, nothing herein shall require CRC to pay, or the Sellers Representative to accept, interest in an amount which subjects the Sellers Representative to any penalty or forfeiture under applicable law, and in no event shall the total of all charges payable hereunder (whether of interest or of such other charges which may or might be characterized as interest) exceed the maximum rate permitted to be charged under applicable law. Should the Sellers Representative receive any payment which is or would be in excess of that permitted to be charged under applicable law, then the rate of interest hereunder shall be deemed to be reduced immediately and automatically to such maximum rate, interest payable hereunder shall be computed at such maximum rate and any prior interest payment made in excess of such maximum rate shall be immediately and automatically applied to, and shall be deemed to have been payment made in reduction of, the then outstanding balance of the Deferred Amount.

11. *Guaranty.* By its execution of the Assignment Agreement, effective as of the Effective Date, CEC hereby absolutely, fully, irrevocably and unconditionally guarantees: (a) the due and punctual payment in full (and not merely the collectibility) of the Deferred Amount, and all accrued interest thereon, if any, in each case when due and payable, according to the terms of this **Exhibit A**, whether on the First Payment Date or Final Payment Date, as applicable, by reason of acceleration, default or otherwise; (b) the due and punctual payment in full (and not merely the collectibility) of all other sums and charges which may at any time be due and payable in accordance with, or under the terms of, this **Exhibit A**, whether on the First Payment Date or Final Payment Date, as applicable, by reason of acceleration, default or otherwise; and (c) the due and punctual payment (and not merely the collectibility), performance and observance of all the other obligations, terms, covenants and conditions contained in this **Exhibit A** (all the foregoing are collectively hereinafter called the "**Obligations**"). To the extent permitted by applicable law, CEC hereby expressly waives all presentments, demands for payment or performance, diligence, all demands and notices of any type, including notice of acceptance of this Guaranty, of protest, of dishonor, of reliance hereon, and of any default under or failure to honor the Obligations, or protests of nonpayment. To the extent permitted by applicable law, CEC hereby acknowledges that its Obligations hereunder shall not be released or discharged by the insolvency, bankruptcy, liquidation, termination, or dissolution of CRC. CEC represents and warrants that it has received or will receive direct or indirect benefit from the making of this Guaranty.

I, Mark P. Frissora, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Caesars Entertainment Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 1, 2018

/S/ MARK P. FRISSORA

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**Mark P. Frissora**  
**President and Chief Executive Officer**

I, Eric Hession, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Caesars Entertainment Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 1, 2018

/S/ ERIC HESSION

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**Eric Hession**

**Executive Vice President and Chief Financial Officer**

**Certification of Principal Executive Officer**

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Caesars Entertainment Corporation (the "Company"), hereby certifies, to such officer's knowledge, that:

- (i) the accompanying Quarterly Report on Form 10-Q of the Company for the quarterly period ended June 30, 2018 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 1, 2018

/S/ MARK P. FRISSORA

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**Mark P. Frissora**

**President and Chief Executive Officer**

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

**Certification of Principal Financial Officer**

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Caesars Entertainment Corporation (the "Company"), hereby certifies, to such officer's knowledge, that:

- (i) the accompanying Quarterly Report on Form 10-Q of the Company for the quarterly period ended June 30, 2018 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 1, 2018

/S/ ERIC HESSION

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**Eric Hession**

**Executive Vice President and Chief Financial Officer**

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.