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

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2017

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period to

Commission File No. 001-36629

ELDORADO RESORTS, INC.

(Exact name of registrant as specified in its charter)

Nevada	**46-3657681**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

100 West Liberty Street, Suite 1150
Reno, Nevada 89501
(Address of principal executive offices)
Telephone: (775) 328-0100
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Name of each exchange on which registered**
Common Stock, $.00001, par value	**NASDAQ Stock Market**

Securities registered pursuant to section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§299.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or 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.

Large accelerated filer	☒		Accelerated filer	☐
Non-accelerated filer	☐	(Do not check if a smaller reporting company)	Smaller reporting company	☐
Emerging growth company	☐			

If an emerging growth company, indicate by checkmark 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 ☒

The aggregate market value of the common stock held by non-affiliates of the Registrant was $1.3 billion at June 30, 2017 based upon the closing price for the shares of ERI's common stock as reported by The Nasdaq Stock Market.

As of February 23, 2018, there were 77,241,115 outstanding shares of the Registrant's Common Stock.

Documents Incorporated by Reference

Portions of the Registrant's definitive proxy statement to be filed with the Commission pursuant to Regulation 14A in connection with the Registrant's Annual Meeting of Stockholders (the "Proxy Statement") are incorporated by reference into Part III of this report. Such Proxy Statement will be filed with the Commission not later than 120 days after the conclusion of the Registrant's fiscal year ended December 31, 2017.

ELDORADO RESORTS, INC.
ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2017
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PART I

Item 1. Business.

Eldorado Resorts, Inc., a Nevada corporation, is referred to as the "Company," "ERI," or the "Registrant," and together with its subsidiaries may also be referred to as "we," "us" or "our."

Overview

We are a geographically diversified gaming and hospitality company owning and operating 20 gaming facilities in ten states. Our properties, which are located in Ohio, Louisiana, Nevada, Pennsylvania, West Virginia, Colorado, Florida, Iowa, Mississippi and Missouri, feature approximately 21,000 slot machines and video lottery terminals ("VLTs"), approximately 600 table games and over 7,000 hotel rooms. Our primary source of revenue is generated by gaming operations and we utilize our hotels, restaurants, bars, entertainment, racing, retail shops and other services to attract customers to our properties.

We were founded in 1973 by the Carano Family with the opening of the Eldorado Hotel Casino in Reno, Nevada. In 1993, we partnered with MGM Resorts International on the Silver Legacy Resort Casino, the first mega-themed resort in Reno. In 2005, we acquired our first property outside of Reno when we acquired a casino in Shreveport, Louisiana, now known as Eldorado Shreveport. In September 2014, we merged with MTR Gaming Group, Inc. ("MTR Merger") and acquired its three gaming and racing facilities in Ohio, Pennsylvania and West Virginia. The following year, in November 2015, we acquired Circus Circus Reno and the 50% membership interest in the Silver Legacy that was owned by MGM Resorts International (the "Circus Reno/Silver Legacy Purchase" or the "Reno Acquisition").

On May 1, 2017, we completed our most recent – and largest - acquisition to date when we acquired Isle of Capri Casinos, Inc. ("Isle" or "Isle of Capri"), adding another 13 gaming properties to our portfolio (the "Isle Acquisition" or the "Isle Merger").

Properties

As of December 31, 2017, we owned and operated approximately 950,000 square feet of casino space with approximately 21,000 slot machines and VLTs, approximately 600 table and poker games and over 7,000 hotel rooms.

We view each operating property as an operating unit. Prior to our acquisition of Isle, we aggregated our properties into three reportable business segments: (i) Nevada, (ii) Louisiana and (iii) Eastern. Following our acquisition of Isle, we aggregated our properties into four reportable business segments: (i) West, (ii) Midwest, (iii) South and (iv) East. For further financial information related to our segments as of and for the three years ended December 31, 2017, see Note 18, Segment Information, to our consolidated financial statements presented in Part IV, Item 15.

The following table sets forth certain information regarding our properties (listed by the segment in which each such property is reported) as of and for the year ended December 31, 2017:

	Year Opened	Year Acquired	Slot Machines and VLTs	Table and Poker Games	Hotel Rooms	Restaurants	Bars	Casino Sq. Footage	Hotel Occupancy (1)	Average Daily Rate (1)
West Region:										
Eldorado Reno	1973	N/A	1,125	46	814	10	18	71,500	73.7%	$ 100.55
Silver Legacy	1995	2015	1,187	76	1,711	7	14	92,400	61.2%	$ 101.00
Circus Reno	1978	2015	712	24	1,571	7	4	65,515	54.2%	$ 82.72
Isle Black Hawk (2)	1998	2017	1,026	36	402	3	2	27,811	85.0%	$ 61.99
Lady Luck Black Hawk (2)	2003	2017	452	15	N/A	2	2	17,614	N/A	$ N/A
Midwest Region:										
Waterloo	2007	2017	940	25	194	3	1	40,286	71.6%	$ 66.56
Bettendorf	2000	2017	978	20	509	3	1	36,659	56.1%	$ 59.20
Boonville	2001	2017	893	20	140	3	1	28,000	83.4%	$ 69.50
Cape Girardeau	2012	2017	872	24	N/A	4	2	41,536	N/A	N/A
Caruthersville	2007	2017	516	9	N/A	2	1	23,816	N/A	N/A
Kansas City	2000	2017	966	18	N/A	4	1	39,788	N/A	N/A
South Region:										
Pompano	1995	2017	1,455	45	N/A	6	4	45,000	N/A	N/A
Eldorado Shreveport	2000	2005	1,397	60	403	4	2	59,000	81.7%	$ 67.02
Lula	2000	2017	875	20	486	3	2	56,985	24.7%	$ 37.59
Vicksburg	1993	2017	616	9	89	3	1	25,000	45.9%	$ 62.38
Lake Charles	1995	2017	1,173	47	493	3	1	26,248	71.4%	$ 62.43
East Region:										
Presque Isle Downs	2007	2014	1,593	40	N/A	5	4	59,355	N/A	N/A
Nemacolin	2013	2017	600	28	N/A	1	1	31,000	N/A	N/A
Scioto Downs	2012	2014	2,245	N/A	N/A	6	8	83,000	N/A	N/A
Mountaineer	1992	2014	1,508	36	357	5	7	79,380	73.1%	$ 49.34

(1) Hotel occupancy and average daily rate figures are for the period beginning May 1, 2017 and ending December 31, 2017 for properties acquired in the Isle Acquisition.

(2) Hotel occupancy and average daily rate for Isle Black Hawk and Lady Luck Black Hawk are presented on a combined basis.

West Region

The West segment consists of five properties that are located in Nevada and Colorado. Three of the properties are located in Reno, Nevada and two are located in Black Hawk, Colorado. Reno is located at the base of the Sierra Nevada Mountains along Interstate 80, approximately 135 miles east of Sacramento, California and 225 miles east of San Francisco, California. Reno, along with nearby Lake Tahoe, is a destination market that attracts year-round visitation by offering gaming, numerous summer and winter recreational activities and popular special events. The Eldorado Reno, Silver Legacy and Circus Reno properties (the “Reno Tri-Properties”) are connected in a “seamless” manner by enclosed, climate controlled skywalks. We believe that the centralized location and critical mass of these three properties, together with the ease of access between the facilities, provide significant advantages over the freestanding hotel/casinos in the Reno market. Of the 31 casinos currently operating in the Reno market, we believe we compete principally with four other hotel-casinos that each generate at least $36 million in annual gaming revenues. We also compete with Native American tribes, including casinos located in northern California, which we consider to be a significant target market.

Black Hawk is located approximately 40 miles east of the Denver, Colorado metropolitan area which serves as Black Hawk’s primary feeder market. Our two Black Hawk properties are connected via sky bridges. When casinos having multiple gaming licenses in the same building are combined, the Black Hawk/Central City market consists of 21 gaming facilities (five of which have more than 500 slot machines).

Eldorado Reno

Eldorado Reno is a premier hotel, casino and entertainment facility. The interior of the hotel is designed to create a European ambiance where hotel guests enjoy panoramic views of Reno's skyline and the majestic Sierra Nevada mountain range. Eldorado Reno is centrally located in downtown Reno, Nevada.

Silver Legacy

Silver Legacy is the tallest building in northern Nevada consisting of 37-, 34- and 31-floor tiers. Silver Legacy's opulent interior showcases a casino built around Sam Fairchild's 120-foot tall mining rig, which appears to mine for silver. The rig is situated beneath a 180-foot diameter dome, which is a distinctive landmark on the Reno skyline. The Silver Legacy is centrally located in downtown Reno, Nevada and offers retail shops, exercise and spa facilities, a salon and an outdoor swimming pool and sundeck.

Circus Reno

Circus Reno is an iconic, circus-themed hotel-casino and entertainment complex with two hotel towers, and features a midway with 157 games, live circus acts, an arcade and a full service wedding chapel. It is conveniently located as the first casino directly off Interstate 80 when entering downtown Reno, Nevada.

Isle Casino Hotel-Black Hawk

Isle Casino Hotel-Black Hawk is one of the first gaming facilities reached by customers arriving from Denver via Highway 119, the main thoroughfare connecting Denver to Black Hawk. The property includes a land-based casino and also has approximately 5,000 square feet of flex space that can be used for meetings and special events.

Lady Luck Casino-Black Hawk

Lady Luck Casino-Black Hawk is located across the intersection of Main Street and Mill Street from the Isle Casino Hotel-Black Hawk. The property consists of a land-based casino and also has approximately 2,250 square feet of flex space that can be used for meetings and special events.

Midwest Region

The Midwest segment consists of six properties, four of which are dockside casinos and two land-based casinos, located in Iowa and Missouri.

Waterloo

Our Waterloo, Iowa property is located adjacent to Highway 218 and US 20. The property consists of a single-level land-based casino and offers a wide variety of non-gaming amenities. Our Waterloo property is the only gaming facility in the Waterloo, Iowa market. We compete with other casinos in eastern Iowa.

Bettendorf

Our Bettendorf property is located off Interstate 74, an interstate highway serving the Quad Cities metropolitan area, which consists of Bettendorf and Davenport, Iowa and Moline and Rock Island, Illinois. The property currently consists of a land-based casino, includes two hotel towers and offers 40,000 square feet of flexible convention/banquet space. The Quad Cities metropolitan area currently has three gaming operations, including our gaming facility.

Boonville

Our Boonville property is located three miles off Interstate 70, approximately halfway between Kansas City and St. Louis. It is the only gaming facility in central Missouri. The property consists of a single level dockside casino and offers a 32,400 square foot pavilion and entertainment center and is the only gaming facility in central Missouri. We believe that our Boonville casino attracts customers primarily from the Columbia and Jefferson City areas.

Cape Girardeau

Our Cape Girardeau property is located three and a half miles from Interstate 55 in Southeast Missouri, approximately 120 miles south of St. Louis, Missouri. The property consists of a dockside casino and offers a pavilion and entertainment center with a wide variety of non-gaming amenities, including an events center, and overlooks the Mississippi river. Our Cape Girardeau property is the only gaming facility in the Cape Girardeau, Missouri market and primarily competes with other gaming operations in Southwest Illinois and Southeast Missouri.

Caruthersville

Our Caruthersville property is a riverboat casino located along the Mississippi River in Southeast Missouri. The property consists of a dockside casino, 40,000 square foot pavilion and also includes a 28-space RV Park. Our casino in Cape Girardeau is located approximately 85 miles north of our Caruthersville casino.

Kansas City

Our Kansas City property consists of a dockside casino and is the closest gaming facility to downtown Kansas City, Missouri. We believe that our Kansas City casino attracts customers primarily from the Kansas City metropolitan area. The Kansas City market consists of four dockside gaming facilities, a land-based facility and a Native American casino.

South Region

The South segment consists of five properties, four of which are dockside casinos in Louisiana and Mississippi and one racino in Florida.

Pompano

Pompano Park, a casino and harness racing track located in Pompano Beach, Florida is located off Interstate 95 and the Florida Turnpike on a 223-acre owned site, near Fort Lauderdale, midway between Miami and West Palm Beach. Pompano Park is the only racetrack licensed to conduct harness racing in Florida. We compete with seven other pari-mutuels and three Native American gaming facilities in the market.

Eldorado Shreveport

Eldorado Shreveport is a premier resort with a tri-level riverboat casino and an all-suite art deco-style hotel located in Shreveport, Louisiana adjacent to Interstate 20, a major highway that connects the Shreveport market with the attractive feeder markets of East Texas and Dallas/Fort Worth, Texas. There are currently six casinos and a racino operating in the Shreveport/Bossier City market.

Lula

Our Lula property is located off of Highway 49, the only road crossing the Mississippi River between Mississippi and Arkansas for more than 50 miles in either direction. The property consists of two dockside casinos and offers a land-based pavilion and entertainment center. Our Lula property is the only gaming facility in Coahoma County, Mississippi and draws a significant amount of business from the Little Rock, Arkansas metropolitan area, which is located approximately 120 miles west of the property. Coahoma County is also located approximately 60 miles southwest of Memphis, Tennessee. Lula competes with Native American casinos in Oklahoma and racinos in West Memphis, Arkansas and Hot Springs, Arkansas.

Vicksburg

Our Vicksburg property is located off Interstate 20 and Highway 61 in western Mississippi, approximately 50 miles west of Jackson, Mississippi, and consists of a dockside casino and a hotel. The Vicksburg market consists of five dockside casinos.

Lake Charles

Our Lake Charles property is located on a 19-acre site along Interstate 10, the main thoroughfare connecting Houston, Texas to Lake Charles, Louisiana. Lake Charles offers a dockside casino and a 14,750 square foot entertainment center comprised of a 1,142-seat special events center designed for concerts, banquets and other events, meeting facilities and administrative offices. Lake Charles is the closest gaming market to the Houston metropolitan area, which is located approximately 140 miles west of Lake Charles. The Lake Charles market consists of three dockside gaming facilities, a Native American casino and a pari-mutuel facility/racino. In addition, a Native American electronic bingo hall opened approximately 100 miles north of Houston. We believe our Lake Charles property attracts customers primarily from southeast Texas and from local residents.

East Region

The East segment consists of four properties, three of which are racinos, located in Pennsylvania, Ohio and West Virginia.

Presque Isle Downs

Presque Isle Downs is a casino and live thoroughbred horse racing facility located along Interstate 90 in Erie, Pennsylvania. The property offers live thoroughbred horse racing conducted from May through September and on-site pari-mutuel wagering and thoroughbred and harness racing simulcast from other prominent tracks, as well as wagering on Presque Isle Downs' races. Presque Isle Downs' market is comprised of nine casinos, including Mountaineer, in West Virginia, Ohio and Pennsylvania.

Nemacolin

Lady Luck Nemacolin is a casino located on the 2,000 acre Nemacolin Woodlands Resort in Western Pennsylvania. Our Nemacolin property is the only casino in Fayette County, Pennsylvania. The closest competing casino to Nemacolin is approximately 60 miles away. The Nemacolin facility competes primarily with a casino and a racino in the Pittsburgh, Pennsylvania area and a casino in Rocky Gap, Maryland.

Scioto Downs

Scioto Downs is a modern "racino" located in the heart of Central Ohio, off Highway 23/South High Street, approximately eight miles from downtown Columbus and is one of only two licensed gaming facilities in the Columbus area. The Scioto Downs racino also offers live standard bred harness horse racing conducted from May through mid-September and on-site pari-mutuel wagering and thoroughbred, harness and greyhound racing simulcast from other prominent tracks, as well as wagering on Scioto Downs' races.

In addition, Scioto Downs, through its subsidiary RacelineBet, Inc., also operates Racelinebet.com, a national account wagering service that offers online and telephone wagering on horse races as a marketing affiliate of TwinSpires.com, an affiliate of Churchill Downs, Inc.

Mountaineer

Mountaineer is a hotel, casino, entertainment and live thoroughbred horse racing facility located on the Ohio River at the northern tip of West Virginia's northwestern panhandle, approximately thirty miles from the Pittsburgh International Airport and a one-hour drive from downtown Pittsburgh. Mountaineer is a diverse gaming, entertainment and convention complex offering live thoroughbred horse racing conducted from March through December and on-site pari-mutuel wagering and thoroughbred, harness and greyhound racing simulcast from other prominent tracks, as well as wagering on Mountaineer's races. Mountaineer's market is comprised of nine casinos, including Presque Isle Downs property, in West Virginia, Ohio and Pennsylvania.

Business Strengths and Strategy

Personal service and high quality amenities

We focus on customer satisfaction and delivering superior guest experiences. We seek to provide our customers with an extraordinary level of personal service and popular gaming, dining and entertainment experiences designed to exceed customer expectations in a clean, safe, friendly and fun environment. Our senior management is actively involved in the daily operations of our properties, frequently interacting with gaming, hotel and restaurant patrons to ensure that they are receiving the highest level of personal attention. Management believes that personal service is an integral part of fostering customer loyalty and generating repeat business. We continually monitor our casino operations to react to changing market conditions and customer demands. We target both premium-play and value-conscious gaming patrons with differentiated offerings at our state-of-the-art casinos, which feature the latest in game technology, innovative bonus options, dynamic signage, customer-convenient features and non-gaming amenities at a reasonable value and price point.

Diversified portfolio across markets and customer segments

We are geographically diversified across the United States, with no single property accounting for more than 12% of our net revenues for the year ended December 31, 2017. Our customer pool draws from a diversified base of both local and out-of-town patrons. We have also initiated changes to our marketing strategy to reach more potential customers through targeted direct mailings and electronic marketing. We believe we have assembled a platform on which we can continue to grow and provide a differentiated customer experience.

Management team with deep gaming industry experience and strong local relationships

We have an experienced management team that includes, among others, Gary Carano, our Chief Executive Officer and the Chairman of the Board, who has more than thirty years of experience in the gaming and hotel industry. Mr. Carano was the driving force behind ERI's development and operations in Nevada and Louisiana and ERI's acquisition of Isle of Capri, MTR Gaming and Circus Reno. In addition to Gary Carano, our senior executives have significant experience in the gaming and finance industries. Our extensive management experience and unwavering commitment to our team members, guests and equity holders have been the primary drivers of our strategic goals and success. We take pride in our reinvestment in our properties and the communities we support along with emphasizing our family-style approach in an effort to build loyalty among our team members and guests. We will continue to focus on the future growth and diversification of our company while maintaining our core values and striving for operational excellence.

Governmental Gaming Regulations

The gaming and racing industries are highly regulated and we must maintain our licenses and pay gaming taxes to continue our operations. We are subject to extensive regulation under laws, rules and supervisory procedures primarily in the jurisdictions where our facilities are located or docked. These laws, rules and regulations generally concern the responsibility, financial stability and characters of the owners, managers, and persons with financial interests in the gaming operations. If additional gaming regulations are adopted in a jurisdiction in which we operate, such regulations could impose restrictions or costs that could have a significant adverse effect on us. From time to time, various proposals have been introduced in legislatures of jurisdictions in which we have operations that, if enacted, could adversely affect the tax, regulatory, operational or other aspects of the gaming industry and us. We do not know whether or when such legislation will be enacted. Gaming companies are currently subject to significant state and local taxes and fees in addition to normal federal and state corporate income taxes, and such taxes and fees are subject to increase at any time. Any material increase in these taxes or fees could adversely affect us.

Some jurisdictions, including those in which we are licensed, empower their regulators to investigate participation by licensees in gaming outside their jurisdiction and require access to periodic reports respecting those gaming activities. Violations of laws in one jurisdiction could result in disciplinary action in other jurisdictions.

Under provisions of gaming laws in jurisdictions in which we have operations, and under our organizational documents, certain of our securities are subject to restriction on ownership which may be imposed by specified governmental authorities. The restrictions may require a holder of our securities to dispose of the securities or, if the holder refuses, or is unable, to dispose of the securities, we may be required to repurchase the securities.

A more detailed description of the regulations to which we are subject is contained in Exhibit 99.1 to this Annual Report on Form 10-K, which is incorporated herein by reference.

Reporting and Record-Keeping Requirements

We are required periodically to submit detailed financial and operating reports and furnish any other information about us and our subsidiaries that gaming authorities may require. We are required to maintain a current stock ledger that may be examined by gaming authorities at any time. If any securities are held in trust by an agent or by a nominee, the record holder may be required to disclose the identity of the beneficial owner to gaming authorities. A failure to make such disclosure may be grounds for finding the record holder unsuitable. Gaming authorities may, and in certain jurisdictions do, require certificates for our securities to bear a legend indicating that the securities are subject to specified gaming laws.

Taxation

Gaming companies are typically subject to significant taxes and fees in addition to normal federal, state and local income taxes, and such taxes and fees are subject to increase at any time. We pay substantial taxes and fees with respect to our operations. From time to time, federal, state, local and provincial legislators and officials have proposed changes in tax laws, or in the administration of such laws, affecting the gaming industry. It is not possible to determine with certainty the likelihood of changes in tax laws or in the administration of such laws.

Internal Revenue Service Regulations

The Internal Revenue Service requires operators of casinos located in the United States to file information returns for U.S. citizens, including names and addresses of winners, for keno, bingo and slot machine winnings in excess of stipulated amounts. The Internal Revenue Service also requires operators to withhold taxes on some keno, bingo and slot machine winnings of nonresident aliens. We are unable to predict the extent to which these requirements, if extended, might impede or otherwise adversely affect operations of, and/or income from, the other games.

Regulations adopted by the Financial Crimes Enforcement Network of the Treasury Department (“FINCEN”) and the Nevada Gaming Authorities require the reporting of currency transactions in excess of $10,000 occurring within a gaming day, including identification of the patron by name and social security number. This reporting obligation began in May 1985 and may have resulted in the loss of gaming revenues to jurisdictions outside the United States which are exempt from the ambit of these regulations. In addition to currency transaction reporting requirements, suspicious financial activity is also required to be reported to FINCEN.

Other Laws and Regulations

Our businesses are subject to various federal, state and local laws and regulations in addition to gaming regulations. These laws and regulations include, but are not limited to, restrictions and conditions concerning alcoholic beverages, food service, smoking, environmental matters, employees and employment practices, currency transactions, taxation, zoning and building codes, and marketing and advertising. Such laws and regulations could change or could be interpreted differently in the future, or new laws and regulations could be enacted. Material changes, new laws or regulations, or material differences in interpretations by courts or governmental authorities could adversely affect our operating results.

The sale of alcoholic beverages is subject to licensing, control and regulation by applicable local regulatory agencies. All licenses are revocable and are not transferable. The agencies involved have full power to limit, condition, suspend or revoke any license, and any disciplinary action could, and revocation would, have a material adverse effect upon our operations.

Intellectual Property

We use a variety of trade names, service marks, trademarks, patents and copyrights in our operations and believe that we have all the licenses necessary to conduct our continuing operations. We have registered several service marks, trademarks, patents and copyrights with the United States Patent and Trademark Office or otherwise acquired the licenses to use those which are material to conduct our business. We also own patents relating to unique casino games. We file copyright applications to protect our creative artworks, which are often featured in property branding, as well as our distinctive website content.

Seasonality

Casino, hotel and racing operations in our markets are subject to seasonal variation. Seasonal weather conditions can frequently adversely affect transportation routes to each of our properties and also may cause flooding and other effects that result in closure of our Southern properties and cancellations of live horse racing at the Eastern properties. As a result, unfavorable seasonal conditions could have a material adverse effect on our operations.

Environmental Matters

We are subject to various federal, state and local environmental, health and safety laws and regulations, including those relating to the use, storage, discharge, emission and disposal of hazardous materials and solid, animal and hazardous wastes and exposure to hazardous materials. Such laws and regulations can impose liability on potentially responsible parties, including the owners or operators of real property, to clean up, or contribute to the cost of cleaning up, sites at which hazardous wastes or materials were disposed of or released. In addition to investigation and remediation liabilities that could arise under such laws and regulations, we could also face personal injury, property damage, fines or other claims by third parties concerning environmental compliance or contamination or exposure to hazardous materials, and could be subject to significant fines or penalties for any violations. We have from time to time been responsible for investigating and remediating, or contributing to remediation costs related to, contamination located at or near certain of our facilities, including contamination related to underground storage tanks and groundwater contamination arising from prior uses of land on which certain of our facilities are located. In addition, we have been, and may in the future be, required to manage, abate, remove or contain manure and wastewater generated by concentrated animal feeding operations due to our racetrack operations, mold, lead, asbestos-containing materials or other hazardous conditions found in or on our properties. Although we have incurred, and expect that we will continue to incur, costs related to the investigation, identification and remediation of hazardous materials or conditions known or discovered to exist at our properties, those costs have not had, and are not expected to have, a material adverse effect on our financial condition, results of operations or cash flow.

Employees

As of December 31, 2017, we had approximately 12,500 employees. As of such date, we had 11 collective bargaining agreements covering approximately 970 employees. Three collective bargaining agreements are scheduled to expire this year. There can be no assurance that we will be able to extend or enter into replacement agreements. If we are able to extend or enter into replacement agreements, there can be no assurance as to whether the terms will be on comparable terms to the existing agreements.

Cautionary Statement Regarding Forward-Looking Information

This report includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements include statements regarding our strategies, objectives and plans for future development or acquisitions of properties or operations, as well as expectations, future operating results and other information that is not historical information. When used in this report, the terms or phrases such as “anticipates,” “believes,” “projects,” “plans,” “intends,” “expects,” “might,” “may,” “estimates,” “could,” “should,” “would,” “will likely continue,” and variations of such words or similar expressions are intended to identify forward-looking statements. Specifically, forward-looking statements may include, among others, statements concerning:

- projections of future results of operations or financial condition;
- expectations regarding our business and results of operations of our existing casino properties and prospects for future development;
- expectations regarding trends that will affect our market and the gaming industry generally and the impact of those trends on our business and results of operations;
- our ability to comply with the covenants in the agreements governing our outstanding indebtedness;
- our ability to meet our projected debt service obligations, operating expenses, and maintenance capital expenditures;
- expectations regarding availability of capital resources;

- our intention to pursue development opportunities and acquisitions and our ability to obtain financing for, and realize the anticipated benefits, of such development and acquisitions; and
- the impact of regulation on our business and our ability to receive and maintain necessary approvals for our existing properties and future projects.

Any forward-looking statements are based upon a number of estimates and assumptions that, while considered reasonable by us, is inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control, and are subject to change. Actual results of operations may vary materially from any forward-looking statements made herein. Forward-looking statements speak only as of the date they are made, and we assume no duty to update forward-looking statements. Forward-looking statements should not be regarded as a representation by us or any other person that the forward-looking statements will be achieved. Undue reliance should not be placed on any forward-looking statements. Some of the contingencies and uncertainties to which any forward-looking statement contained herein is subject include, but are not limited to, the following:

- our substantial indebtedness and significant financial commitments could adversely affect our results of operations and our ability to service such obligations;
- restrictions and limitations in agreements governing our debt could significantly affect our ability to operate our business and our liquidity;
- our facilities operate in very competitive environments and we face increasing competition;
- the ability to identify suitable acquisition opportunities and realize growth and cost synergies from any future acquisitions;
- our operations are particularly sensitive to reductions in discretionary consumer spending and are affected by changes in general economic and market conditions;
- our gaming operations are highly regulated by governmental authorities and the cost of complying or the impact of failing to comply with such regulations;
- changes in gaming taxes and fees in jurisdictions in which we operate;
- risks relating to pending claims or future claims that may be brought against us;
- changes in interest rates and capital and credit markets;
- our ability to comply with certain covenants in our debt documents;
- the effect of disruptions to our information technology and other systems and infrastructure;
- construction factors relating to maintenance and expansion of operations;
- our ability to attract and retain customers;
- weather or road conditions limiting access to our properties;
- the effect of war, terrorist activity, natural disasters and other catastrophic events;
- the intense competition to attract and retain management and key employees in the gaming industry; and
- Other factors set forth under “Item 1A. Risk Factors.”

In light of these and other risks, uncertainties and assumptions, the forward-looking events discussed in this report might not occur. These forward-looking statements speak only as of the date of this Annual Report on Form 10-K, even if subsequently made available on our website or otherwise, and we do not intend to update publicly any forward-looking statement to reflect events or circumstances that occur after the date on which the statement is made, except as may be required by law.

You should also be aware that while we from time to time communicate with securities analysts, we do not disclose to them any material non-public information, internal forecasts or other confidential business information. Therefore, you should not assume that we agree with any statement or report issued by any analyst, irrespective of the content of the statement or report. To the extent that reports issued by securities analysts contain projections, forecasts or opinions, those reports are not our responsibility and are not endorsed by us.

Available Information

We file annual, quarterly and special reports, proxy statements and other information with the Securities and Exchange Commission (the "SEC"). You may read and copy, at prescribed rates, any document we have filed at the SEC's public reference room in Washington, D.C. Please call the SEC at 1-800-SEC-0330 (1-800-732-0330) for further information on the public reference room. The SEC also maintains a website that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC (*http://www.sec.gov*). You also may read and copy reports and other information filed by us at the office of The NASDAQ Stock Market, One Liberty Plaza, 165 Broadway, New York, NY 10006.

We make our Annual Reports on Form 10-K, our Quarterly Reports on Form 10-Q, our Current Reports on Form 8-K, and all amendments to these reports, available free of charge on our corporate website (*www.eldoradoresorts.com*) as soon as reasonably practicable after such reports are filed with, or furnished to, the SEC. In addition, our Code of Ethics and Business Conduct and charters of the Audit Committee, Compensation Committee, and the Nominating and Corporate Governance Committee are available on our website. We will provide reasonable quantities of electronic or paper copies of filings free of charge upon request. In addition, we will provide a copy of the above referenced charters to stockholders upon request.

References in this document to our website address do not incorporate by reference the information contained on the website into this Annual Report on Form 10-K.

Item 1A. Risk Factors.

Risk Factors Relating to our Operations

Our business is sensitive to reductions in discretionary consumer spending as a result of downturns in the economy and other factors outside our control

Consumer demand for casino hotel and racetrack properties such as ours is particularly sensitive to downturns in the economy and the associated impact on discretionary spending on leisure activities. Changes in discretionary consumer spending or consumer preferences brought about by factors such as perceived or actual general economic conditions, effects of declines in consumer confidence in the economy, the impact of high energy and food costs, the increased cost of travel, the potential for continued bank failures, decreased disposable consumer income and wealth, or fears of war and future acts of terrorism could further reduce customer demand for the amenities that we offer. In addition, increases in gasoline prices, including increases prompted by global political and economic instabilities, can adversely affect our operations because most of our patrons travel to our properties by car or on airlines that may pass on increases in fuel costs to passengers in the form of higher ticket prices. Further, security concerns, terrorist attacks and other geopolitical events can have a material adverse effect on leisure and business travel, discretionary spending and other areas of economic behavior that directly impact the gaming and entertainment industries in general and our business in particular. Economic downturns, geopolitical events and other related factors which impact discretionary consumer spending and other economic events that are beyond our control have had direct effects on our business and the tourism industry in the past and could adversely affect us in the future.

We face substantial competition in the hotel and casino industry and expect that such competition will continue

The gaming industry is characterized by an increasingly high degree of competition among a large number of participants, including land-based casinos, dockside casinos, riverboat casinos, casinos located on racing tracks and casinos located on Native American reservations and other forms of legalized gaming such as video gaming terminals (VGTs) at bars, restaurants and truck stops. We also compete, to a lesser extent, with other forms of legalized gaming and entertainment such as online computer gambling, bingo, pull tab games, card parlors, sports books, fantasy sports websites, "cruise-to-nowhere" operations, pari-mutuel or telephonic betting on horse racing and dog racing, state-sponsored lotteries, jai-alai, and, in the future, may compete with gaming at other venues. In addition, we compete more generally with other forms of entertainment for the discretionary spending of our customers.

Gaming competition is intense in most of the markets in which we operate. States that already have legalized casino gaming may further expand gaming, and other states that have not yet legalized gaming may do so in the future. Legalized casino gaming in these states and on Native American reservations in or near our markets or changes to gaming laws in states in which we have operations and in states near our operations could increase competition and could adversely affect our operations. There has been significant competition in our markets as a result of the expansion of facilities by existing market participants, the entrance of new gaming participants into a market or legislative changes in prior years and expanded gaming is under consideration in certain of our markets. For example, gaming facilities in Ohio that commenced operations in recent years present significant competition for Mountaineer, Presque Isle Downs, Nemacolin and Scioto Downs. In addition, the Governor of Pennsylvania signed legislation in October 2017 expanding gaming to allow for up to ten additional casino locations, video gaming terminals (VGTs) at truck stops, interactive gaming (iGaming), gaming at airports and potentially sports wagering. Further, there are two bills pending before the Missouri General Assembly for the expansion of gaming by allowing Class B gaming licensees and daily fantasy sports licensees to conduct sports wagering and the operation of VLTs at various bars, restaurants, veterans and fraternal organizations and convenience stores throughout the state. Any such expansion of legalized gaming could adversely impact our properties.

Casino gaming is currently prohibited in several jurisdictions from which the Shreveport/Bossier City and Lake Charles markets draw customers, primarily Texas. The Texas legislature has from time to time considered proposals to legalize gaming, and there can be no assurance that casino gaming will not be approved in Texas in the future, which could have a material adverse effect on Eldorado Shreveport and Isle Lake Charles. Additionally, since visitors from California comprise a significant portion of our customer base in Reno, we also compete with Native American gaming operations in California. Native American tribes are allowed to operate slot machines, lottery games and banking and percentage games on Native American lands. Although many existing Native American gaming facilities in northern California are modest compared to the Nevada properties, a number of Native American tribes have established large-scale gaming facilities in California. Additionally, from time to time the State of Florida has entered into or amended gaming compacts with Native American casinos or enacted, amended or discussed possible changes in gaming laws which could have positive or negative impacts on our Pompano operations. In addition, various forms of internet gaming have been approved in Nevada, New Jersey, Delaware, and Pennsylvania, and legislation permitting internet gaming has been proposed by the federal government and other states. The expansion of internet gaming in Nevada and other jurisdictions could result in significant additional competition.

Increased competition may require us to make substantial capital expenditures to maintain and enhance the competitive positions of our properties to increase the attractiveness and add to the appeal of our facilities. Because we are highly leveraged, after satisfying our obligations under our outstanding indebtedness, there can be no assurance that we will have sufficient funds to undertake these expenditures or that we will be able to obtain sufficient financing to fund such expenditures. If we are unable to make such expenditures, our competitive position could be negatively affected.

Our operations in certain jurisdictions depend on agreements with third parties

Our operations in several jurisdictions depend on agreements with third parties. If we are unable to renew these agreements on satisfactory terms as they expire, our business may be disrupted and, in the event of disruptions in multiple jurisdictions, could have a material adverse effect on our financial condition and results of operations. For example, Iowa law requires that each gambling venue in Iowa must have a licensed “Qualified Sponsoring Organization,” or QSO, which is a tax-exempt non-profit organization. The QSO must donate the profits it receives from casino operations to educational, civic, public, charitable, patriotic or religious uses. Each of our three Iowa properties has an agreement with a local QSO. We have the right to renew our agreements for Bettendorf and Waterloo when they expire in 2025 and 2021, respectively.

The Federal Interstate Horse Racing Act and the state racing laws in certain jurisdictions where we have racetracks require that, in order to simulcast races, we have written agreements with the horse owners and trainers at those racetracks or that we share proceeds of slot machines at the applicable racetrack. If we fail to maintain operative agreements with the horsemen at our racetracks, we will not be permitted to conduct live racing and export and import simulcasting, and may not be permitted to continue our gaming operations, at the applicable racetrack at those facilities, which could have material adverse effect on our business, financial condition and results of operations.

We have a management agreement with Nemacolin Woodlands Resort, the owner of the gaming license issued by the Pennsylvania Gaming Control Board allowing operation of a casino at the resort. Under the terms of this agreement, we constructed and currently operate a casino at the resort. Our management agreement is subject to a buy-out provision on or after December 31, 2021, as well as other terms and conditions which could result in termination of the management agreement. The base term of the agreement is ten years, with four, five-year renewal options. Additionally, each party to the management agreement has certain termination rights. If the management agreement is terminated, we will no longer have the right to manage our casino at Nemacolin Woodlands Resort.

We are subject to extensive state and local regulation and licensing, and gaming authorities have significant control over our operations, which could have an adverse effect on our business

Licensing Requirements. The ownership and operation of casino gaming, riverboat and horseracing facilities are subject to extensive federal, state, and local regulation, and regulatory authorities at the federal, state, and local levels have broad powers with respect to the licensing of gaming businesses and may revoke, suspend, condition or limit our gaming or other licenses, impose substantial fines, and take other actions, each of which poses a significant risk to our business, financial condition, and results of operations. We currently hold all state and local licenses and related approvals necessary to conduct our present gaming operations, but we must periodically apply to renew many of our licenses and registrations. We cannot assure you that we will be able to obtain such renewals. Any failure to maintain or renew our existing licenses, registrations, permits or approvals would have a material adverse effect on us. Furthermore, if additional laws or regulations are adopted or existing laws or regulations are amended, these regulations could impose additional restrictions or costs that could have a significant adverse effect on us.

Gaming authorities with jurisdiction over our operations may, in their discretion, require the holder of any securities issued by us to file applications, be investigated, and be found suitable to own our securities if they have reason to believe that the security ownership would be inconsistent with the declared policies of their respective jurisdictions. Further, the costs of any investigation conducted by any of the Gaming Authorities under these circumstances must be paid by the applicant, and refusal or failure to pay these charges may constitute grounds for a finding that the applicant is unsuitable to own the securities. If any of the Gaming Authorities determines that a person is unsuitable to own our securities, then, under the applicable gaming or horse racing laws and regulations, we can be sanctioned, including the loss of approvals that are required for us to continue our gaming operations in the relevant jurisdictions, if such unsuitable person does not timely sell our securities.

Our officers, directors, and key employees are also subject to a variety of regulatory requirements and various licensing and related approval procedures in the various jurisdictions in which we operate gaming facilities. If any of the applicable Gaming Authorities were to find an officer, director or key employee of ours unsuitable for licensing or unsuitable to continue having a relationship with us, we would have to sever all relationships with that person. Furthermore, the Gaming Authorities may require us to terminate the employment of any person who refuses to file appropriate applications. Either result could materially adversely affect our gaming operations.

Applicable gaming laws and regulations restrict our ability to issue securities, incur debt and undertake other financing activities. Such transactions would generally require approval of applicable Gaming Authorities, and our financing counterparties, including lenders, might be subject to various licensing and related approval procedures in the various jurisdictions in which we operate gaming facilities. If state regulatory authorities were to find any person unsuitable with regard to his, her or its relationship to us or any of our subsidiaries, we would be required to sever our relationships with that person, which could materially adversely affect our business.

Compliance with Other Laws. We are also subject to a variety of other federal, state and local laws, rules, regulations and ordinances that apply to non-gaming businesses, including zoning, environmental, construction and land-use laws and regulations governing smoking and the serving of alcoholic beverages. Legislation in various forms to ban indoor tobacco smoking has been enacted or introduced in many states and local jurisdictions, including several of the jurisdictions in which we operate. If additional restrictions on smoking are enacted in our jurisdictions, we could experience a significant decrease in gaming revenue and, particularly if such restrictions are not applicable to all competitive facilities in that gaming market, our business could be materially adversely affected. Under various federal, state and local laws and regulations, an owner or operator of real property may be held liable for the costs of removal or remediation of certain hazardous or toxic substances or wastes located on its property, regardless of whether or not the present owner or operator knows of, or is responsible for, the presence of such substances or wastes. We have not identified any issues associated with our properties that could reasonably be expected to have a material adverse effect on us or the results of our operations. However, several of our properties are located in industrial areas or were used for industrial purposes for many years. As a consequence, it is possible that historical or neighboring activities have affected one or more of our properties and that, as a result, environmental issues could arise in the future, the precise nature of which we cannot now predict. The coverage and attendant compliance costs associated with these laws, regulations and ordinances may result in future additional costs.

Regulations adopted by FINCEN require us to report currency transactions in excess of $10,000 occurring within a gaming day, including identification of the patron by name and social security number. U.S. Treasury Department regulations also require us to report certain suspicious activity, including any transaction that exceeds $5,000, if we know, suspect or have reason to believe that the transaction involves funds from illegal activity or is designed to evade federal regulations or reporting requirements. Substantial penalties can be imposed if we fail to comply with these regulations. FINCEN has recently increased its focus on gaming companies.

We are required to report certain customer's gambling winnings via form W-2G to comply with current Internal Revenue Service regulations. Should these regulations change, we would expect to incur additional costs to comply with the revised reporting requirements.

Taxation and Fees. In addition, gaming companies are generally subject to significant revenue-based taxes and fees in addition to normal federal, state, and local income taxes, and such taxes and fees are subject to increase at any time. We pay substantial taxes and fees with respect to our operations. From time to time, federal, state, and local legislators and officials have proposed changes in tax laws, or in the administration of such laws, affecting the gaming industry. In addition, worsening economic conditions could intensify the efforts of state and local governments to raise revenues through increases in gaming taxes and/or property taxes. It is not possible to determine with certainty the likelihood of changes in tax laws or in the administration of such laws. Such changes, if adopted, could have a material adverse effect on our business, financial condition and results of operations. The large number of state and local governments with significant current or projected budget deficits makes it more likely that those governments that currently permit gaming will seek to fund such deficits with new or increased gaming taxes and/or property taxes, and worsening economic conditions could intensify those efforts. Any material increase, or the adoption of additional taxes or fees, could have a material adverse effect on our future financial results.

Income Taxes. We are subject to tax in multiple U.S. tax jurisdictions. Significant judgment is required in determining our provision for income taxes, deferred tax assets or liabilities and in evaluating our tax positions. While we believe our tax positions are consistent with the tax laws in the jurisdictions in which we conduct our business, it is possible that these positions may be overturned by jurisdictional tax authorities, which may have a significant impact on our provision for income taxes.

Tax laws are dynamic and subject to change as new laws are passed and new interpretations of the law are issued or applied. The U.S. recently enacted significant tax reform, and certain provisions of the new law may adversely affect us. In addition, governmental tax authorities are increasingly scrutinizing the tax positions of companies. If U.S. or state tax authorities change applicable tax laws, our overall taxes could increase, and our business, financial condition or results of operations may be adversely impacted.

We rely on our key personnel and we may face difficulties in attracting and retaining qualified employees for our casinos and race tracks

Our future success will depend upon, among other things, our ability to keep our senior executives and highly qualified employees. We compete with other potential employers for employees, and we may not succeed in hiring or retaining the executives and other employees that we need. A sudden loss of or inability to replace key employees could have a material adverse effect on our business, financial condition and results of operation.

In addition, the operation of our business requires qualified executives, managers and skilled employees with gaming and horse racing industry experience and qualifications who are able to obtain the requisite licenses and approval from the applicable Gaming Authorities. While not currently the case, there has from time to time been a shortage of skilled labor in our markets. In addition to limitations that may otherwise exist in the supply of skilled labor, the continued expansion of gaming near our facilities, including the expansion of Native American gaming, may make it more difficult for us to attract qualified individuals. While we believe that we will continue to be able to attract and retain qualified employees, shortages of skilled labor will make it increasingly difficult and expensive to attract and retain the services of a satisfactory number of qualified employees, and we may incur higher costs than expected as a result.

Work stoppages, organizing drives and other labor problems could negatively impact our future profits

As of December 31, 2017, we had 11 collective bargaining agreements covering approximately 970 employees. A lengthy strike or other work stoppages at any of our casino properties could have an adverse effect on our business and results of operations. Given the large number of employees, labor unions are making a concerted effort to recruit more employees in the gaming industry, including at some of our properties. As a result, we cannot provide any assurance that we will not experience additional and more successful union organization activity in the future.

Some of our casinos are located on leased property. If we default on one or more leases, the applicable lessors could terminate the affected leases and we could lose possession of the affected casino

We lease certain parcels of land on which several of our properties are located. As a ground lessee, we have the right to use the leased land; however, we do not hold fee ownership in the underlying land. Accordingly, with respect to the leased land, we will have no interest in the land or improvements thereon at the expiration of the ground leases. Moreover, since we do not completely control the land underlying the property, a landowner could take certain actions to disrupt our rights in the land leased under the long-term leases which are beyond our control. If the entity owning any leased land chose to disrupt our use either permanently or for a significant period of time, then the value of our assets could be impaired and our business and operations could be adversely affected. If we were to default on any one or more of these leases, the applicable lessors could terminate the affected leases and we could lose possession of the affected land and any improvements on the land, including the hotels and casinos. This would have a significant adverse effect on our business, financial condition and results of operations as we would then be unable to operate all or portions of the affected facilities and may result in the default under our new credit facility.

Because we own real property, we will be subject to extensive environmental regulation, which creates uncertainty regarding future environmental expenditures and liabilities

We are subject to various federal, state and local environmental, health and safety laws and regulations that govern activities that may have adverse environmental effects, such as discharges to air and water, as well as the use, storage, discharge, emission and disposal of solid, animal and hazardous wastes and exposure to hazardous materials. These laws and regulations are complex and frequently subject to change. In addition, our horseracing facilities are subject to laws and regulations that address the impacts of manure and wastewater generated by Concentrated Animal Feeding Operations (“CAFO”) on water quality, including, but not limited to, storm water discharges. CAFO regulations include permit requirements and water quality discharge standards. Enforcement of CAFO regulations has been receiving increased governmental attention. Compliance with these and other environmental laws can, in some circumstances, require significant capital expenditures. We have from time to time been responsible for investigating and remediating, or contributing to remediation costs related to, contamination located at or near certain of our facilities, including contamination related to underground storage tanks and groundwater contamination arising from prior uses of land on which certain of our facilities are located. In addition, we have been, and may in the future be, required to manage, abate, remove or contain manure and wastewater generated by concentrated animal feeding operations due to our racetrack operations, mold, lead, asbestos-containing materials or other hazardous conditions found in or on our properties. Moreover, violations can result in significant fines or penalties and, in some instances, interruption or cessation of operations.

We are also subject to laws and regulations that create liability and cleanup responsibility for releases of regulated materials into the environment. Certain of these laws and regulations impose strict, and under certain circumstances joint and several, liability on a current or previous owner or operator of property for the costs of remediating regulated materials on or emanating from its property. The costs of investigation, remediation or removal of those substances may be substantial.

An earthquake, hurricane, flood, other natural disaster or act of terrorism could adversely affect our business

The operations of our facilities are subject to disruption or reduced patronage as a result of severe weather conditions, natural disasters and other casualty events. The Reno area has been, and may in the future be, subject to earthquakes and other natural disasters and Eldorado Shreveport is located in a designated flood zone. Because many of our gaming operations are located on or adjacent to bodies of water, these facilities are subject to risks in addition to those associated with other casinos, including loss of service due to casualty, forces of nature, mechanical failure, extended or extraordinary maintenance, flood, hurricane or other severe weather conditions and other disasters. For example, flooding along the Mississippi River can impact five or more of our properties and result in them being closed for differing periods of time. Our properties in Florida and Louisiana are particularly vulnerable to hurricanes, wind and storm surge. Our Pompano property was closed for four days in 2017 because of storms. In addition, severe weather such as high winds and blizzards occasionally limits access to our land-based facilities in Colorado and Reno. Inadequate insurance or lack of available insurance for these and other certain types or levels of risk could expose us to significant losses in the event that a catastrophe occurred for which we are underinsured. In addition to the damage caused to our properties by a casualty loss, we may suffer business disruption as a result of the casualty event or be subject to claims by third parties that may be injured or harmed. While we carry general liability insurance and business interruption insurance, there can be no assurance that insurance will be available or adequate to cover all loss and damage to which our business or our assets might be subjected. In addition, certain casualty events, such as labor strikes, nuclear events, loss of income due to terrorism, deterioration or corrosion, insect or animal damage and pollution, may not be covered under our policies. Any losses we incur that are not adequately covered by insurance may decrease our future operating income, require us to fund replacements or repairs for destroyed property and reduce the funds available for payments of our obligations. Further, we renew our insurance policies on an annual basis. The cost of coverage may become so high that we may need to further reduce our policy limits or agree to certain exclusions from coverage. Among other factors, it is possible that regional political tensions, homeland security concerns, other catastrophic events or any change in government legislation governing insurance coverage for acts of terrorism could materially adversely affect available insurance coverage and result in increased premiums on available coverage (which may cause us to elect to reduce our policy limits), additional exclusions from coverage or higher deductibles. Among other potential future adverse changes, in the future we may elect to not, or may not be able to, obtain any coverage for losses due to acts of terrorism.

We are subject to risks relating to mechanical failure, forces of nature, casualty, extraordinary maintenance and other causes

All of our facilities will generally be subject to the risk that operations could be halted for a temporary or extended period of time, as the result of casualty, forces of nature, mechanical failure, or extended or extraordinary maintenance, among other causes. In addition, our gaming operations could be damaged or halted due to extreme weather conditions. These risks are particularly pronounced at our riverboat and dockside facilities because of their locations on and adjacent to water.

We are or may become involved in legal proceedings that, if adversely adjudicated or settled, could impact our business and financial condition

From time to time, we are named in lawsuits or other legal proceedings relating to our respective businesses. In particular, the nature of our business subjects us to the risk of lawsuits filed by customers, past and present employees, competitors, business partners and others in the ordinary course of business. As with all legal proceedings, no assurances can be given as to the outcome of these matters. Moreover, legal proceedings can be expensive and time consuming, and we may not be successful in defending or prosecuting these lawsuits, which could result in settlements or damages that could significantly impact our business, financial condition and results of operations.

Our information technology and other systems are subject to cyber security risk including misappropriation of customer information or other breaches of information security

We collect information relating to our guests and employees for various business purposes, including marketing and promotional purposes. The collection and use of personal data are governed by privacy laws and regulations enacted in the United States. We rely on information technology and other systems to maintain and transmit this personal and financial information, credit card settlements, credit card funds transmissions, mailing lists and reservations information. Our information and processes are subject to the ever-changing threat of compromised security, in the form of a risk of potential breach, system failure, computer virus, or unauthorized or fraudulent use by customers, company employees, or employees of third party vendors. The steps we take to deter and mitigate these risks may not be successful, and any resulting compromise or loss of data or systems could adversely impact, operations or regulatory compliance and could result in remedial expenses, fines, litigation, and loss of reputation, potentially impacting our financial results.

In addition, third party service providers and other business partners process and maintain proprietary business information and data related to our guests, suppliers and other business partners. Our information technology and other systems that maintain and transmit this information, or those of service providers or business partners, may also be compromised by a malicious third party penetration of our network security or that of a third party service provider or business partner, or impacted by intentional or unintentional actions or inactions by our employees or those of a third party service provider or business partner. As a result, our business information, guest, supplier, and other business partner data may be lost, disclosed, accessed or taken without their consent.

Any such loss, disclosure or misappropriation of, or access to, guests' or business partners' information or other breach of our information security can result in legal claims or legal proceedings, including regulatory investigations and actions, may have a serious impact on our reputation and may adversely affect our businesses, operating results and financial condition. Furthermore, the loss, disclosure or misappropriation of our business information may adversely affect our reputation, businesses, operating results and financial condition.

Our operations have historically been subject to seasonal variations and quarterly fluctuations in operating results, and we can expect to experience such variations and fluctuations in the future

Historically, our operations have typically been subject to seasonal variations. Our strongest operating results for our Reno properties have generally occurred in the second and third quarters and the weakest results have generally occurred during the period from November through February when weather conditions adversely affected operating results. Winter conditions can frequently adversely affect transportation routes to Reno, where a significant of our visitors arrive by ground transportation, and certain of our other properties and cause cancellations of live horse racing. For example, the Reno-Tahoe area experienced exceptionally high levels of snowfall in the first quarter of 2017, with certain resorts in the Tahoe area reporting over 50 feet of snowfall during such time, which adversely affected visitation to our Reno properties and adversely affected our results of operations for the first quarter. As a result, unfavorable seasonal conditions could have a material adverse effect on our operations.

The concentration and evolution of the slot machine manufacturing industry could impose additional costs on us

There are a limited number of slot machine manufacturers servicing the gaming industry and a large majority of our revenues are derived from slot machines at our casinos. It is important, for competitive reasons, that we offer the most popular and up-to-date slot machine games with the latest technology to customers.

In recent years, slot machine manufacturers have frequently refused to sell slot machines featuring the most popular games, instead requiring participating lease arrangements. Generally, a participating lease is substantially more expensive over the long-term than the cost to purchase a new slot machine.

For competitive reasons, we may be forced to acquire new slot machines, slot machine systems or gaming and hotel technology and equipment, or enter into participating lease arrangements, that are more expensive than our costs associated with the continued operation of our existing slot machines, equipment and software. If the newer slot machines, equipment or software do not result in sufficient incremental revenues to offset the increased investment, or if we are unable to successfully implement new software or technology, it could adversely affect our operations and profitability.

We face risks associated with growth and acquisitions

As part of our business strategy, we regularly evaluate opportunities for growth through development of gaming operations in existing or new markets, through acquiring other gaming entertainment facilities or through redeveloping our existing gaming facilities. In the future, we may also pursue expansion opportunities, including joint ventures, in jurisdictions where casino gaming is not currently permitted in order to be prepared to develop projects upon approval of casino gaming.

Although we only intend to engage in acquisitions that, if consummated, will be accretive to us and our stockholders, we cannot be sure that we will be able to identify attractive acquisition opportunities or that we will experience the return on investment that we expect. In addition, acquisitions require significant management attention and resources to integrate new properties, businesses and operations. Potential difficulties we may encounter as part of the integration process include:

- the inability to successfully incorporate acquired assets in a manner that permits us to achieve the full revenue and other benefits anticipated to result from the acquired operations;
- complexities associated with managing the combined business, including difficulties addressing possible differences in cultures and management philosophies and the challenge of integrating complex systems, technology, networks and other assets of each of the companies in a seamless manner that minimizes any adverse impact on customers, suppliers, employees and other constituencies; and
- potential unknown liabilities and unforeseen increased expenses associated with acquired properties.

In addition, it is possible that the integration process could result in:

- diversion of the attention of our management;
- the disruption of, or the loss of momentum in, our ongoing businesses; and
- inconsistencies in standards, controls, procedures and policies,

any of which could adversely affect our ability to maintain relationships with customers, suppliers, employees and other constituencies or our ability to achieve the anticipated benefits, or could reduce our earnings or otherwise adversely affect our business and financial results.

There can be no assurance that we will be able to identify, acquire, develop or profitably manage additional companies or operations or successfully integrate such companies or operations, into our existing operations without substantial costs, delays or other problems. Additionally, there can be no assurance that we will receive gaming or other necessary licenses or approvals for new projects that we may pursue or that gaming will be approved in jurisdictions where it is not currently approved.

We may experience construction delays or cost overruns during our expansion or development projects that could adversely affect our operations

From time to time, we may commence construction projects on new properties or at our current properties. We also evaluate other expansion opportunities as they become available and may in the future engage in additional construction projects. The anticipated costs and construction periods for construction projects are based upon budgets, conceptual design documents and construction schedule estimates prepared by us in consultation with our architects. Construction projects entail significant risks, which can substantially increase costs or delay completion of a project. Such risks include shortages of materials or skilled labor, unforeseen engineering, environmental or geological problems, work stoppages, weather interference and unanticipated cost increases. Most of these factors are beyond our control. In addition, difficulties or delays in obtaining any of the requisite licenses, permits or authorizations from regulatory authorities can increase the cost or delay the completion of an expansion or development. Significant budget overruns or delays with respect to expansion and development projects could adversely affect our results of operations.

Our planned capital expenditures may not result in our expected improvements in our business

We regularly expend capital to construct, maintain and renovate our properties to remain competitive, maintain the value and brand standards of our properties and comply with applicable laws and regulations. Our ability to realize the expected returns on our capital investments is dependent on a number of factors, including, general economic conditions; changes to construction plans and specifications; delays in obtaining or inability to obtain necessary permits, licenses and approvals; disputes with contractors; disruptions to our business caused by construction; and other unanticipated circumstances or cost increases.

While we believe that the overall budgets for our planned capital expenditures are reasonable, these costs are estimates and the actual costs may be higher than expected. In addition, we can provide no assurance that these investments will be sufficient or that we will realize our expected returns on our capital investments, or any returns at all. A failure to realize our expected returns on capital investments could materially adversely affect our business, financial condition and results of operations.

We may incur impairments to goodwill, indefinite-lived intangible assets, or long-lived assets, which could negatively affect our operating results

As of December 31, 2017, we had $1.7 billion of goodwill and other intangible assets. We perform annual impairment testing for goodwill and indefinite-lived intangible assets as of October 1, or on an interim basis if indicators of impairment exist. For properties with goodwill and/or other intangible assets with indefinite lives, these tests could require the comparison of the implied fair value of each reporting unit to carrying value. During the fourth quarter of 2017, we recorded an impairment charge totaling $38.0 million to reduce the carrying value of goodwill and/or trade names related to our Lake Charles, Lula and Vicksburg reporting units.

We must make various assumptions and estimates in performing our impairment testing. The implied fair value includes estimates of future cash flows that are based on reasonable and supportable assumptions which represent our best estimates of the cash flows expected to result from the use of the assets including their eventual disposition and by a market approach based upon valuation multiples for similar companies. Changes in estimates, increases in our cost of capital, reductions in transaction multiples, operating and capital expenditure assumptions or application of alternative assumptions and definitions, could produce significantly different results.

We also evaluate long-lived assets for impairment if indicators of impairment exist. In assessing the recoverability of the carrying value of such property, equipment and other long-lived assets, we make assumptions regarding future cash flows and residual values.

Future cash flow estimates are, by their nature, subjective and actual results may differ materially from our estimates. If our ongoing estimates of future cash flows are not met, we may have to record additional impairment charges in future accounting periods. Our estimates of cash flows are based on the current regulatory, social and economic climates, recent operating information and budgets, and current operating plans of the various properties where we conduct operations. These estimates could be negatively impacted by changes in federal, state or local regulations, economic downturns, internal operating decisions, or other events affecting various forms of travel and access to our properties.

Risks Related to our Capital Structure and Equity Ownership

We have significant indebtedness

As of December 31, 2017, we and our restricted subsidiaries had $2.2 billion of total indebtedness outstanding consisting of $956.8 million outstanding under our term loan facility (the “New Term Loan Facility” or “New Term Loan”), $875.0 million in aggregate principal amount of outstanding 6.0% senior notes due 2025 (the “6% Senior Notes”) and $375.0 million in aggregate principal amount of outstanding 7.0% senior notes due 2023 (the “7% Senior Notes”). As of December 31, 2017, we had no borrowings outstanding under our $300.0 million revolving credit facility (the “New Revolving Credit Facility” and, together with the New Term Loan, the “New Credit Facility”). This indebtedness may have important negative consequences for us, including:

- limiting our ability to satisfy our obligations;
- increasing our vulnerability to general adverse economic and industry conditions;

- limiting our flexibility in planning for, or reacting to, changes in our businesses and the markets in which we operate;
- placing us at a competitive disadvantage compared to competitors that have less debt;
- increasing our vulnerability to, and limiting our ability to react to, changing market conditions, changes in our industry and economic downturns;
- limiting our ability to obtain additional financing to fund working capital requirements, capital expenditures, debt service, acquisitions, general corporate or other obligations;
- subjecting us to a number of restrictive covenants that, among other things, limit our ability to pay dividends and distributions, make acquisitions and dispositions, borrow additional funds, and make capital expenditures and other investments;
- restricting our and our wholly-owned subsidiaries ability to make dividend payments and other payments;
- limiting our ability to use operating cash flow in other areas of our business because we must dedicate a significant portion of these funds to make principal and/or interest payments on our outstanding debt;
- exposing us to interest rate risk due to the variable interest rate on borrowings under our New Credit Facility;
- causing our failure to comply with the financial and restrictive covenants contained in our current or future indebtedness, which could cause a default under such indebtedness and which, if not cured or waived, could have a material adverse effect on us; and
- affecting our ability to renew gaming and other licenses necessary to conduct our business.

Despite our current indebtedness levels, we and our subsidiaries may still incur significant additional indebtedness. Incurring more indebtedness could increase the risks associated with our substantial indebtedness

We and our subsidiaries may be able to incur substantial additional indebtedness, including additional secured indebtedness, in the future. As of December 31, 2017, we had $291.6 million of borrowing capacity, after consideration of $8.4 million in outstanding letters of credit, under our New Credit Facility. Our existing debt agreements currently permit, and we expect that agreements governing debt that we incur in the future will permit, us to incur certain other additional secured and unsecured debt. Further, we may incur other liabilities that do not constitute indebtedness. The risks that we face based on our outstanding indebtedness may intensify if we incur additional indebtedness in the future.

We may not be able to generate sufficient cash to service all of our indebtedness and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful

Our ability to make scheduled payments on or to refinance our debt obligations depends on our financial condition and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business, legislative, regulatory and other factors beyond our control. We cannot assure you that we will maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay investments and capital expenditures, or to sell assets, seek additional capital or restructure or refinance our indebtedness. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations. If our operating results and available cash are insufficient to meet our debt service obligations, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. We may not be able to consummate those dispositions or to obtain the proceeds that we could realize from them, and these proceeds may not be adequate to meet any debt service obligations then due. Additionally, the agreements governing our existing debt limit the use of the proceeds from any disposition; as a result, we may not be allowed, under these documents, to use proceeds from such dispositions to satisfy all current debt service obligations.

The agreements governing our debt impose significant operating and financial restrictions on us and our subsidiaries, which may prevent us from capitalizing on business opportunities

The agreements governing our existing debt impose significant operating and financial restrictions on us. These restrictions limit our ability, among other things, to:

- incur additional debt;
- create liens or other encumbrances;
- pay dividends or make other restricted payments;
- agree to payment restrictions affecting our restricted subsidiaries;
- prepay subordinated indebtedness;
- make investments, loans or other guarantees;
- sell or otherwise dispose of a portion of our assets; or
- make acquisitions or merge or consolidate with another entity.

In addition, the credit agreement governing the New Credit Facility contains certain financial covenants, including minimum interest coverage ratio and maximum total leverage ratio covenants.

As a result of these covenants and restrictions, we are limited in how we conduct our business and we may be unable to raise additional debt or equity financing to compete effectively or to take advantage of new business opportunities. The restrictions caused by such covenants could also place us at a competitive disadvantage to less leveraged competitors.

A failure to comply with the covenants contained in the agreements governing our existing or future indebtedness could result in an event of default, which, if not cured or waived, could result in the acceleration of the indebtedness and have a material adverse effect on our business, financial condition and results of operations. If our indebtedness were to be accelerated, there can be no assurance that our assets would be sufficient to repay such indebtedness in full. Moreover, in the event that such indebtedness is accelerated, there can be no assurance that we will be able to refinance it on acceptable terms, or at all.

The market price of our common stock could fluctuate significantly

The U.S. securities markets in general have experienced significant price fluctuations in recent years. The market price of our common stock may be volatile and subject to wide fluctuations. In addition, the trading volume of our common stock may fluctuate and cause significant price variations to occur. Some of the factors that could cause fluctuations in, or have a material adverse effect on, the stock price or trading volume of our common stock include:

- general market and economic conditions, including market conditions in the hotel and casino industries;
- actual or expected variations in operating results;
- differences between actual operating results and those expected by investors and analysts;
- changes in recommendations by securities analysts;
- operations and stock performance of competitors;
- accounting charges, including charges relating to the impairment of goodwill;
- significant acquisitions or strategic alliances by us or by competitors;
- sales of our common stock or other securities in the future, including sales by our directors and officers or significant investors;
- recruitment or departure of key personnel;
- conditions and trends in the gaming and entertainment industries;
- changes in the estimate of the future size and growth of our markets; and
- changes in reserves for professional liability claims.

We cannot assure you that the stock price of our common stock will not fluctuate or decline significantly in the future. In addition, the stock market in general can experience considerable price and volume fluctuations that may be unrelated to our performance. If the market price of our common stock fluctuates significantly, we may become the subject of securities class action litigation which may result in substantial costs and a diversion of management's attention and resources.

We have not historically paid dividends and may not pay dividends in the future

We do not currently expect to pay dividends on its common stock. Any determination to pay dividends in the future will be at the discretion of our board of directors and will depend upon among other factors, our earnings, cash requirements, financial condition, requirements to comply with the covenants under its debt instruments, legal considerations, and other factors that our board of directors deems relevant. In addition, the agreements governing our indebtedness restrict its ability to pay dividends. If we do not pay dividends, then the return on an investment in its common stock will depend entirely upon any future appreciation in its stock price. There is no guarantee that our common stock will appreciate in value or maintain its value.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

Information relating to the location and general characteristics of our properties is provided in Part I, Item I, Business, Properties.

As of December 31, 2017, our facilities are located on property that we own or lease, as follows:

- We lease approximately 30,000 square feet on the approximately 159,000 square foot parcel on which Eldorado Reno is located, in Reno, Nevada.
- We own two parcels of property totaling 38,000 square feet across the street from Eldorado Reno and two adjacent parcels totaling 18,687 square feet.
- We own five acres of land in Reno, Nevada where the Silver Legacy is located.
- Circus Reno leases approximately 36,000 square feet on the approximately 10 acres on which Circus Reno is located, in Reno, Nevada.
- We lease approximately nine acres of land in Shreveport, Louisiana on which Eldorado Shreveport is located.
- Mountaineer is located on approximately 1,680 acres of land that we own in Chester, Hancock County, West Virginia. Included in the 1,680 acres of land is approximately 1,290 acres of land that are considered non-operating real properties.
- Scioto Downs is located on approximately 208 acres of land that we own in Columbus, Ohio.
- Presque Isle Downs is located on 272 acres of land that we own in Summit Township, Erie County, Pennsylvania. In addition, we own two other parcels of land: a 213-acre site in McKean Township, Pennsylvania and a 6-acre site in Summit Township that formerly housed an off-track wagering facility, each of which are considered non-operating real properties.
- We own approximately 10 acres of land in Black Hawk, Colorado for use in connection with our Black Hawk operations. The property leases an additional parcel of land adjoining the Isle-Black Hawk where the Lady Luck Hotel and parking lot are located. We own or lease approximately seven acres of land in Black Hawk, Colorado for use in connection with the Lady Luck-Black Hawk. The property leases an additional parcel of land near the Lady Luck-Black Hawk for parking as described above.
- We own approximately 223 acres of land at Pompano.
- We own approximately 2.7 acres and lease approximately 16.2 acres of land in Calcasieu Parish, Louisiana for use in connection with our Lake Charles operations.

- We own approximately 24.6 acres of land in Bettendorf, Iowa used in connection with the operations of our Bettendorf property. We also operate under a long-term lease with the City of Bettendorf, the QC Waterfront Convention Center that is adjacent to our northernmost hotel tower. We also lease approximately eight acres of land on a month-to-month basis.
- We own approximately 54 acres of land in Waterloo, Iowa used in connection with the operation of our Waterloo property.
- We lease approximately 1,000 acres of land in Coahoma County, Mississippi and utilize approximately 50 acres in connection with the operations in Lula, Mississippi. We also own approximately 100 acres in Coahoma County, which may be utilized for future development.
- We own approximately 60 acres in Vicksburg, Mississippi which are used in connection with the operations of our Vicksburg property.
- We lease our 27 acre casino site in Boonville, Missouri.
- We own approximately 22 acres in Cape Girardeau, Missouri which are used in connection with the operations of our Cape Girardeau property.
- We own approximately 37 acres, including our riverboat casino in Caruthersville, Missouri.
- We lease approximately 28 acres of land in connection with the operation of our Kansas City property.
- We operate under a lease for 30 acres of land and building in which we operate our Nemacolin casino.
- We lease our principal corporate offices in Reno, Nevada and Creve Coeur, Missouri.

We own additional property and have various property leases and options to either lease or purchase property that are not directly related to our existing operations and that may be utilized in the future in connection with expansion projects at our existing facilities or development of new projects.

Substantially all of our assets are pledged to secure our outstanding indebtedness under the senior notes and credit obligations.

Item 3. Legal Proceedings.

We are a party to various legal and administrative proceedings, which have arisen in the normal course of our business. Estimated losses are accrued for these proceedings when the loss is probable and can be estimated. The current liability for the estimated losses associated with these proceedings is not material to our consolidated financial condition and those estimated losses are not expected to have a material impact on our results of operations. In addition, we maintain what we believe is adequate insurance coverage to further mitigate the risks of such proceedings. However, such proceedings can be costly, time consuming and unpredictable and, therefore, no assurance can be given that the final outcome of such proceedings may not materially impact our consolidated financial condition or results of operations. Further, no assurance can be given that the amount of scope of existing insurance coverage will be sufficient to cover losses arising from such matter.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrants' Common Equity and Related Stockholder Matters and Issuer Purchases of Equity Securities.

Our Common Stock is quoted on the NASDAQ Global Select Market under the symbol "ERI". On February 23, 2018, the NASDAQ Official Closing Price for our common stock was $33.55. As of February 23, 2018, there were approximately 568 holders of record of our common stock.

We have not paid any cash dividends on our common stock. We intend to retain all of our earnings to finance the development of our business, and thus, do not anticipate paying cash dividends on our common stock for the foreseeable future. Payment of any cash dividends in the future will be at the discretion of our Board of Directors and will depend upon, among other things, our future earnings, operations and capital requirements, our general financial condition and general business conditions. In addition, our senior secured credit facility and senior notes restrict, among other things, our ability to pay dividends. In addition, future financing arrangements may prohibit the payment of dividends under certain conditions. For further information relating to our and our subsidiaries' dividend policies, see Part II, Item 7, *Liquidity and Capital Resources*, included in this report.

The following table sets forth the range of high and low closing sale prices for our common stock for two most recent fiscal years.

	Stock Price	
	High	Low
Year ended December 31, 2017:		
First quarter	$ 19.70	$ 15.10
Second quarter	21.60	17.80
Third quarter	25.65	19.10
Fourth quarter	33.95	24.05
Year ended December 31, 2016:		
First quarter	$ 11.60	$ 9.17
Second quarter	15.27	11.16
Third quarter	15.32	13.59
Fourth quarter	16.95	10.80

Equity Compensation Plan Information

The following table sets forth information as of December 31, 2017, with respect to compensation plans under which equity securities that we have authorized for issuance.

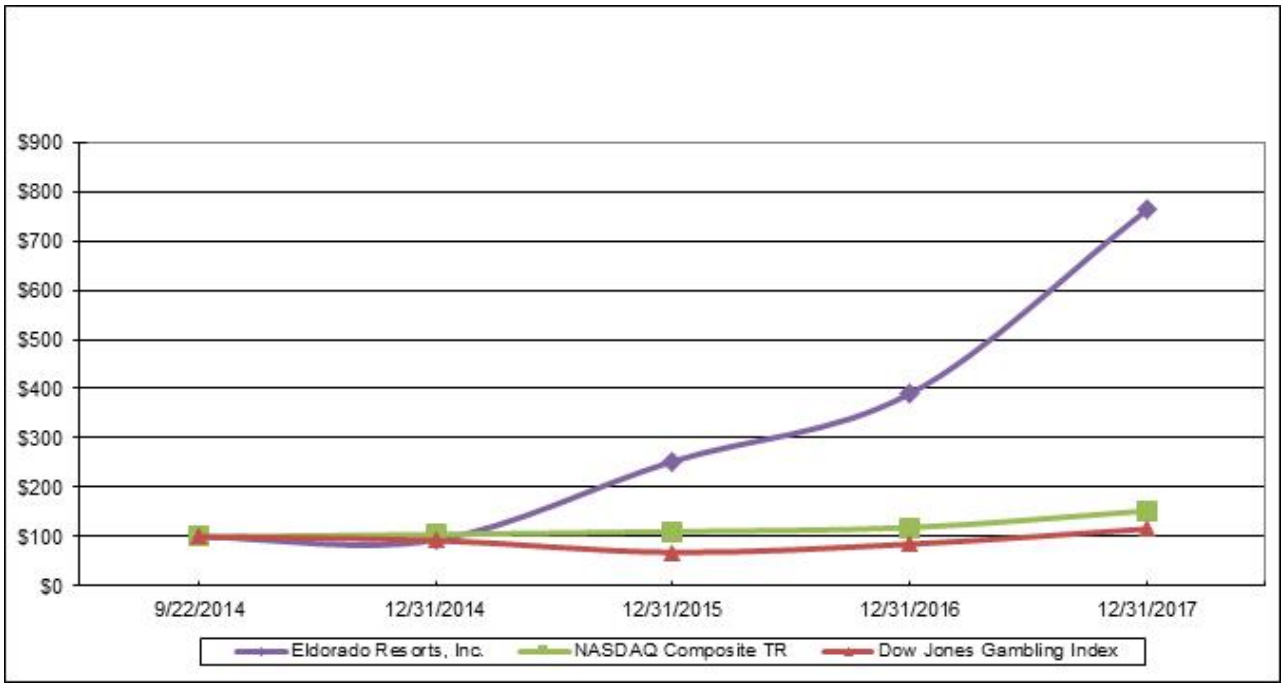
Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
MTR Gaming Group, Inc. 2010 Long Term Incentive Plan	30,600	$ 3.98	—
Isle of Capri Casinos, Inc. Second Amended and Restated 2009 Long Term Stock Incentive Plan	316,231	$ 12.43	—
Eldorado Resorts, Inc. 2015 Equity Incentive Plan	1,504,520	$ 11.91	1,508,162

The Eldorado Resorts, Inc. 2015 Equity Incentive Plan, the Isle of Capri Casinos, Inc. Second Amended and Restated 2009 Long Term Incentive Plan and the MTR Gaming Group, Inc. 2010 Long Term Incentive Plan were approved by stockholders. No future equity awards will be made pursuant to the Isle of Capri Casinos, Inc. Second Amended and Restated 2009 Long Term Incentive Plan and the MTR Gaming Group, Inc. 2010 Long Term Incentive Plan. However, outstanding awards granted under the acquired plans will continue unaffected.

Stock Performance Graph

The following graph demonstrates a comparison of cumulative total returns of the Company, the NASDAQ Market Index (which is considered to be a broad index) and the Dow Jones US Gambling Index for the period since our common stock began trading on September 22, 2014. The following graph assumes $100 invested in each of the above groups and the reinvestment of dividends, if applicable.

Comparison of Cumulative Total Return
Assumes Initial Investment of $100
December 2017



Past stock price performance is not necessarily indicative of future results. The performance graph should not be deemed filed or incorporated by reference into any other of our filings under the Securities Act of 1933 or the Exchange Act of 1934, unless we specifically incorporate the performance graph by reference therein.

Item 6. Selected Financial Data.

The following table sets forth selected consolidated financial data of the Company as of and for each of the five years ended December 31, 2017. This information should be read in conjunction with "*Item 7 – Management's Discussion and Analysis of Financial Condition and Results of Operations*" and the audited consolidated financial statements and notes thereto contained elsewhere in this Annual Report on Form 10-K. Operating results for the periods presented below are not necessarily indicative of the results that may be expected for future years.

The presentation of information herein for periods prior to our acquisitions of the Reno properties, MTR and Isle are not fully comparable because the results of operations for Isle, Circus Reno and MTR Gaming are not included for periods prior to such acquisitions and the results of operations of the Silver Legacy Joint Venture were not consolidated prior to our acquisition of the Reno properties (see Note 1 below).

SELECTED CONSOLIDATED FINANCIAL DATA
(dollars in thousands)

	Year Ended December 31,				
	2017	2016	2015	2014	2013
Consolidated Statement of Operations Data:					
Net operating revenues	$ 1,473,504	$ 892,896	$ 719,784	$ 361,823	$ 247,186
Operating income	94,869	89,118	72,516	17,555	22,582
Net (loss) income before income taxes (1)	(43,330)	38,046	44,603	(12,554)	18,897
Net income (loss)	73,940	24,802	114,183	(14,322)	18,897
Less: Net loss attributable to non-controlling interest (2)	—	—	—	(103)	—
Net income (loss) attributable to the Company (2)	$ 73,940	$ 24,802	$ 114,183	$ (14,425)	$ 18,897
Basic net income (loss) per common share	$ 1.10	$ 0.53	$ 2.45	$ (0.48)	$ 0.81
Diluted net income (loss) per common share	$ 1.09	$ 0.52	$ 2.43	$ (0.48)	$ 0.81

	At December 31,				
	2017	2016	2015	2014	2013
Consolidated Balance Sheet Data:					
Cash and cash equivalents	$ 134,596	$ 61,029	$ 78,278	$ 87,604	$ 29,813
Total assets	3,546,472	1,294,044	1,325,008	1,171,559	270,182
Total debt (3)	2,190,193	800,426	866,237	775,059	170,760
Stockholders' equity	945,126	298,451	270,667	151,622	75,575

Footnotes to Selected Consolidated Financial Data:

(1) Prior to September 19, 2014, we were taxed as a partnership under the Internal Revenue Code pursuant to which income taxes were primarily the responsibility of the partners. On September 18, 2014, as part of the merger with MTR, we became a C corporation subject to the federal and state corporate-level income taxes at prevailing corporate tax rates. While taxed as a partnership, we were not subject to federal income tax liability but made distributions to our equity holders to cover such liabilities.

(2) Prior to our acquisition of the Reno properties, non-controlling interest represented the minority partners' share of our subsidiary's 50% joint venture interest in the Silver Legacy. The non-controlling interest was owned by certain of our affiliates and was approximately 4%. The non-controlling interest in the Silver Legacy was 1.9%. We acquired the remaining 50% joint venture interest pursuant to our acquisition of the Reno properties and exercised our right to acquire such non-controlling interest.

(3) Total debt, including current portion, is reported net of unamortized discounts and premiums, and includes capital leases of $0.9 million, $0.5 million, $0.8 million and $0.3 million for the years ended December 31, 2017, 2016, 2015 and 2013, respectively. There were no capital leases in 2014.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

You should read the following discussion together with the financial statements, including the related notes and the other financial information, contained in this Annual Report on Form 10-K.

Eldorado Resorts, Inc., a Nevada corporation, is referred to as the "Company," "ERI," or the "Registrant," and together with its subsidiaries may also be referred to as "we," "us" or "our."

Overview

We are a geographically diversified gaming and hospitality company owning and operating 20 gaming facilities in 10 states. Our properties, which are located in Ohio, Louisiana, Nevada, Pennsylvania, West Virginia, Colorado, Florida, Iowa, Mississippi and Missouri, feature approximately 21,000 slot machines and video lottery terminals ("VLTs"), approximately 600 table games and over 7,000 hotel rooms. Our primary source of revenue is generated by gaming operations and we utilize our hotels, restaurants, bars, entertainment, racing, retail shops and other services to attract customers to our properties.

We were founded in 1973 by the Carano Family with the opening of the Eldorado Hotel Casino in Reno, Nevada. In 1993, we partnered with MGM Resorts International on the Silver Legacy Resort Casino, the first mega-themed resort in Reno. In 2005, we acquired our first property outside of Reno when we acquired a casino in Shreveport, Louisiana, now known as Eldorado Shreveport. In September 2014, we merged with MTR Gaming Group, Inc. and acquired its three gaming and racing facilities in Ohio, Pennsylvania and West Virginia. The following year, in November 2015, we acquired Circus Circus Reno and the 50% membership interest in the Silver Legacy that was owned by MGM Resorts International.

On May 1, 2017, we completed our most recent – and largest - acquisition to date when we acquired Isle of Capri Casinos, Inc. ("Isle" or "Isle of Capri"), adding another 13 gaming properties to our portfolio.

Throughout the year ended December 31, 2017, we owned and operated the following properties:

- Eldorado Resort Casino Reno ("Eldorado Reno")—A 814-room hotel, casino and entertainment facility connected via an enclosed skywalk to Silver Legacy and Circus Reno located in downtown Reno, Nevada that includes 1,125 slot machines and 46 table games;
- Silver Legacy Resort Casino ("Silver Legacy")—A 1,711-room themed hotel and casino connected via an enclosed skywalk to Eldorado Reno and Circus Reno that includes 1,187 slot machines, 63 table games and a 13 table poker room;
- Circus Circus Reno ("Circus Reno")—A 1,571-room hotel-casino and entertainment complex connected via an enclosed skywalk to Eldorado Reno and Silver Legacy that includes 712 slot machines and 24 table games;
- Eldorado Resort Casino Shreveport ("Eldorado Shreveport")—A 403-room, all suite art deco-style hotel and tri-level riverboat dockside casino situated on the Red River in Shreveport, Louisiana that includes 1,397 slot machines, 52 table games and an eight table poker room;
- Mountaineer Casino, Racetrack & Resort ("Mountaineer")—A 357-room hotel, casino, entertainment and live thoroughbred horse racing facility located on the Ohio River at the northern tip of West Virginia's northwestern panhandle that includes 1,508 slot machines, 36 table games, including a 10 table poker room;
- Presque Isle Downs & Casino ("Presque Isle Downs")—A casino and live thoroughbred horse racing facility with 1,593 slot machines, 33 table games and a seven table poker room located in Erie, Pennsylvania; and
- Eldorado Gaming Scioto Downs ("Scioto Downs")—A modern "racino" offering 2,245 VLTs, harness racing and a 118-room third party hotel connected to Scioto Downs located 15 minutes from downtown Columbus, Ohio.

In addition, on May 1, 2017, we consummated our acquisition of Isle of Capri Casinos, Inc. and acquired the following properties:

- Isle Casino Hotel—Black Hawk ("Isle Black Hawk")—A land-based casino on an approximately 10-acre site in Black Hawk, Colorado that includes 1,026 slot machines, 27 table games, a nine table poker room and a 238-room hotel;
- Lady Luck Casino—Black Hawk ("Lady Luck Black Hawk")—A land-based casino across the intersection from Isle Casino Hotel in Black Hawk, Colorado, that includes 452 slot machines, 10 table games, five poker tables and a 164-room hotel with a parking structure connecting Isle Casino Hotel-Black Hawk and Lady Luck Casino-Black Hawk;

- Isle Casino Racing Pompano Park (“Pompano”)—A casino and harness racing track on an approximately 223-acre owned site in Pompano Beach, Florida, that includes 1,455 slot machines and a 45 table poker room;
- Isle Casino Bettendorf (“Bettendorf”)—A land-based single-level casino located off Interstate 74 in Bettendorf, Iowa that includes 978 slot machines and 20 table games with two hotel towers with 509 hotel rooms;
- Isle Casino Waterloo (“Waterloo”)—A single-level land-based casino in Waterloo, Iowa that includes 940 slot machines, 25 table games, and a 194-room hotel;
- Isle of Capri Casino Hotel Lake Charles (“Lake Charles”)—A gaming vessel on an approximately 19 acre site in Lake Charles, Louisiana, with 1,173 slot machines, 47 table games, including 13 poker tables and two hotels offering 493 rooms;
- Isle of Capri Casino Lula (“Lula”)—Two dockside casinos in Lula, Mississippi with 875 slot machines and 20 table games, two on-site hotels with a total of 486 rooms and a 28-space RV Park;
- Lady Luck Casino Vicksburg (“Vicksburg”)—A dockside casino in Vicksburg, Mississippi that includes 616 slot machines, nine table games and a hotel with a total of 89 rooms;
- Isle of Capri Casino Boonville (“Boonville”)—A single-level dockside casino in Boonville, Missouri that includes 893 slot machines, 20 table games and a 140-room hotel;
- Isle Casino Cape Girardeau (“Cape Girardeau”)—A dockside casino and pavilion and entertainment center in Cape Girardeau, Missouri that includes 872 slot machines, and 24 table games, including four poker tables;
- Lady Luck Casino Caruthersville (“Caruthersville”)—A riverboat casino located along the Mississippi River in Caruthersville, Missouri that includes 516 slot machines and nine table games;
- Isle of Capri Casino Kansas City (“Kansas City”)—A dockside casino located close to downtown Kansas City, Missouri offering 966 slot machines and 18 table games; and
- Lady Luck Casino Nemacolin (“Nemacolin”)—A casino property located on the 2,000-acre Nemacolin Woodlands Resort in Western Pennsylvania that includes 600 slot machines and 28 table games.

In addition, Scioto Downs, through its subsidiary RacelineBet, Inc., also operates Racelinebet.com, a national account wagering service that offers online and telephone wagering on horse races as a marketing affiliate of TwinSpires.com, an affiliate of Churchill Downs, Inc.

Acquisition of Isle of Capri Casinos, Inc.

On May 1, 2017, we completed our acquisition of Isle of Capri Casinos, Inc. pursuant to the Agreement and Plan of Merger dated as of September 19, 2016 with Isle of Capri Casinos, Inc., a Delaware corporation, Eagle I Acquisition Corp., a Delaware corporation and our wholly-owned subsidiary, and Eagle II Acquisition Company LLC, a Delaware limited liability company and our wholly-owned subsidiary. As a result of the acquisition of Isle, Isle became a wholly-owned subsidiary of ours and, at the effective time of the acquisition of Isle, each outstanding share of Isle common stock converted into the right to receive $23.00 in cash or 1.638 shares of our common stock, at the election of the applicable Isle shareholder and subject to proration such that the outstanding shares of Isle common stock were exchanged for aggregate consideration comprised of 58% cash, or $552.0 million, and 42% of our common stock, or 28.5 million newly issued shares of our common stock. The total purchase consideration was $1.93 billion.

In connection with our acquisition of Isle, we completed a debt financing transaction comprised of: (a) a senior secured credit facility in an aggregate principal amount of $1.75 billion with a (i) term loan facility of $1.45 billion and (ii) revolving credit facility of $300.0 million and (b) $375.0 million of senior unsecured notes. The proceeds of such borrowings were used to pay the cash portion of the consideration payable in the acquisition of Isle, refinance all of Isle’s existing credit facilities, redeem or otherwise repurchase all of Isle’s senior and senior subordinated notes, refinance our existing credit facility and pay transaction fees and expenses related to the foregoing.

Reportable Segments

The executive decision maker of our company reviews operating results, assesses performance and makes decisions on a "significant market" basis. Our management views each of its properties as an operating segment. Operating segments are aggregated based on their similar economic characteristics, types of customers, types of services and products provided, the regulatory environments in which they operate, and their management and reporting structure. Prior to our acquisition of Isle, our principal operating activities occurred in three geographic regions: Nevada, Louisiana and parts of the eastern United States. We aggregated our operations into three reportable segments based on the similar characteristics of the operating segments within the regions in which they operated as follows:

Segment	Property	State
Nevada	Eldorado Reno	Nevada
	Silver Legacy	Nevada
	Circus Reno	Nevada
Louisiana	Eldorado Shreveport	Louisiana
Eastern	Presque Isle Downs	Pennsylvania
	Scioto Downs	Ohio
	Mountaineer	West Virginia

Following our acquisition of Isle, our principal operating activities expanded and now occur in four geographic regions and reportable segments based on the similar characteristics of the operating segments within the regions in which they operate. The following table summarizes our current segments:

Segment	Property	State
West	Eldorado Reno	Nevada
	Silver Legacy	Nevada
	Circus Reno	Nevada
	Isle Black Hawk	Colorado
	Lady Luck Black Hawk	Colorado
Midwest	Waterloo	Iowa
	Bettendorf	Iowa
	Boonville	Missouri
	Cape Girardeau	Missouri
	Caruthersville	Missouri
	Kansas City	Missouri
South	Pompano	Florida
	Eldorado Shreveport	Louisiana
	Lake Charles	Louisiana
	Lula	Mississippi
	Vicksburg	Mississippi
East	Presque Isle Downs	Pennsylvania
	Nemacolin	Pennsylvania
	Scioto Downs	Ohio
	Mountaineer	West Virginia

Presentation of Financial Information

The financial information included in this Item 7 for periods prior to our acquisition of Isle are those of ERI and its subsidiaries. The presentation of information herein for periods prior to our acquisition of Isle and after our acquisition of Isle are not fully comparable because the results of operations for Isle are not included for periods prior to our acquisition of Isle. Summary financial results of Isle for the three and nine months ended January 22, 2017 are included in Isle's Quarterly Report on Form 10-Q as filed with the Securities and Exchange Commission (''SEC''). In conjunction with our acquisition of Isle, Isle is no longer required to file quarterly and annual reports with the SEC, and terminated its registration on May 11, 2017.

The presentation of information herein for periods prior to and after our acquisition of the Reno properties are not fully comparable because the results of operations for Circus Reno are not included for periods prior to our acquisition of the Reno properties and the results of operations of the Silver Legacy Joint Venture were not consolidated prior to our acquisition of the Reno properties.

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to provide information to assist in better understanding and evaluating our financial condition and results of operations. Our historical operating results may not be indicative of our future results of operations because of these factors and the changing competitive landscape in each of our markets, as well as by factors discussed elsewhere herein. We recommend that you read this MD&A in conjunction with our audited consolidated financial statements and the notes to those statements included in this Annual Report on Form 10-K.

Key Performance Metrics

Our primary source of revenue is generated by our gaming operations, but we use our hotels, restaurants, bars, entertainment, retail shops, racing and other services to attract customers to our properties. Our operating results are highly dependent on the volume of customers visiting and staying at our properties. Key performance metrics include volume indicators such as table games drop and slot handle, which refer to amounts wagered by our customers. The amount of volume we retain, which is not fully controllable by us, is recognized as casino revenues and is referred to as our win or hold. In addition, hotel occupancy and price per room designated by average daily rate ("ADR") are key indicators for our hotel business. Our calculation of ADR consists of the average price of occupied rooms per day including the impact of resort fees and complimentary rooms. Complimentary room rates are determined based on an analysis of retail or cash rates for each customer segment and each type of room product to estimate complimentary rates which are consistent with retail rates. Complimentary rates are reviewed at least annually and on an interim basis if there are significant changes in market conditions. Complimentary rooms are treated as occupied rooms in our calculation of hotel occupancy.

Significant Factors Impacting Financial Results

The following summary highlights the significant factors impacting our financial results during the years ended December 31, 2017, 2016 and 2015.

- *Isle Acquisition* – Our results of continuing operations for the year ended December 31, 2017 include incremental revenues and expenses for eight months (May 2017 through December 2017) attributable to the thirteen properties we acquired in our acquisition of Isle.

  Transaction expenses related to our acquisition of Isle for legal, accounting, financial advisory services, severance, stock awards and other costs totaled $92.8 million and $8.6 million for the years ending December 31, 2017 and 2016, respectively.

- *Lake Charles Terminated Sale* – On August 22, 2016, Isle entered into an agreement to sell its casino and hotel property in Lake Charles, Louisiana, for $134.5 million, subject to a customary purchase price adjustment, to an affiliate of Laguna Development Corporation, a Pueblo of Laguna-owned business based in Albuquerque, New Mexico. On November 21, 2017, we terminated the agreement. The closing of the transaction was subject to certain closing conditions, including obtaining certain gaming approvals, and was to occur on or before the termination date, which had been extended by the parties to November 20, 2017. The buyer did not obtain the required gaming approvals prior to the termination date, and pursuant to the terms of the agreement, we retained the $20.0 million deposit. The $20.0 million forfeited deposit was recorded as income on the accompanying statements of income as "*Proceeds from Terminated Sale*."

  In previous periods, the operations of Lake Charles have been classified as discontinued operations and as an asset held for sale. As a result of the termination of the sale, Lake Charles is no longer classified as an asset held for sale and accounted for as discontinued operations, and is included in our results of operations for the eight-month period from the date we acquired Isle through December 31, 2017.

- *Income Taxes* – On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the "Tax Act"). The Tax Act makes broad and complex changes to the U.S. tax code, including, but not limited to, reducing the U.S. federal corporate tax rate from 35% to 21%. In connection with our initial analysis of the impact of the Tax Act, for certain of our net deferred tax liabilities, we have recorded a decrease of $112.4 million, net of the related change in valuation allowance, with a corresponding net adjustment to deferred income tax benefit for the year ending December 31, 2017 as a result of the corporate rate reduction resulting in a positive impact on net income.

- *Debt Refinancing* – In connection with our acquisition of Isle, we completed a new debt financing transaction. The proceeds of the new borrowings were used to pay the cash portion of the consideration payable in the acquisition of Isle, refinance all of Isle's existing credit facilities, redeem or otherwise repurchase all of Isle's senior and senior subordinated notes, refinance our existing credit facility and pay transaction fees and expenses. In addition, we recognized a loss totaling $27.3 million for the year ended December 31, 2017 as a result of the debt refinancing transaction (See "*Liquidity and Capital Resources*" for more information related to the debt refinancing).

  On September 13, 2017, we issued an additional $500 million in aggregate principal amount of 6% Senior Notes at an issue price equal to 105.5% of the principal amount. We used the proceeds of the offering to repay all of the outstanding borrowings under the new revolving credit facility totaling $78.0 million and used the remainder to repay outstanding borrowings totaling $444.5 million under the new term loan plus related accrued interest. We recognized a loss of $11.1 million as a result of the issuance of additional debt and retirement of existing debt.

- *Impairment Charges* – During the fourth quarter of 2017, we conducted annual impairment tests of our intangible assets. Based on less than expected operating performance and projected future operating results, it was determined that the value of goodwill and/or trade names associated with our Lake Charles, Vicksburg and Lula reporting units were impaired resulting in impairment charges totaling $38.0 million recorded in the current year.

- *Severe Weather* – During the third quarter of 2017, Hurricanes Harvey and Irma negatively impacted our South region, specifically our Pompano, Lake Charles and Eldorado Shreveport properties, and made travel to those properties impossible or difficult. While Pompano did not sustain any major physical damage, we incurred incremental expenses as a result of the storms and were forced to close the casino for four days and experienced disruption to our business for a longer period of time.

  Our West segment's operations are subject to seasonal variation, with our lowest business volume generally occurring during the winter months. The northern Nevada region experienced record snowfall and severe weather conditions, including major snow storms during eleven of the fourteen weekends in the 2017 first quarter, making travel to Reno from northern California, our main feeder market, difficult or impossible due to road closures. As a result, there was a significant adverse effect on business levels, especially hotel occupancy and gaming volume, during the first quarter of 2017, and our operating performance for the year ended December 31, 2017 compared to 2016.

- *Execution of Cost Savings Program* – We continue to identify areas to improve property level and consolidated margins through operating and cost efficiencies and exercising financial discipline throughout the company without impacting the guest experience. In addition to cost savings relating to duplicative executive compensation, legal and accounting fees and other corporate expenses that have been eliminated as a result of our acquisitions, we have achieved savings in marketing, food and beverage costs, selling, general and administrative expenses, and other operating departments as a result of operating efficiencies and purchasing power of the combined Eldorado organization.

- *Property Enhancement Capital Expenditures* – Property enhancement initiatives continued throughout 2016 and into 2017. In 2015 and 2016, major projects included the opening of *Brew Brothers* at Presque Isle Downs and Scioto Downs along with a second smoking patio at Scioto Downs.

  Our master capital plan initiated in 2016 at Eldorado Reno, Silver Legacy and Circus Reno (the "Tri-Properties") continued throughout 2017. As of December 31, 2017, we have completed upgrades to nearly 1,000 hotel rooms and suites, updated food and beverage operations across the facilities with eight new or redesigned restaurants, cafes or bars, renovated the Carnival Midway, created new public spaces in all three properties and opened a new poker room and sports book.

  A 118-room Hampton Inn Hotel at Scioto Downs developed by a third party opened in March 2017 and since opening has driven visitation and spend at the property.

  With the completion of our acquisition of Isle, we continue to evaluate capital improvement plans across the newly acquired properties and plan upgrades to more than 1,200 hotel rooms and add a spa at our Black Hawk properties and *Brew Brothers* branded outlets at certain Midwest properties in 2018.

- *Circus Reno/Silver Legacy Purchase* – In conjunction with the acquisition of the Reno properties in November 2015, we paid $80.2 million in cash, comprised of the $72.5 million purchase price plus $7.7 million in estimated working capital adjustments and the assumption of the amounts outstanding under Silver Legacy's senior secured term loan facility. An additional $0.5 million was subsequently paid representing the final working capital adjustment. We funded the purchase price for our acquisition of the Reno properties and repaid the borrowings outstanding under the Silver Legacy credit facility using a portion of the proceeds from the sale of our 7% senior notes, borrowings under our revolving credit facility and cash on hand. We recorded a $35.6 million gain related to the valuation of our pre-acquisition investment in the Silver Legacy Joint Venture and incurred acquisition costs totaling $2.5 million in 2015. We incurred an additional $0.6 million in acquisition charges in 2016. In 2015, we also expensed fees totaling $0.6 million related to our equity offering initially intended to fund our

acquisition of the Reno properties. These fees were expensed as a result of our election to fund the final component of our acquisition of the Reno properties with existing revolver capacity in lieu of an equity offering.

- *New Regulation* – Effective January 1, 2016, the Ohio Lottery Commission enacted new regulation which resulted in the establishment of a $1.0 million progressive slot liability and a corresponding decrease in net slot win for the year ended December 31, 2016. The changes are non-cash and related to jackpots established in prior years. The net non-cash impact to Scioto Down's gaming revenues and operating income was $1.0 million and $0.6 million for the year ended December 31, 2016, respectively.

Results of Operations

The following table highlights the results of our operations (dollars in thousands):

	Year Ended December 31,			Change %	
	2017	2016	2015	2017 vs 2016	2016 vs 2015
Net revenues	$ 1,473,504	$ 892,896	$ 719,784	65.0 %	24.1 %
Operating income	94,869	89,118	72,516	6.5 %	22.9 %
Net income	73,940	24,802	114,183	198.1 %	(78.3) %

Operating Results. Isle contributed $599.6 million of net revenues from the date we acquired Isle through December 31, 2017 consisting primarily of gaming revenues. Including the incremental Isle net operating revenues, net revenues increased 65.0% for the year ended December 31, 2017 compared to 2016. Excluding incremental Isle net revenues, net revenues declined 2.1% for the year ended December 31, 2017 compared to 2016 primarily due to decreased revenues associated with severe weather during the first and third quarters of 2017.

Net revenues increased 24.1% in 2016 compared to 2015 primarily due to incremental revenues attributable to the acquisition of the Reno properties. These increases in net revenues were partially offset by decreases in net revenues in the South and East segments, which were mainly driven by declines at Mountaineer, in 2016 compared to 2015 due to lower casino revenues, attributable to a competitive opening in one of our feeder markets.

Operating income increased 6.5% for the year ended December 31, 2017 compared to 2016. This increase was primarily due to $82.3 million of incremental operating income contributed by Isle for the period from the date we acquired Isle through December 31, 2017 and a $20.0 million deposit recorded as operating income in conjunction with the termination of the sale our Lake Charles property. These increases were partially offset by the $83.6 million increase in transaction expenses associated with our acquisition of Isle and the $38.0 million impairment charge recorded in 2017 to reduce the carrying value of goodwill and/or trade names related to our Lake Charles, Lula and Vicksburg reporting units.

Operating income increased 22.9% in 2016 compared to 2015 due to higher net revenues combined with improved operating margins associated with company-wide cost savings initiatives and property enhancement capital expenditures. These increases in operating income were partially offset by incremental depreciation expense resulting from the acquisition of the Reno properties along with higher acquisition costs associated with our acquisition of Isle which was announced in September of 2016.

Net income increased 198.1% in 2017 compared to 2016 primarily due to the $112.4 million net adjustment to our deferred income tax benefit for the year ending December 31, 2017 as a result of the aforementioned corporate tax rate reduction due to the Tax Act, combined with the other factors impacting operating income. This increase was partially offset by higher interest expense resulting from the issuance of new debt and the loss on the early retirement of debt recorded in 2017.

Net income decreased 78.3% in 2016 compared to 2015 despite the increase in operating income. This decline was primarily driven by a $35.6 million gain related to the valuation of the Silver Legacy Joint Venture in conjunction with the acquisition of the Reno properties combined with a $69.6 million benefit for income taxes recorded in 2015. Additionally, net income in 2016 was impacted by transaction expenses totaling $9.2 million, primarily related to our acquisition of Isle, a $0.8 million loss on the sale and disposal of a building and equipment related to the closure of a detached fitness center facility at Mountaineer and incremental depreciation associated with assets purchased in the acquisition of the Reno properties. These declines in net income were partially offset by a $10.6 million decrease in interest expense in 2016 resulting from our refinancing in July 2015 and significant debt reductions throughout 2016.

Net Revenues and Operating Income

The following table highlights our net revenues and operating income (loss) by reportable segment (dollars in thousands):

	Net Revenues for the Year Ended December 31,			Operating Income (Loss) for the Year Ended December 31,		
	2017	2016	2015	2017	2016	2015
West	$ 405,202	$ 321,922	$ 127,802	$ 66,329	$ 41,620	$ 13,989
Midwest	268,385	—	—	62,051	—	—
South	336,709	131,496	136,342	3,671	23,378	21,423
East	462,702	439,478	455,640	67,968	53,610	56,491
Corporate	506	—	—	(105,150)	(29,490)	(19,387)
Total	$ 1,473,504	$ 892,896	$ 719,784	$ 94,869	$ 89,118	$ 72,516

Year Ended December 31, 2017 Compared to the Year Ended December 31, 2016

Net revenues and operating expenses were as follows (dollars in thousands):

	Year Ended December 31,			
	2017	2016	Variance	Percent
Revenues:				
Gaming and Pari-Mutuel Commissions:				
West	$ 250,463	$ 173,439	$ 77,024	44.4 %
Midwest	249,268	—	249,268	100.0 %
South	312,727	121,046	191,681	158.4 %
East	430,216	407,128	23,088	5.7 %
Total Gaming and Pari-Mutuel Commissions	1,242,674	701,613	541,061	77.1 %
Non-gaming:				
West	211,000	193,529	17,471	9.0 %
Midwest	37,642	—	37,642	100.0 %
South	64,998	37,937	27,061	71.3 %
East	49,769	50,117	(348)	(0.7) %
Corporate	506	—	506	100.0 %
Total Non-gaming	363,915	281,583	82,332	29.2 %
Total Gross Revenues	1,606,589	983,196	623,393	63.4 %
Promotional allowances:				
West	(56,261)	(45,046)	(11,215)	24.9 %
Midwest	(18,525)	—	(18,525)	100.0 %
South	(41,016)	(27,487)	(13,529)	49.2 %
East	(17,283)	(17,767)	484	(2.7) %
Total Promotional Allowances	(133,085)	(90,300)	(42,785)	47.4 %
Total Net Revenues	1,473,504	892,896	580,608	65.0 %
Expenses:				
Gaming and Pari-Mutuel Commissions:				
West	107,644	79,019	28,625	36.2 %
Midwest	110,897	—	110,897	100.0 %
South	164,012	66,459	97,553	146.8 %
East	269,318	254,634	14,684	5.8 %
Total Gaming and Pari-Mutuel Commissions	651,871	400,112	251,759	62.9 %
Non-gaming				
West	101,914	102,063	(149)	(0.1) %
Midwest	12,203	—	12,203	100.0 %
South	18,560	7,333	11,227	153.1 %
East	22,358	30,149	(7,791)	(25.8) %
Total Non-gaming	155,035	139,545	15,490	11.1 %
Marketing and promotions	82,525	40,600	41,925	103.3 %
General and administrative	241,095	130,172	110,923	85.2 %
Corporate	30,739	19,880	10,859	54.6 %
Impairment charges	38,016	—	38,016	100.0 %
Depreciation and amortization	105,891	63,449	42,442	66.9 %
Total Operating Expenses	$ 1,305,172	$ 793,758	$ 511,414	64.4 %

Gaming Revenues and Pari-Mutuel Commissions. Isle contributed $558.2 million of gaming revenues and pari-mutuel commissions for the period from the date we acquired Isle through December 31, 2017 resulting in an increase of 77.1% for the year ended December 31, 2017 compared to 2016.

Excluding incremental Isle gaming revenues and pari-mutuel commissions of $558.2 million, gaming revenues declined 2.5% for the year ended December 31, 2017 compared to 2016 primarily due to a decrease in gaming revenues across all segments. The decline in the West segment was mainly attributable to decreases in visitor traffic due to severe weather the northern Nevada region experienced throughout the first quarter of 2017 that resulted in limited access from our main feeder markets combined with the absence of a major bowling tournament in the Reno market. Additionally, reductions in gaming volume driven by decreased high-end play, the continued weakness in the energy sector and historically lower table games hold percentage impacted the Shreveport market and severe weather in the third quarter of 2017 negatively impacted the South segment in 2017. Efforts to eliminate unprofitable gaming play via reductions in marketing promotions and incentives across the properties also contributed to the declines in casino volume and positively impacted margins across all segments.

Non-gaming Revenues. Isle contributed $91.7 million of non-gaming revenues for the period from the date we acquired Isle through December 31, 2017 resulting in an increase of 29.2% over 2016.

Excluding incremental Isle non-gaming revenues of $91.7 million, non-gaming revenues decreased 3.3% for the year ended December 31, 2017 compared to 2016. The West segment declined for the year ended December 31, 2017 compared to 2016 principally due to lower hotel, food and beverage revenues resulting from reduced customer traffic due to fewer convention room nights, severe weather in the northern Nevada region throughout the first quarter of 2017 and the absence of a major bowling tournament during 2017. The South segment decrease in non-gaming revenues for the year ended December 31, 2017 compared to 2016 was primarily due to decreased food and beverage revenues associated with revisions to marketing strategies resulting in fewer complimentary food offers and severe weather negatively impacting visitation in 2017. Non-gaming revenues in the East segment decreased for the year ended December 31, 2017 compared to 2016 primarily due to decreased food and beverage revenues resulting from reductions in complimentary food offers and the consolidation of restaurants in an effort to maximize capacity utilization.

Promotional Allowances. Promotional allowances, expressed as a percentage of gaming revenues and pari-mutuel commissions, decreased to 10.7% for the year ended December 31, 2017 compared to 12.9% in 2016. This decline was primarily due to strategic revisions to promotional offers across all segments combined with the incremental revenues contributed by the Isle properties, which historically have lower promotional allowances as a percentage of gaming revenues.

Gaming Expenses and Pari-Mutuel Commissions. Isle contributed $269.5 million of gaming expenses and pari-mutuel commissions for the period from the date we acquired Isle through December 31, 2017 resulting in an increase of 62.9% over 2016.

Excluding incremental Isle gaming expenses and pari-mutuel commissions, gaming expenses and pari-mutuel commissions decreased 4.1% for the year ended December 31, 2017 compared to 2016 primarily due to decreases in gaming volume combined with savings initiatives targeted at reducing variable expenses along with continued synergies related to the integration of the Reno properties in the West segment. Additionally, successful efforts to control costs and maximize departmental profit across all segments also drove the decline in expenses during the current period.

Non-gaming Expenses. Isle contributed $30.1 million of non-gaming expenses for the period from the date we acquired Isle through December 31, 2017 resulting in an increase of 11.1% over 2016.

Excluding incremental Isle non-gaming expenses, non-gaming expenses decreased 11.8% for the year ended December 31, 2017 compared to 2016 in conjunction with non-gaming revenue declines and successful efforts to control costs and maximize profit across all segments.

Marketing and Promotions Expenses. Isle contributed $35.8 million of marketing and promotions expense for the period from the date we acquired Isle through December 31, 2017 resulting in an increase of 103.3% over 2016.

Excluding incremental Isle marketing and promotions expenses, consolidated marketing and promotions expense increased 15.1% for the year ended December 31, 2017 compared to 2016. This increase was primarily attributable to marketing promotional costs associated with casino initiatives that are charged to this category to provide consistency among properties following our acquisition of Isle.

General and Administrative Expenses. Isle contributed $113.6 million of general and administrative expense for the period from the date we acquired Isle through December 31, 2017 resulting in an increase of 85.2% over 2016.

Excluding incremental Isle general and administrative expenses, consolidated general and administrative expenses decreased 1.4% for the year ended December 31, 2017 compared to 2016. Savings associated with lower property and general liability insurance costs were partially offset by higher expenses associated with information systems maintenance contracts and professional services. These incremental costs resulted from information technology infrastructure projects targeted at consolidating systems for future savings and efficiencies.

Corporate Expenses. For the year ended December 31, 2017 compared to 2016, corporate expenses increased due to payroll and other expenses associated with additional corporate expenses driven by growth related to the Isle acquisition. Also, the increase was the result of higher stock compensation expense for the year ended December 31, 2017 compared to 2016 due to the three-year vesting schedule associated with our long-term incentive plan established in 2015 resulting in three years of grants and related expense in 2017 versus two years of grants and related expense in 2016.

Impairment Charges. During the fourth quarter of 2017, we conducted annual impairment tests of our intangible assets. Based on less than expected operating performance and projected future operating results, it was determined that the value of goodwill and/or trade names associated with our Lake Charles, Vicksburg and Lula reporting units were impaired resulting in impairment charges totaling $38.0 million ($34.9 million related to goodwill and $3.1 million related to trade names) recorded in the current year.

Depreciation and Amortization Expense. Isle contributed $47.1 million of depreciation expense for the period from the date we acquired Isle through December 31, 2017 resulting in an increase of 66.9% over 2016.

Excluding incremental Isle depreciation and amortization expense, depreciation and amortization expense decreased 7.3% for the year ended December 31, 2017 compared to 2016 mainly due to lower depreciation in all segments due to assets becoming fully depreciated.

Benefit (Provision) for Income Taxes. As further explained below in "*Critical Accounting Policies – Income Taxes*," on December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act. The Tax Act makes broad and complex changes to the U.S. tax code, including, but not limited to, reducing the U.S. federal corporate tax rate from 35% to 21%. In connection with our initial analysis of the impact of the Tax Act, for certain of our net deferred tax liabilities, we have recorded a decrease of $112.4 million, net of the related change in valuation allowance, with a corresponding net adjustment to deferred income tax benefit for the year ending December 31, 2017 as a result of the corporate rate reduction.

Year Ended December 31, 2016 Compared to the Year Ended December 31, 2015

Net revenues and operating expenses were as follows (dollars in thousands):

	Year Ended December 31,			
	2016	2015	Variance	Percent
Revenues:				
Gaming and Pari-Mutuel Commissions:				
West	$ 173,439	$ 74,626	$ 98,813	132.4 %
Midwest	—	—	—	— %
South	121,046	125,371	(4,325)	(3.4) %
East	407,128	423,261	(16,133)	(3.8) %
Total Gaming and Pari-Mutuel Commissions	701,613	623,258	78,355	12.6 %
Non-gaming:				
West	193,529	72,214	121,315	168.0 %
Midwest	—	—	—	— %
South	37,937	37,273	664	1.8 %
East	50,117	51,796	(1,679)	(3.2) %
Total Non-gaming	281,583	161,283	120,300	74.6 %
Total Gross Revenues	983,196	784,541	198,655	25.3 %
Promotional allowances:				
West	(45,046)	(19,038)	(26,008)	136.6 %
Midwest	—	—	—	— %
South	(27,487)	(26,302)	(1,185)	4.5 %
East	(17,767)	(19,417)	1,650	(8.5) %
Total Promotional Allowances	(90,300)	(64,757)	(25,543)	39.4 %
Total Net Revenues	892,896	719,784	173,112	24.1 %
Expenses:				
Gaming and Pari-Mutuel Commissions:				
West	79,019	32,908	46,111	140.1 %
Midwest	—	—	—	— %
South	66,459	69,826	(3,367)	(4.8) %
East	254,634	264,811	(10,177)	(3.8) %
Total Gaming and Pari-Mutuel Commissions	400,112	367,545	32,567	8.9 %
Non-gaming				
West	102,063	41,798	60,265	144.2 %
Midwest	—	—	—	— %
South	7,333	8,134	(801)	(9.8) %
East	30,149	29,306	843	2.9 %
Total Non-gaming	139,545	79,238	60,307	76.1 %
Marketing and promotions	40,600	31,227	9,373	30.0 %
General and administrative	130,172	96,870	33,302	34.4 %
Corporate	19,880	16,469	3,411	20.7 %
Depreciation and amortization	63,449	56,921	6,528	11.5 %
Total Operating Expenses	$ 793,758	$ 648,270	$ 145,488	22.4 %

Gaming Revenues and Pari-Mutuel Commissions. West gaming revenues increased 132.4% in 2016 compared to 2015 primarily due to incremental gaming revenues attributable to the acquisition of the Reno properties combined with improvements in gaming revenues at Eldorado Reno. Gaming revenues in the South segment decreased 3.4% in 2016 compared to 2015 due to declines in casino volume primarily due to decreased high limit play and the continued weakness in the energy sector negatively impacting the Shreveport market. Gaming revenues and pari-mutuel commissions in the East segment declined 3.8% in 2016 compared to 2015 mainly due to lower gaming revenues at Mountaineer associated with the smoking ban that has negatively impacted the property's operations. This decrease was partially offset by continued improvements in gaming revenues at Scioto Downs in 2016 compared to 2015, despite the $1.0 million impact of the progressive liability change related to prior years during the first quarter of 2016.

Non-gaming Revenues. Non-gaming revenues increased 168.0% in 2016 compared to 2015 due to incremental non-gaming revenues consisting of food, beverage, hotel, entertainment, retail and other revenues in the West segment primarily as a result of the acquisition of the Reno properties combined with an increase in non-gaming revenues at Eldorado Reno. The South segment's non-gaming revenues increased 1.8% in 2016 compared to 2015 mainly due to higher food and beverage revenues due to selective menu price increases and higher beverage complimentaries. The East segment posted a decrease in non-gaming revenues primarily due to the declines resulting from strategic changes in promotional offers along with additional volume declines at Mountaineer associated with the smoking ban impact. These decreases were partially offset by incremental non-gaming revenues at Scioto Downs in 2016 compared to 2015 attributable to the opening of *The Brew Brothers* in October 2015.

Promotional Allowances. Promotional allowances, expressed as a percentage of gaming revenues and pari-mutuel commissions, increased to 12.9% in 2016 compared to 10.4% in 2015. In 2016, West promotional allowances, as a percentage of gaming revenues remained relatively flat to 2015 at 26.0%. South promotional allowances, as a percentage of gaming revenues, increased to 22.7% in 2016 from 21.0% in 2015 in conjunction with higher beverage complimentaries. The East segment's promotional allowances in 2016 declined to 4.4% as a percentage of the segment's gaming revenues and pari-mutuel commissions compared to 4.6% in 2015. Reductions in promotional allowances, as a percentage of gaming revenues and pari-mutuel commissions in the East segment, were due to continued strategic revisions to promotional offers in an effort to increase margins and maximize profitability.

Gaming Expenses and Pari-Mutuel Commissions. West gaming expenses increased 140.1% in 2016 compared to 2015 primarily due to incremental gaming expenses as a result of the acquisition of the Reno properties along with an increase in gaming expenses at Eldorado Reno in conjunction with increased gaming revenues. South gaming expenses decreased 4.8% in 2016 compared to 2015 as a result of lower gaming revenues combined with efforts to reduce variable operating costs. The East segment's gaming expenses and pari-mutuel commissions declined 3.8% in 2016 compared to 2015 primarily due lower gaming expenses commensurate with decreased gaming revenues.

Non-gaming Expenses. West non-gaming expenses increased 144.2% in 2016 compared to 2015. This growth was driven by higher West non-gaming expenses due to incremental expenses associated with the acquisition of the Reno properties. Non-gaming expenses in the South segment declined 9.8% mainly due to successful efforts to control costs while the East segment's non-gaming expenses increased 2.9% in 2016 compared to 2015 as a result of incremental volume generated by the addition of *The Brew Brothers* at Scioto Downs in October 2015.

Marketing and Promotions Expenses. Consolidated marketing and promotions expense increased 30.0% in 2016 compared to 2015. This increase was primarily attributable to incremental expenses in the West segment associated with the acquisition of the Reno properties along with higher expenses associated with a shift in promotional spend in the East segment. These increases in the East segment were offset by a decline in the South segment due to efforts to reduce advertising and promotional costs to maximize profitability.

General and Administrative Expenses. Total general and administrative expenses increased 34.4% in 2016 compared to 2015 primarily due to incremental expenses in the West segment resulting from the operation of the properties purchased in the acquisition of the Reno properties offset by declines in the South and East segments due to continued efforts to decrease variable expenses via cost savings initiatives.

Corporate Expenses. Corporate expenses totaled $19.9 million in 2016 compared to $16.5 million in 2015. This increase was partially due to higher payroll related expenditures at the corporate level subsequent to the acquisition of the Reno properties in addition to an executive team restructuring that took place during the first quarter of 2016. This restructuring resulted in the reallocation of property executive management to corporate in order to more fully utilize their skills across defined regions. This increase was partially offset by declines in general and administrative costs at the property level in 2016 compared to 2015. Additionally, $1.5 million of severance costs were recorded in 2016 along with $0.8 million of additional stock-based compensation expense as a result of severance related restricted stock units becoming fully vested in 2016. Also, stock compensation expense was higher for in 2016 compared to 2015 due to our three year vesting schedule associated with our long-term incentive plan established in 2015 resulting in two years of grants expensed in 2016 versus one year of grants expensed in 2015.

Depreciation and Amortization Expense. Total depreciation and amortization expense increased 11.5% in 2016 compared to 2015 mainly due to additional depreciation expense associated with acquired assets in conjunction with the acquisition of the Reno properties. The West, South and East segments contributed $20.2 million, $7.9 million and $34.9 million, respectively, of depreciation and amortization expense in 2016 compared to $9.5 million, $7.6 million and $39.3 million in 2015, respectively.

Supplemental Unaudited Presentation of Consolidated Adjusted Earnings before Interest, Taxes, Depreciation and Amortization ("EBITDA") for the Years Ended December 31, 2017 and 2016

Adjusted EBITDA (defined below), a non-GAAP financial measure, has been presented as a supplemental disclosure because it is a widely used measure of performance and basis for valuation of companies in our industry and we believe that this non-GAAP supplemental information will be helpful in understanding the Company's ongoing operating results. Adjusted EBITDA represents operating income (loss) before depreciation and amortization, stock based compensation, transaction expenses, S-1 expenses, severance expense, income related to the termination of the Lake Charles sale, costs associated with the terminated Lake Charles sale, impairment charges, equity in income of unconsolidated affiliates, (gain) loss on the sale or disposal of property and equipment, and other regulatory gaming assessments, including the impact of the change in regulatory reporting requirements, to the extent that such items existed in the periods presented. Adjusted EBITDA is not a measure of performance or liquidity calculated in accordance with accounting principles generally accepted in the United States ("US GAAP"), is unaudited and should not be considered an alternative to, or more meaningful than, net income (loss) as an indicator of our operating performance. Uses of cash flows that are not reflected in Adjusted EBITDA include capital expenditures, interest payments, income taxes, debt principal repayments and certain regulatory gaming assessments, which can be significant. As a result, Adjusted EBITDA should not be considered as a measure of our liquidity. Other companies that provide EBITDA information may calculate EBITDA differently than we do. The definition of Adjusted EBITDA may not be the same as the definitions used in any of our debt agreements.

The following table summarizes our Adjusted EBITDA for our operating segments for the years ended December 31, 2017 and 2016, in addition to reconciling Adjusted EBITDA to operating income (loss) in accordance with US GAAP (unaudited, in thousands):

	Year Ended December 31, 2017					
	Operating Income (Loss)	Depreciation and Amortization	Stock-Based Compensation	Transaction Expenses [5]	Other [6]	Adjusted EBITDA
Excluding Pre-Acquisition:						
West	$ 66,329	$ 26,950	$ 182	$ —	$ 364	$ 93,825
Midwest	62,051	20,997	210	—	193	83,451
South	3,671	25,307	147	—	41,144	70,269
East	67,968	30,517	14	—	369	98,868
Corporate and Other	(105,150)	2,120	5,769	92,777	(19,689)	(24,173)
Total Excluding Pre-Acquisition	**$ 94,869**	**$ 105,891**	**$ 6,322**	**$ 92,777**	**$ 22,381**	**$ 322,240**
Pre-Acquisition (1):						
West	$ 9,525	$ 3,694	$ 8	$ —	$ 4	$ 13,231
Midwest	34,819	11,952	51	—	34	46,856
South	25,086	5,693	35	—	184	30,998
East	(1,072)	952	—	—	—	(120)
Corporate and Other	(8,811)	371	1,631	286	527	(5,996)
Total Pre-Acquisition	**$ 59,547**	**$ 22,662**	**$ 1,725**	**$ 286**	**$ 749**	**$ 84,969**
Including Pre-Acquisition:						
West	$ 75,854	$ 30,644	$ 190	$ —	$ 368	$ 107,056
Midwest	96,870	32,949	261	—	227	130,307
South	28,757	31,000	182	—	41,328	101,267
East	66,896	31,469	14	—	369	98,748
Corporate and Other	(113,961)	2,491	7,400	93,063	(19,162)	(30,169)
Total Including Pre-Acquisition (2)	**$ 154,416**	**$ 128,553**	**$ 8,047**	**$ 93,063**	**$ 23,130**	**$ 407,209**

	Year Ended December 31, 2016					
	Operating Income (Loss)	Depreciation and Amortization	Stock-Based Compensation	Transaction Expenses [5]	Other [6]	Adjusted EBITDA
Excluding Pre-Acquisition:						
West	$ 41,620	$ 20,220	$ —	$ —	$ 493	$ 62,333
Midwest	—	—	—	—	—	—
South	23,378	7,861	—	—	(41)	31,198
East	53,610	34,887	—	—	1,338	89,835
Corporate and Other	(29,490)	481	3,341	9,182	1,406	(15,080)
Total Excluding Pre-Acquisition	**$ 89,118**	**$ 63,449**	**$ 3,341**	**$ 9,182**	**$ 3,196**	**$ 168,286**
Pre-Acquisition (3):						
West	$ 25,682	$ 8,901	$ 38	$ —	$ —	$ 34,621
Midwest	84,265	38,720	166	—	(247)	122,904
South	49,112	23,793	118	—	533	73,556
East	(4,687)	3,565	—	—	—	(1,122)
Corporate and Other	(34,213)	1,319	4,670	3,852	870	(23,502)
Total Pre-Acquisition	**$ 120,159**	**$ 76,298**	**$ 4,992**	**$ 3,852**	**$ 1,156**	**$ 206,457**
Including Pre-Acquisition:						
West	$ 67,302	$ 29,121	$ 38	$ —	$ 493	$ 96,954
Midwest	84,265	38,720	166	—	(247)	122,904
South	72,490	31,654	118	—	492	104,754
East (4)	48,923	38,452	—	—	1,338	88,713
Corporate and Other	(63,703)	1,800	8,011	13,034	2,276	(38,582)
Total Including Pre-Acquisition (2)	**$ 209,277**	**$ 139,747**	**$ 8,333**	**$ 13,034**	**$ 4,352**	**$ 374,743**

(1) Figures for Isle are the four months ended April 30, 2017, the day before the we acquired Isle on May 1, 2017. We report our financial results on a calendar fiscal year. Prior to our acquisition of Isle, Isle's fiscal year typically ended on the last Sunday in April. Isle's fiscal 2017 and 2016 were 52-week years, which commenced on April 25, 2016 and April 27, 2015, respectively. Such figures were prepared by us to reflect Isle's unaudited consolidated historical net revenues and Adjusted EBITDA for periods corresponding to our fiscal quarterly calendar. Such figures are based on the unaudited internal financial statements and have not been reviewed by our auditors and do not conform to GAAP.

(2) Total figures for 2016 and 2017 include combined results of operations for Isle and us for periods preceding the date that we acquired Isle. Such presentation does not conform with GAAP or the Securities and Exchange Commission rules for pro forma presentation; however, we believe that the additional financial information will be helpful to investors in comparing current results with results of prior periods. This is non-GAAP data and should not be considered a substitute for data prepared in accordance with GAAP, but should be viewed in addition to the results of operations reported by us.

(3) Figures are for Isle for the year ended December 31, 2016. Such figures were prepared by us to reflect Isle's unaudited consolidated historical net revenues, operating income and Adjusted EBITDA for periods corresponding to our fiscal quarterly calendar. Such figures are based on the unaudited internal financial statements and have not been reviewed by our auditors and do not conform to GAAP.

(4) Effective January 1, 2016, the Ohio Lottery Commission enacted a regulatory change which resulted in the establishment of a $1.0 million progressive slot liability and a corresponding decrease in net slot win during the first quarter of 2016. The changes are non-cash and related primarily to prior years. The net non-cash impact to Adjusted EBITDA was $0.6 million for the year ended December 31, 2016.

(5) Transaction expenses represent costs related to the acquisition of Isle for the year ended December 31, 2017. Transaction expenses for the year ended December 31, 2016 represent costs related to the acquisitions of Isle and the Reno properties and S-1 expenses.

(6) Other is comprised of severance expense, income totaling $20.0 million related to the termination of the Lake Charles sale, costs totaling $2.8 million associated with the termination of the Lake Charles sale, $38.0 million in impairment charges, (gain) loss on sale or disposal of property and equipment, equity in income of unconsolidated affiliate and other regulatory gaming assessments, including the item listed in footnote (4) above.

Liquidity and Capital Resources

We are a holding company and our only significant assets are ownership interests in our subsidiaries. Our ability to fund our obligations depends on the cash flow of our subsidiaries and the ability of our subsidiaries to distribute or otherwise make funds available to us.

Our primary sources of liquidity and capital resources have been existing cash, cash flow from operations, borrowings under our revolving credit facility and proceeds from the issuance of debt securities. We closed on our acquisition of Isle on May 1, 2017 and paid $552.0 million in cash consideration on our acquisition of Isle, refinanced the outstanding Isle indebtedness and paid acquisition expenses.

Our cash requirements can fluctuate significantly depending on our decisions with respect to business acquisitions or dispositions and strategic capital investments to maintain the quality of our properties. We expect that our primary capital requirements going forward will relate to the operation and maintenance of our properties and servicing our outstanding indebtedness. In 2018, we plan to spend $150.0 million on capital expenditures and $115.4 million to pay cash interest on our outstanding indebtedness. We expect that cash generated from operations will be sufficient to fund our operations and capital requirements, and service our outstanding indebtedness for the next twelve months.

At December 31, 2017, we had consolidated cash and cash equivalents of $134.6 million. At December 31, 2016, we had consolidated cash and cash equivalents of $61.0 million. This increase in cash was primarily related to cash acquired in our acquisition of Isle.

Operating Cash Flow. In 2017, cash flows provided by operating activities totaled $130.2 million compared to $97.6 million in 2016. The increase in operating cash was primarily due to incremental operating cash generated by the acquired Isle properties offset by transaction expenses associated with our acquisition of Isle combined with changes in the balance sheet accounts in the normal course of business.

In 2016, we generated cash flows from operating activities of $97.6 million as compared to $56.7 million in 2015. The increase in operating cash was primarily associated with improvements in operations along with incremental cash flow associated with the acquisition of the Reno properties, the refinancing of our debt resulting in lower interest expense and various changes in the balance sheet accounts in the normal course of business.

Investing Cash Flow and Capital Expenditures. Net cash flows used in investing activities totaled $1.4 billion in 2017 compared to $41.1 million in 2016. Net cash flows used in investing activities in 2017 were primarily due to cash paid to acquire Isle in addition to $83.5 million in capital expenditures for various property enhancement and maintenance projects and equipment purchases partially offset by $0.4 million in reimbursements from West Virginia.

Net cash flows used in investing activities totaled $41.1 million in 2016 and primarily consisted of $47.4 million in capital expenditures for various property enhancement and maintenance projects and equipment purchases partially offset by West Virginia's reimbursement of capital expenditures totaling $4.2 million.

Financing Cash Flow. Net cash used for financing activities in 2017 totaled $1.4 billion and consisted mainly of the issuance of debt associated with our acquisition of Isle, the refinancing of our term loan and revolving credit facility in May 2017 and the issuance of additional 6% Senior Notes in September 2017. This increase was partially offset by net payments made on our credit facilities throughout 2017 and taxes paid related to net share settlements of equity awards associated with the Isle transaction.

Net cash used for financing activities in 2016 totaled $73.7 million and consisted primarily of net payments totaling $64.5 million on the revolving credit facility and $4.3 million payments under the term loan in 2016. Additionally, $4.3 million was paid in 2016 for debt issuance costs comprised of $3.6 million related to our acquisition of Isle and $0.7 million related to the acquisition of the Reno properties.

Debt Obligations

7% Senior Notes

On July 23, 2015, we issued at par $375.0 million in aggregate principal amount of 7.0% senior notes due 2023 ("7% Senior Notes") pursuant to the indenture, dated as of July 23, 2015 (the "7% Senior Notes Indenture"), between us and U.S. Bank, National Association, as Trustee. The 7% Senior Notes will mature on August 1, 2023, with interest payable semi-annually in arrears on February 1 and August 1 of each year.

On or after August 1, 2018, we may redeem all or a portion of the 7% Senior Notes upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of the principal amount) set forth below plus accrued and unpaid interest and additional interest, if any, on the 7% Senior Notes redeemed, to the applicable redemption date, if redeemed during the twelve month period beginning on August 1 of the years indicated below:

Year	Percentage
2018	105.250 %
2019	103.500 %
2020	101.750 %
2021 and thereafter	100.000 %

Prior to August 1, 2018, we may redeem all or a portion of the 7% Senior Notes at a price equal to 100% of the 7% Senior Notes redeemed plus accrued and unpaid interest to the redemption date, plus a make-whole premium. At any time prior to August 1, 2018, we are also entitled to redeem up to 35% of the original aggregate principal amount of the 7% Senior Notes with proceeds of certain equity financings at a redemption price equal to 107% of the principal amount of the 7% Senior Notes redeemed, plus accrued and unpaid interest. If we experience certain change of control events (as defined in the 7% Senior Notes Indenture), we must offer to repurchase the 7% Senior Notes at 101% of their principal amount, plus accrued and unpaid interest to the applicable repurchase date. If we sell asset under certain circumstances and does not use the proceeds for specified purposes, we must offer to repurchase the 7% Senior Notes at 100% of their principal amount, plus accrued and unpaid interest to the applicable repurchase date. The 7% Senior Notes are subject to redemption imposed by gaming laws and regulations of applicable gaming regulatory authorities.

The 7% Senior Notes Indenture contains certain covenants limiting, among other things, our ability and the ability of our subsidiaries (other than its unrestricted subsidiaries) to:

- pay dividends or distributions or make certain other restricted payments or investments;
- incur or guarantee additional indebtedness or issue disqualified stock or create subordinated indebtedness that is not subordinated to the 7% Senior Notes or the guarantees of the 7% Senior Notes;
- create liens;

- transfer and sell assets;
- merge, consolidate, or sell, transfer or otherwise dispose of all or substantially all of our assets;
- enter into certain transactions with affiliates;
- engage in lines of business other than our core business and related businesses; and
- create restrictions on dividends or other payments by restricted subsidiaries.

These covenants are subject to a number of exceptions and qualifications as set forth in the 7% Senior Notes Indenture. The 7% Senior Notes Indenture also provides for customary events of default which, if any of them occurs, would permit or require the principal of and accrued interest on such 7% Senior Notes to be declared due and payable. As of December 31, 2017, we were in compliance with all of the covenants under the 7% Senior Notes Indenture relating to the 7% Senior Notes.

6% Senior Notes

On March 29, 2017, Eagle II Acquisition Company LLC ("Eagle II"), our wholly-owned subsidiary, issued $375.0 million aggregate principal amount of 6% Senior Notes due 2025 (the "6% Senior Notes") pursuant to an indenture, dated as of March 29, 2017 (the "6% Senior Notes Indenture"), between Eagle II and U.S. Bank, National Association, as Trustee. The 6% Senior Notes will mature on April 1, 2025, with interest payable semi-annually in arrears on April 1 and October 1, commencing October 1, 2017. The proceeds of the offering, and additional funds in the amount of $1.9 million in respect of interest expected to be accrued on the 6% Senior Notes, were placed in escrow pending satisfaction of certain conditions, including consummation of our acquisition of Isle. In connection with the consummation of our acquisition of Isle on May 1, 2017, the escrowed funds were released and we assumed Eagle II's obligations under the 6% Senior Notes and the 6% Senior Notes Indenture and certain of our subsidiaries (including Isle and certain of its subsidiaries) executed guarantees of our obligations under the 6% Senior Notes.

On September 13, 2017, we issued an additional $500.0 million principal amount of the 6% Senior Notes at an issue price equal to 105.5% of the principal amount of the 6% Senior Notes. The additional notes were issued pursuant to the 6% Senior Notes Indenture that governs the 6% Senior Notes. We used the proceeds of the offering to repay $78.0 million of outstanding borrowings under the revolving credit facility and used the remainder to repay $444.5 million outstanding borrowings under the term loan facility and related accrued interest. As a result of the offering and retirement of existing debt, we recognized a loss of $11.1 million during the year ended December 31, 2017.

On or after April 1, 2020, we may redeem all or a portion of the 6% Senior Notes upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of the principal amount) set forth below plus accrued and unpaid interest and additional interest, if any, on the 6% Senior Notes redeemed, to the applicable redemption date, if redeemed during the 12-month period beginning on April 1 of the years indicated below:

Year	Percentage
2020	104.500 %
2021	103.000 %
2022	101.500 %
2023 and thereafter	100.000 %

Prior to April 1, 2020, we may redeem all or a portion of the 6% Senior Notes at a price equal to 100% of the 6% Senior Notes redeemed plus accrued and unpaid interest to the redemption date, plus a make-whole premium. At any time prior to April 1, 2020, we are also entitled to redeem up to 35% of the original aggregate principal amount of the 6% Senior Notes with proceeds of certain equity financings at a redemption price equal to 106% of the principal amount of the 6% Senior Notes redeemed, plus accrued and unpaid interest. If we experience certain change of control events (as defined in the 6% Senior Notes Indenture), we must offer to repurchase the 6% Senior Notes at 101% of their principal amount, plus accrued and unpaid interest to the applicable repurchase date. If we sell assets under certain circumstances and do not use the proceeds for specified purposes, we must offer to repurchase the 6% Senior Notes at 100% of their principal amount, plus accrued and unpaid interest to the applicable repurchase date.

The 6% Senior Notes are subject to redemption imposed by gaming laws and regulations of applicable gaming regulatory authorities.

The 6% Senior Notes Indenture contains certain covenants limiting, among other things, our ability and the ability of our subsidiaries (other than its unrestricted subsidiaries) to:

- pay dividends or distributions or make certain other restricted payments or investments;
- incur or guarantee additional indebtedness or issue disqualified stock or create subordinated indebtedness that is not subordinated to the 6% Senior Notes or the guarantees of the 6% Senior Notes;

- create liens;
- transfer and sell assets;
- merge, consolidate, or sell, transfer or otherwise dispose of all or substantially all of our assets;
- enter into certain transactions with affiliates;
- engage in lines of business other than our core business and related businesses; and
- create restrictions on dividends or other payments by restricted subsidiaries.

These covenants are subject to a number of exceptions and qualifications as set forth in the 6% Senior Notes Indenture. The 6% Senior Notes Indenture also provides for customary events of default which, if any of them occurs, would permit or require the principal of and accrued interest on such 6% Senior Notes to be declared due and payable. As of December 31, 2017, we were in compliance with all of the covenants under the 6% Senior Notes Indenture relating to the 6% Senior Notes.

Credit Facility

On July 23, 2015, we entered into a new $425.0 million seven year term loan and a $150.0 million five year revolving credit facility.

The term loan bore interest at a rate per annum of, at our option, either (x) LIBOR plus 3.25%, with a LIBOR floor of 1.0%, or (y) a base rate plus 2.25%. Borrowings under the 2015 revolving credit facility bore interest at a rate per annum of, at our option, either (x) LIBOR plus a spread ranging from 2.5% to 3.25% or (y) a base rate plus a spread ranging from 1.5% to 2.25%, in each case with the spread determined based on our total leverage ratio. Additionally, we paid a commitment fee on the unused portion of the 2015 revolving credit facility not being utilized in the amount of 0.50% per annum.

On May 1, 2017, all of the outstanding amounts under our 2015 credit facility were repaid with proceeds of borrowings under the new credit facility and the 2015 credit facility was terminated.

New Credit Facility

On April 17, 2017, Eagle II entered into a new credit agreement by and among Eagle II, as initial borrower, JPMorgan Chase Bank, N.A., as administrative agent, and the lenders party thereto dated as of April 17, 2017, consisting of a $1.45 billion term loan facility and a $300.0 million revolving credit facility, which was undrawn at closing. The proceeds of the new term loan facility, and additional funds in the amount of $4.5 million in respect of interest expected to be accrued on the new term loan facility, were placed in escrow pending satisfaction of certain conditions, including consummation of our acquisition of Isle. In connection with the consummation of our acquisition of Isle on May 1, 2017, the escrowed funds were released and we assumed Eagle II's obligations under the new credit facility and certain of our subsidiaries (including Isle and certain of its subsidiaries) executed guarantees of our obligations under the new credit facility.

As of December 31, 2017, we had $956.8 million outstanding on the new term loan. There were no borrowings outstanding under the new revolving credit facility as of December 31, 2017. We had $291.6 million of available borrowing capacity, after consideration of $8.4 million in outstanding letters of credit, under our new revolving credit facility as of December 31, 2017. At December 31, 2017, the weighted average interest rate on the new term loan was 3.6%, and the weighted average interest rate on the new revolving credit facility was 4.0% based upon the weighted average interest rate of borrowings outstanding during 2017.

We applied the net proceeds of the new term loan facility and borrowings under the new revolving credit facility totaling $135 million, together with the proceeds of the 6% Senior Notes and cash on hand, to (i) pay the cash portion of the consideration payable in our acquisition of Isle, (ii) refinance all of the debt outstanding under Isle's existing credit facility, (iii) redeem or otherwise repurchase all of Isle's outstanding 5.875% Senior Notes due 2021 and 8.875% Senior Subordinated Notes due 2020, (iv) repay all amounts outstanding under our 2015 credit facility and (v) pay fees and costs associated with our acquisition of Isle and such financing transactions.

Our obligations under the new revolving credit facility will mature on April 17, 2022. Our obligations under the new term loan facility will mature on April 17, 2024. We were required to make quarterly principal payments in an amount equal to $3.6 million on the new term loan facility on the last day of each fiscal quarter beginning on June 30, 2017. We satisfied this requirement as a result of the principal prepayment of $444.5 million on September 13, 2017 in conjunction with the issuance of the additional 6% Senior Notes. In addition, we are required to make mandatory payments of amounts outstanding under the new credit facility with the proceeds of certain casualty events, debt issuances, and asset sales and, depending on its consolidated total leverage ratio, we are required to apply a portion of its excess cash flow to repay amounts outstanding under the new credit facility.

The interest rate per annum applicable to loans under the new revolving credit facility is, at our option, either (i) LIBOR plus a margin ranging from 1.75% to 2.50% or (ii) a base rate plus a margin ranging from 0.75% to 1.50%, which margin is based on our total leverage ratio. The interest rate per annum applicable to the loans under the new term loan facility is, at our option, either (i) LIBOR plus 2.25%, or (ii) a base rate plus 1.25%; provided, however, that in no event will LIBOR be less than zero or the base rate be less than 1.00% over the term of the new term loan facility or the new revolving credit facility. Additionally, we pay a commitment fee on the unused portion of the new revolving credit facility not being utilized in the amount of 0.50% per annum.

The new credit facility is secured by substantially all of our personal property assets and substantially all personal property assets of each subsidiary that guaranties the new credit facility (other than certain subsidiary guarantors designated as immaterial), whether owned on the closing date of the new credit facility or thereafter acquired, and mortgages on the real property and improvements owned or leased us or the new credit facility guarantors. The new credit facility is also secured by a pledge of all of the equity owned by us and the new credit facility guarantors (subject to certain gaming law restrictions). The credit agreement governing the new credit facility contains a number of customary covenants that, among other things, restrict, subject to certain exceptions, our ability and the ability of the new credit facility guarantors to incur additional indebtedness, create liens, engage in mergers, consolidations or asset dispositions, make distributions, make investments, loans or advances, engage in certain transactions with affiliates or subsidiaries or make capital expenditures.

The new credit facility contains a number of customary covenants that, among other things, restrict, subject to certain exceptions, our ability and the ability of the subsidiary guarantors to incur debt; create liens; engage in mergers, consolidations or asset dispositions; pay dividends or make distributions; make investments, loans or advances; engage in certain transactions with affiliates or subsidiaries; or modify their lines of business.

The new credit facility also includes certain financial covenants, including the requirements that we maintain throughout the term of the new credit facility and measured as of the end of each fiscal quarter, and solely with respect to loans under the new revolving credit facility, a maximum consolidated total leverage ratio of not more than 6.50 to 1.00 for the period beginning on the closing date and ending with the fiscal quarter ending December 31, 2018, 6.00 to 1.00 for the period beginning with the fiscal quarter beginning January 1, 2019 and ending with the fiscal quarter ending December 31, 2019, and 5.50 to 1.00 for the period beginning with the fiscal quarter beginning January 1, 2020 and thereafter. We will also be required to maintain an interest coverage ratio in an amount not less than 2.00 to 1.00 measured on the last day of each fiscal quarter beginning on the closing date, and ending with the fiscal quarter ending December 31, 2018, 2.50 to 1.00 for the period beginning with the fiscal quarter beginning January 1, 2019 and ending with the fiscal quarter ending December 31, 2019, and 2.75 to 1.00 for the period beginning with the fiscal quarter beginning January 1, 2020 and thereafter.

The new credit facility contains a number of customary events of default, including, among others, for the non-payment of principal, interest or other amounts, the inaccuracy of certain representations and warranties, the failure to perform or observe certain covenants, a cross default to our other indebtedness including the 6% Senior Notes and 7% Senior Notes, certain events of bankruptcy or insolvency; certain ERISA events, the invalidity of certain loan documents, certain changes of control and the loss of certain classes of licenses to conduct gaming. If any event of default occurs, the lenders under the new credit facility would be entitled to take various actions, including accelerating amounts outstanding thereunder and taking all actions permitted to be taken by a secured creditor. As of December 31, 2017, we were in compliance with the covenants under the new credit facility.

Contractual Commitments

The following table summarizes our estimated contractual payment obligations as of December 31, 2017:

	Total	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years
			(in millions)		
Contractual cash obligations:					
Long-term debt obligations(1)	$ 2,210.2	$ 0.6	$ 0.6	$ 0.3	$ 2,208.7
Estimated interest payments on long-term debt(2)	773.4	115.4	230.8	235.0	192.2
Operating leases(3)	188.2	12.1	18.4	14.2	143.5
Gaming tax and license fees(4)	63.8	12.8	25.5	25.5	See note 3
Purchase and other contractual obligations	36.9	25.9	9.7	1.0	0.3
Minimum purse obligations(5)	10.5	10.5	—	—	—
Contingent earn-out payments(6)	0.5	0.1	0.2	0.2	—
Regulatory gaming assessments(7)	3.3	1.4	1.5	0.4	—
Total	$ 3,286.8	$ 178.8	$ 286.7	$ 276.6	$ 2,544.7

(1) These amounts are included in our consolidated balance sheets, which are included elsewhere in this report. See Note 9 to our consolidated financial statements for additional information about our debt and related matters.

(2) Estimated interest payments on long-term debt are based on LIBOR rates and principal amounts outstanding on our new credit facility at December 31, 2017.
(3) Our operating lease obligations are described in Note 16 to our consolidated financial statements.
(4) Includes an annual table gaming license fee of $2.5 million for Mountaineer which is due on July 1st of each year as long as Mountaineer operates table games. Includes our obligation for gaming taxes at Presque Isle Downs, which is set at a minimum of $10.0 million per year, as required by the Pennsylvania Gaming Control Board. Also includes our obligation at Presque Isle Downs, as the holder of a Category 1 license, to create a fund to be used for the improvement and maintenance of the backside area of the racetrack with an amount of not less than $250,000 or more than $1 million annually for a five-year period beginning in 2017.
(5) Pursuant to an agreement with the Mountaineer Park Horsemen's Benevolent and Protective Association, Inc. and/or in accordance with the West Virginia racing statute, Mountaineer is required to utilize its best efforts to conduct racing for a minimum of 210 days and pay average daily minimum purses established by Mountaineer prior to the first live racing date each year ($88,000 for 2017) for the term of the agreement, which expires on December 31, 2018.
(6) In connection with the 2003 purchase of Scioto Downs, certain stockholders of Scioto Downs elected the option to receive cash and contingent earn-out payments ("CEP Rights") in lieu of all cash for their outstanding shares of Scioto Downs' common stock. The triggering event occurred when Scioto Downs received its permanent VLT license in May 2012 and commenced gaming operations. As a result, we recorded a liability for the estimated ten year payout to the stockholders who elected to receive the CEP Rights. The future obligation was calculated based on Scioto Downs' projected EBITDA for the ten calendar years beginning January 1, 2013.
(7) These amounts are included in our consolidated balance sheets, which are included elsewhere in this report. See Note 16 to our consolidated financial statements for additional information regarding our regulatory gaming assessments.

The table above excludes certain commitments as of December 31, 2017, for which the timing of expenditures associated with such commitments is unknown, or contractual agreements have not been executed, or the guaranteed maximum price for such contractual agreements has not been agreed upon.

The repayment of our long-term debt, which consists of indebtedness evidenced by the 6% Senior Notes, 7% Senior Notes and the new credit facility, is subject to acceleration upon the occurrence of an event of default under the indentures governing these obligations.

We routinely enter into operational contracts in the ordinary course of our business, including construction contracts for minor projects that are not material to our business or financial condition as a whole. Our commitments relating to these contracts are recognized as liabilities in our consolidated balance sheets when services are provided with respect to such contracts.

Off Balance Sheet Arrangements

We do not currently have any off balance sheet arrangements.

Inflation

We do not believe that inflation has had a significant impact on our revenues, results of operations or cash flows since inception.

Other Liquidity Matters

We are faced with certain contingencies involving litigation and environmental remediation and compliance. These commitments and contingencies are discussed in greater detail in "*Part I, Item 3. Legal Proceedings*" and Note 16 to our consolidated financial statements, both of which are included elsewhere in this report. In addition, new competition may have a material adverse effect on our revenues, and could have a similar adverse effect on our liquidity. See "*Part I, Item 1A. Risk Factors—Risks Related to Our Business*" which is included elsewhere in this report.

Critical Accounting Policies

Our significant accounting policies are included in Note 2 to our consolidated financial statements, which are included elsewhere in this report. These policies, along with the underlying assumptions and judgments made by our management in their application, have a significant impact on our consolidated financial statements. These judgments are subject to an inherent degree of uncertainty and actual results could differ from our estimates.

Business Combinations

We applied the provisions of Accounting Standards Codification ("ASC") Topic 805, "Business Combinations," in the accounting for the merger with MTR, acquisition of the Reno properties and our acquisition of Isle. It required us to recognize the assets acquired and the liabilities assumed at their acquisition date fair values. Goodwill as of their respective acquisition dates were measured as the excess of consideration transferred over the net of the acquisition date fair values of the assets acquired and the liabilities assumed.

Accounting for business combinations required our management to make significant estimates and assumptions, including our estimate of intangible assets, such as gaming licenses, trade names and loyalty programs. Although we believe the assumptions and estimates made have been reasonable and appropriate, they are inherently uncertain. For our gaming license valuation, our properties estimated future cash flows were the primary assumption in the respective intangible valuations. Cash flow estimates included assumptions regarding factors such as recent and budgeted operating performance, net win per unit (revenue), patron visits and growth percentages. The growth percentages were developed considering general macroeconomic conditions as well as competitive impacts from current and anticipated competition through a review of customer market data, operating margins, and current regulatory, social and economic climates. The most significant of the assumptions used in the valuations included: (1) revenue growth/decline percentages; (2) discount rates; (3) effective income tax rates; (4) future terminal values and (5) capital expenditure assumptions. These assumptions were developed for each of our properties based on historical trends in the current competitive markets in which they operate, and projections of future performance and competition. The primary assumptions with respect to our trade names and loyalty program intangibles primary assumptions were selecting the appropriate royalty rates and cost estimates for replacement cost analyses.

In addition, uncertain tax positions and tax related valuation allowances assumed in connection with a business combination are initially estimated as of the business combination date. We reevaluated these items quarterly based upon facts and circumstances that existed as of the business combination date with any adjustments to our preliminary estimates being recorded to goodwill if identified within the measurement period. Subsequent to the measurement period or our final determination of the tax allowance's or contingency's estimated value, whichever comes first, changes to these uncertain tax positions and tax related valuation allowances will affect our provision for income taxes in our consolidated statements of income and could have material impact on our results of operations and financial position.

Revenue Recognition

Gaming revenues consist of the net win from gaming activities, which is the difference between amounts wagered and amounts paid to winning patrons, and is recognized at the time wagers are made net of winning payouts to patrons. Base and progressive jackpots are accrued and charged to revenue at the time the obligation to pay the jackpot is established. Pari-mutuel commissions consist of commissions earned from thoroughbred and harness racing, and importing of simulcast signals from other race tracks. Pari-mutuel commissions are recognized at the time wagers are made. Such commissions are a designated portion of the wagering handle as determined by state racing commissions, and are shown net of the taxes assessed by state and local agencies, as well as purses and other contractual amounts paid to horsemen associations. We recognize revenues from fees earned through the exporting of simulcast signals to other race tracks at the time wagers are made. Such fees are based upon a predetermined percentage of handle as contracted with the other race tracks. Revenues from food and beverage are recognized at the time of sale and revenues from lodging are recognized on the date of stay. Other revenues are recorded at the time services are rendered or merchandise sold. We offer certain promotional allowances to our customers, including complimentary lodging, food and beverage, and promotional credits for free play on slot machines. The retail value of these promotional items is shown as a reduction in total revenues on our consolidated statements of income.

For information with respect to our adoption of ASU No. 2014-09, "Revenue from Contracts with Customers," (Topic 606) effective January 1, 2018, see "*Note 2, Summary of Significant Accounting Policies – Recently Issued Accounting Pronouncements*", in the notes to the consolidated financial statements.

Income Taxes

We and our subsidiaries file US federal income tax returns and various state and local income tax returns. We do not have tax sharing agreements with the other members within the consolidated ERI group. With few exceptions, we are no longer subject to US federal or state and local tax examinations by tax authorities for years before 2012.

We were notified by the Internal Revenue Service in October of 2016 that its federal tax return for the year ended December 31, 2014 had been selected for examination. In September 2017, the Internal Revenue Service informed us that they completed the examination of the tax return and made no changes. However, we may be subject to tax audits in the future and the outcome of tax audits cannot be predicted with certainty. If any issues addressed in our tax audits are resolved in a manner not consistent with our expectations, we would be required to adjust our provision for income taxes in the period such resolution occurs. While we believe our reported results are materially accurate, any significant adjustments could have a material adverse effect on our results of operations, cash flows and financial position.

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act. The Tax Act makes broad and complex changes to the U.S. tax code, including, but not limited to, (1) reducing the U.S. federal corporate tax rate from 35% to 21%; (2) eliminating the corporate alternative minimum tax (AMT) and changing how existing AMT credits can be realized; (3) creating a new limitation on deductible interest expense; (4) changing rules related to uses and limitations of net operating loss carryforwards created in tax years beginning after December 31, 2017; (5) bonus depreciation that will allow for full expensing of qualified property; and (6) limitations on the deductibility of certain executive compensation.

The SEC staff issued Staff Accounting Bulletin ("SAB") 118, which provides guidance on accounting for the tax effects of the Tax Act. SAB 118 provides a measurement period that should not extend beyond one year from the Tax Act enactment date for companies to complete the accounting under ASC 740. In accordance with SAB 118, a company must reflect the income tax effects of those aspects of the Tax Act for which the accounting under ASC 740 is complete. To the extent that a company's accounting for certain income tax effects of the Tax Act is incomplete but it is able to determine a reasonable estimate, it must record a provisional estimate in the financial statements. If a company cannot determine a provisional estimate to be included in the financial statements, it should continue to apply ASC 740 on the basis of the provisions of the tax laws that were in effect immediately before the enactment of the Tax Act.

In connection with our initial analysis of the impact of the Tax Act, for certain of our net deferred tax liabilities, we have recorded a decrease of $112.4 million, net of the related change in valuation allowance, with a corresponding net adjustment to deferred income tax benefit for the year ending December 31, 2017 as a result of the corporate rate reduction. For various reasons that are discussed more fully below, we have not completed our accounting for the income tax effects of certain elements of the Tax Act, therefore, we have made reasonable estimates of the effects of the elements for which our analysis is not yet complete.

While we have not yet completed all of the computations necessary or completed an inventory of our 2017 expenditures that qualify for immediate expensing, we have recorded a provisional benefit based on our current intent to fully expense all qualifying expenditures. This did not result in any significant change to our current income tax payable or in our deferred tax liabilities due to our federal and state net operating loss carry forwards.

For the year ended December 31, 2015, the difference between the effective rate and the statutory rate is attributable primarily to the release of a majority of the federal and related state valuation allowances on our deferred tax assets and the non-taxable gain on the fair value adjustment of a previously unconsolidated affiliate. We continue to provide for a valuation allowance against net federal and state deferred tax assets associated with non-operating land, the sale of which could result in capital losses that can only be offset against capital gains. As of December 31, 2015, we also continued to provide for a valuation allowance against net state deferred tax assets relating to operations in Pennsylvania and West Virginia. Management determined it was not more-likely-than-not that we will realize these net deferred tax assets.

For the year ended December 31, 2016, the difference between the effective rate and the statutory rate is attributable primarily to the release of a majority of the state valuation allowances on our West Virginia deferred tax assets and excess tax benefits on stock compensation under Accounting Standards Update 2016-09, Compensation – Stock Compensation, which we adopted effective the first quarter of 2016. We continue to provide for a valuation allowance against net federal and state deferred tax assets associated with non-operating land, the sale of which could result in capital losses that can only be offset against capital gains. As of December 31, 2016, we also continued to provide for a valuation allowance against net state deferred tax assets relating to operations in Pennsylvania. Management determined it was not more-likely-than-not that we will realize these net deferred tax assets.

For the year ended December 31, 2017, the difference between the effective rate and the statutory rate is attributable primarily to the impact of the Tax Act discussed more fully above, non-deductible asset impairment charges, non-deductible transaction costs incurred and changes in the effective state tax rate associated with the acquisition of Isle of Capri Casinos, Inc., and the release of the valuation allowance against certain Pennsylvania deferred tax assets. We continue to provide for a valuation allowance against net federal and state deferred tax assets associated with non-operating land, the sale of which could result in capital losses that can only be offset against capital gains. We also continue to provide for a valuation allowance against net state deferred tax assets relating to certain operations in Pennsylvania, Louisiana, Colorado and Iowa. Management determined it was not more-likely-than-not that we will realize these net deferred tax assets.

A valuation allowance is recognized if, based on the weight of available evidence, it is more-likely-than-not that some portion, or all, of the deferred tax asset will not be realized. Management must analyze all available positive and negative evidence regarding realization of the deferred tax assets and make an assessment of the likelihood of sufficient future taxable income. For the year ended December 31, 2015, we were in a three-year cumulative income position and management concluded it is more-likely-than-not to realize its federal, Louisiana and City of Columbus, Ohio deferred tax assets, with the exception of non-operating land. For the year ended December 31, 2016, we remained in a three-year cumulative income position and management concluded it is more-likely-than-not to realize its federal, Louisiana, City of Columbus, Ohio and West Virginia deferred tax assets, with the exception of non-operating land. For the year ended December 31, 2017, we remained in a three-year cumulative income position and management concluded it is more-likely-than-not to realize its

federal, City of Columbus, Ohio, City of Kansas City, Missouri, West Virginia, Missouri and certain Pennsylvania, Colorado and Florida deferred tax assets, with the exception of non-operating land. We continue to provide for a valuation allowance against net state deferred tax assets relating to certain operations in Pennsylvania, Louisiana, Colorado and Iowa. Management determined it was not more-likely-than-not that we will realize these net deferred tax assets. We will continue to evaluate the realization of its deferred tax assets on a quarterly basis and make adjustments to its valuation allowance as appropriate.

For income tax purposes we amortize or depreciate certain assets that have been assigned an indefinite life for book purposes. The incremental amortization or depreciation deductions for income tax purposes result in an increase in certain deferred tax liabilities that cannot be used as a source of future taxable income for purposes of measuring our need for a valuation allowance against the net deferred tax assets. Therefore, we expect to record non cash deferred tax expense as we amortize these assets for tax purposes.

Under the applicable accounting standards, we may recognize the tax benefit from an uncertain tax position only if it is more-likely-than-not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The accounting standards also provide guidance on de-recognition, classification, interest and penalties on income taxes, accounting in interim periods and disclosure requirements for uncertain tax positions. We have recorded no liability associated with uncertain tax positions at December 31, 2017 and 2016.

Property and Equipment and Other Long-Lived Assets

Property and equipment is recorded at cost, except for assets acquired in the Isle, Silver Legacy, Circus Reno and MTR Gaming acquisitions, which were adjusted for fair value under ASC 805 and are depreciated over their remaining estimated useful life or lease term. Judgments are made in determining estimated useful lives and salvage values of these assets. The accuracy of these estimates affects the amount of depreciation expense recognized in our financial results and whether we have a gain or loss on the disposal of assets. We review depreciation estimates and methods as new events occur, more experience is acquired, and additional information is obtained that would possibly change our current estimates.

Property, equipment and other long-lived assets are assessed for impairment in accordance with ASC 360—*Property, Plant, and Equipment*. We evaluate our long-lived assets periodically for impairment issues or, more frequently, whenever events or circumstances indicate that the carrying amount may not be recoverable. Recoverability of these assets is determined by comparing the net carrying value to the sum of the estimated future net undiscounted cash flows expected to be generated by these assets. The amount of impairment loss, if any, is measured by the difference between the net carrying value and the estimated fair value of the asset which is typically measured using a discounted cash flow model (Level 3 of the fair value hierarchy). For assets to be disposed of, impairment is recognized based on the lower of carrying value or fair value less costs of disposal, as estimated based on comparable asset sales, offers received, or a discounted cash flow model. Based on the results of our periodic reviews we have not recorded any long-lived assets impairment charges during the years ended December 31, 2017, 2016 and 2015.

For undeveloped properties, including non-operating real properties, when indicators of impairment are present, properties are evaluated for impairment and losses are recorded when undiscounted cash flows estimated to be generated by an asset or market comparisons are less than the asset's carrying amount. The amount of the impairment loss is calculated as the excess of the asset's carrying value over its fair value, which is determined using a discounted cash flow analysis, management estimates or market comparisons. The fair value measurements employed for our impairment evaluations, which are subject to the assumptions and factors as previously discussed, were generally based on a review of comparable activities in the marketplace, which fall within Level 3 of the fair value hierarchy.

Goodwill and Other Indefinite-lived Intangible Assets

Goodwill represents the excess of the purchase price paid over the fair value of the net assets of the acquired business. Intangible assets acquired in business combinations are recorded based upon their fair value at the date of acquisition. Goodwill and other indefinite-lived intangible assets are reviewed for impairment annually, during the fourth quarter, or more frequently if events or changes in circumstances indicate that an asset might be impaired.

As a result of our annual impairment review, impairment charges totaling $34.9 million and $3.1 million related to goodwill and trade names, respectively, were recorded in 2017. The fair value measurements employed for our impairment evaluations, which are subject to the assumptions and factors as previously discussed, were generally based on a review of comparable activities in the marketplace, which fall within Level 3 of the fair value hierarchy

Goodwill is tested by comparing the carrying value of the reporting unit to its fair value. We estimate the fair value of the reporting unit utilizing income and market approaches. The income approach is based on projected future cash flow that is discounted to present value using factors that consider the timing and risk of the future cash flows. The market approach is based on our market capitalization at the testing date.

Our indefinite-lived intangible assets consist of racing and gaming licenses and trade names and are evaluated for impairment annually by comparing the fair value of the asset to its carrying value. Any excess of carrying value over the fair value is recognized as an impairment within the consolidated statements of income in the period of review.

The gaming and racing licenses were valued in aggregate for each respective property, as these licenses are considered to be the most significant asset of the properties and the gaming licenses could not be obtained without holding the racing licenses. Therefore, a market participant would consider the licenses in aggregate. The fair value of the licenses is calculated using an excess earnings methodology, which is an income approach methodology that allocates the projected cash flows of the property to the gaming license intangible assets less charges for the use of the other identifiable assets of the property, including working capital, fixed assets, and other intangible assets. We believe this methodology is appropriate as the gaming licenses are the primary asset to the properties, the licenses are linked to each respective facility and it's the lowest level at which discrete cash flows can be directly attributable to the assets. Under the gaming legislation applicable to our properties, licenses are property specific and can only be acquired if a buyer acquires the existing facility. Because existing licenses may not be acquired and transferred for use at a different facility, the estimated future cash flows of each of our properties was the primary assumption in the valuation of such property.

We value trade names using the relief-from-royalty method with royalty rates range from 0.5% - 1.0%. Trade names recorded as part of the merger with MTR are amortized on a straight-line basis over a 3.5 year useful life and the trade names recorded as part of our acquisition of Isle and acquisition of the Reno properties are not amortized (deemed indefinite-lived).

The loyalty programs were valued using a combination of a replacement cost and lost profits analysis and the loyalty programs are amortized on a straight-line basis over a one- to three-year useful life.

Assessing goodwill and indefinite-lived intangible assets for impairment is a process that requires significant judgment and involves detailed quantitative and qualitative business-specific analysis and many individual assumptions which fluctuate between assessments. Our properties' estimated future cash flows are a primary assumption in the respective impairment analyses. Unforeseen events, changes in circumstances and market conditions and material differences in estimates of future cash flows could negatively affect the fair value of our assets and result in an impairment charge, which could be material. Cash flow estimates include assumptions regarding factors such as recent and budgeted operating performance, net win per unit (revenue), patron visits, growth percentages which are developed considering general macroeconomic conditions as well as competitive impacts from current and anticipated competition through a review of customer market data, operating margins, and current regulatory, social and economic climates. These estimates could also be negatively impacted by changes in federal, state, or local regulations, economic downturns or developments and other market conditions affecting travel and access to the properties. The most significant of the assumptions used in our valuations include: (1) revenue growth/decline percentages; (2) discount rates; (3) effective income tax rates; (4) future terminal values and (5) capital expenditure assumptions. These assumptions were developed for each property based on historical trends, the current competitive markets in which they operate, and projections of future performance and competition.

We believe we have used reasonable estimates and assumptions to calculate the fair value of our goodwill reporting units and other indefinite-lived intangible assets; however, these estimates and assumptions could be materially different from actual results. If actual market conditions are less favorable than those projected, or if events occur or circumstances change that would reduce the fair value of our licensing intangibles below the carrying value reflected on the consolidated balance sheet, we may be required to conduct an interim test or possibly recognize impairment charges, which may be material, in future periods.

Reserve for Uncollectible Accounts Receivable

We reserve an estimated amount for receivables that may not be collected. Methodologies for estimating bad debt reserves 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 bad debts.

Self-Insurance Reserves

We are self-insured for various levels of general liability, employee medical insurance coverage and workers' compensation coverage. Insurance claims and reserves include accruals of estimated settlements for known claims, as well as accruals of estimates for claims incurred but not yet reported. We utilize independent consultants to assist management in its determination of estimated insurance liabilities. While the total cost of claims incurred depends on future developments, in managements' opinion, recorded reserves are adequate to cover future claims payments. Self-insurance reserves for employee medical claims and workers' compensations are included in accrued payroll and related on the consolidated balance sheets. Self-insurance reserves for general liability claims are included in accrued other liabilities on the consolidated balance sheets.

Loyalty Program

We offer programs whereby our participating patrons can accumulate points for wagering that can be redeemed for credits for free play on slot machines, lodging, food and beverage, merchandise and in limited situations, cash. Based upon the estimated redemptions of loyalty program points, an estimated liability is established for the cost of redemption on earned but unredeemed points. The estimated cost of redemption utilizes estimates and assumptions of the mix of the various product offerings for which the points will be redeemed and costs of such product offerings. Changes in the programs, membership levels and redemption patterns of our participating patrons can impact this liability.

Litigation, Claims and Assessments

We utilize estimates for litigation, claims and assessments. These estimates are based on our knowledge and experience regarding current and past events, as well as assumptions about future events. If our assessment of such a matter should change, we may have to change the estimates, which may have an adverse effect on our financial position, results of operations or cash flows. Actual results could differ from these estimates.

Recently Issued Accounting Pronouncements

For information with respect to recent accounting pronouncements and the impact of these pronouncements on our consolidated financial statements, see Note 2, *Summary of Significant Accounting Policies – Recently Issued Accounting Pronouncements*, in the notes to the consolidated financial statements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, foreign currency exchange rates and commodity prices. We are exposed to changes in interest rates primarily from variable rate long-term debt arrangements. At December 31, 2017, interest on borrowings under our New Credit Facility was subject to fluctuation based on changes in short-term interest rates.

As of December 31, 2017, our long-term variable-rate borrowings totaled $956.8 million under the New Term Loan and represented approximately 43% of our long-term debt. In conjunction with the issuance of $500 million of additional 6% Senior Notes and the retirement of variable rate debt in September 2017, this percentage declined from 54% as of December 31, 2016. During 2017, the weighted average interest rates on our variable and fixed rate debt were 3.8% and 6.3%, respectively.

The Company evaluates its exposure to market risk by monitoring interest rates in the marketplace and has, on occasion, utilized derivative financial instruments to help manage this risk. The Company does not utilize derivative financial instruments for trading purposes. There were no material quantitative changes in our market risk exposure, or how such risks are managed, for the year ended December 31, 2017.

The following table provides information as of December 31, 2017 about our debt obligations, including debt that is sensitive to changes in interest rates, and presents principal payments and related weighted-average interest rates by expected maturity dates. Implied forward rates should not be considered a predictor of actual future interest rates.

The scheduled maturities of our long-term debt outstanding for the years ending December 31 are as follows:

	(in thousands)						
	2018	2019	2020	2021	2022	Thereafter	Total
Fixed Rate Debt							
6% Senior Notes	$ —	$ —	$ —	$ —	$ —	$ 875,000	$ 875,000
7% Senior Notes	—	—	—	—	—	375,000	375,000
Fixed Interest Rate	6.30 %	6.30 %	6.30 %	6.30 %	6.30 %	6.30 %	6.30 %
Variable Rate Debt							
Term Loan (1)	$ —	$ —	$ —	$ —	$ —	$ 956,750	$ 956,750
Average Interest Rate	3.77 %	3.77 %	3.77 %	3.77 %	3.77 %	3.77 %	3.77 %

(1) Based upon the weighted average interest rate of borrowings outstanding on our new credit facility as of December 31, 2017. Borrowings under the new credit facility bear interest at a rate per annum of, at our option, either LIBOR or base rate plus an applicable spread.

As of December 31, 2017, borrowings outstanding under our new term loan were long-term variable-rate borrowings. Assuming a 100 basis-point increase in LIBOR (in the case of the new term loan, over the 1% floor specified in our credit agreement), our annual interest cost would change by $9.6 million based on gross amounts outstanding at December 31, 2017.

Item 8. Financial Statements and Supplementary Data.

Our consolidated financial statements and notes to consolidated financial statements, including the report of Ernst & Young LLP thereon, are included at pages 68 through 118 of this Annual Report on Form 10-K.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

We have established and maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports that we file under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), is recorded, processed, summarized, evaluated and reported within the time periods specified in the rules and forms of the SEC, and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Management, under the supervision and with the participation of our Chief Executive Officer (principal executive officer) and Chief Financial Officer (principal financial officer), evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Exchange Act) as of the end of the period covered by this Form 10-K Annual Report and as required by Rules 13a-15(b) and 15d-15(b) promulgated under the Exchange Act. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of December 31, 2017, at a reasonable assurance level.

Management’s Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(e) or 15d-15(e) promulgated under the Exchange Act) for Eldorado Resorts, Inc. and its subsidiaries.

This system is designed to provide reasonable assurance to the Company's management regarding the reliability of financial reporting and preparation of consolidated financial statements for external purposes.

Management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated and assessed the effectiveness of our internal control over financial reporting as of the end of the period covered by this Form 10-K Annual Report based upon the framework set forth in the Internal Control-Integrated Framework issued in 2013 by the Committee of Sponsoring Organization of the Treadway Commission. Based on this evaluation and assessment, management believes that, as of December 31, 2017, our internal control over financial reporting was effective based on those criteria.

The Company completed its acquisition of Isle of Capri Casinos, Inc. ("Isle") on May 1, 2017 (the "Isle Acquisition"). Since the Company has not yet fully incorporated the internal controls and procedures of Isle into the Company's internal control over financial reporting, management excluded Isle from its assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2017. The Isle Acquisition constituted 53% of total assets as of December 31, 2017, and 41% of net revenues for the year then ended.

Ernst & Young LLP, an independent registered public accounting firm, has issued an attestation report on our internal control over financial reporting as of December 31, 2017, which report follows below.

Changes in Internal Control Over Financial Reporting

Except as noted below, during the quarter ended December 31, 2017, there were no significant changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

On May 1, 2017, we completed the acquisition of Isle. See Part IV, *Item 15*, *Financial Statement Schedules*, *Note 3: Isle Acquisition and Reno Acquisition and Preliminary Purchase Accounting*, for a discussion of the acquisition and related financial data. The Company is in the process of integrating Isle and our internal control over financial reporting. As a result of these integration activities, certain controls will be evaluated and may be changed. Excluding the Isle Acquisition, there were no changes in our internal control over financial reporting that have materially affected, or are reasonable likely to materially affect, our internal control over financial reporting.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Eldorado Resorts, Inc.

Opinion on Internal Control over Financial Reporting

We have audited Eldorado Resorts, Inc.'s internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control— Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Eldorado Resorts, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on the COSO criteria.

As indicated in the accompanying Management's Report on Internal Control Over Financial Reporting included in Item 9A, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Isle of Capri Casinos, Inc., which is included in the 2017 consolidated financial statements of the Company and constituted 53% of total assets as of December 31, 2017 and 41% of net revenues for the year then ended. Our audit of internal control over financial reporting of the Company also did not include an evaluation of the internal control over financial reporting of Isle of Capri Casinos, Inc.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of Eldorado Resorts, Inc. as of December 31, 2017 and 2016, and the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2017, and the related notes and the financial statement schedule listed in the Index at Item 15 (a)(ii) of the Company and our report dated February 27, 2018 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting included in Item 9A. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Roseville, California
February 27, 2018

Item 9B. Other Information.

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The information required by this Item is hereby incorporated by reference to our definitive Proxy Statement for our Annual Meeting of Stockholders (our "Proxy Statement") to be filed with the Securities and Exchange Commission no later than April 30, 2018, pursuant to Regulation 14A under the Securities Act.

We have adopted a code of ethics and business conduct applicable to all directors and employees, including the Chief Executive Officer, Chief Financial Officer and Principal Accounting Officer. The code of ethics and business conduct is posted on our website, http://www.eldoradoresorts.com (accessible through the "Corporate Governance" caption of the Investor Relations page) and a printed copy will be delivered on request by writing to the Corporate Secretary at Eldorado Resorts, Inc., c/o Corporate Secretary, 100 West Liberty Street, Suite 1150, Reno, NV 89501. We intend to satisfy the disclosure requirement regarding certain amendments to, or waivers from, provisions of its code of ethics and business conduct by posting such information on our website.

Item 11. Executive Compensation.

The information required by this Item is hereby incorporated by reference to our Proxy Statement, to be filed with the Securities and Exchange Commission no later than April 30, 2018, pursuant to Regulation 14A under the Securities Act.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information required by this Item is hereby incorporated by reference to our Proxy Statement, to be filed with the Securities and Exchange Commission no later than April 30, 2018, pursuant to Regulation 14A under the Securities Act.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by this Item is hereby incorporated by reference to our Proxy Statement, to be filed with the Securities and Exchange Commission no later than April 30, 2018, pursuant to Regulation 14A under the Securities Act.

Item 14. Principal Accounting Fees and Services.

The information required by this Item is hereby incorporated by reference to our Proxy Statement, to be filed with the Securities and Exchange Commission no later than April 30, 2018, pursuant to Regulation 14A under the Securities Act.

PART IV

Item 15. Financial Statement Schedules.

(a)(i) Financial Statements

Included in Part II of this Annual Report on Form 10-K:

Report of Independent Registered Public Accounting Firm

Consolidated Balance Sheets as of December 31, 2017 and 2016

Consolidated Statements of Income for the Years Ended December 31, 2017, 2016 and 2015

Consolidated Statements of Comprehensive Income for the Years Ended December 31, 2017, 2016 and 2015

Consolidated Statements of Stockholders' Equity for the Years Ended December 31, 2017, 2016 and 2015

Consolidated Statements of Cash Flows for the Years Ended December 31, 2017, 2016 and 2015

Notes to Consolidated Financial Statements

(a)(ii) Financial Statement Schedule

Years Ended December 31, 2017, 2016 and 2015

Valuation and Qualifying Accounts

(a)(iii) Exhibits

EXHIBIT NO.	ITEM TITLE
2.1	Agreement and Plan of Merger by and among Isle of Capri Casinos, Inc., Eldorado Resorts, Inc., Eagle I Acquisition Corp. and Eagle II Acquisition Company LLC, dated as of September 19, 2016 (incorporated by reference to our Current Report on Form 8-K filed on September 22, 2016).
3.1	Amended and Restated Articles of Incorporation (incorporated by reference to our Current Report on Form 8-K filed on September 19, 2014).
3.2	Amended and Restated Bylaws (incorporated by reference to our Current Report on Form 8-K filed on September 19, 2014).
4.1	Specimen Stock Certificate of the Company (incorporated by reference to our Form S-4/A filed on April 21, 2014).
4.2	Indenture dated as of June 23, 2015, by and among Eldorado Resorts, Inc., the guarantors party thereto, U.S. Bank National Association, as Trustee, and Capital One, N.A., as Collateral Trustee, and Form of Note (incorporated by reference to our Current Report on Form 8-K filed on July 23, 2015).
4.3	First Supplemental Indenture, dated as of December 15, 2015, by and among Eldorado Resorts, Inc., the guarantors party thereto and U.S. Bank National Association, as Trustee, under the 2023 Notes Indenture (incorporated by reference to our Registration Statement on Form S-4 filed on January 14, 2016).
4.4	Second Supplemental Indenture, dated as of May 26, 2016, by and among Eldorado Resorts, Inc., the guarantors party thereto, and U.S. Bank National Association, as Trustee, under the 2023 Notes Indenture (incorporated by reference to our Registration Statement on Form S-4 filed on June 16, 2017).
4.5	Third Supplemental Indenture, dated as of March 16, 2017, by and among Eldorado Resorts, Inc., the guarantors party thereto and U.S. Bank National Association, as Trustee, under the 2023 Notes Indenture (incorporated by reference to our Current Report on Form 8-K filed on March 22, 2017).
4.6	Fourth Supplemental Indenture, dated as of May 1, 2017, by and among Eldorado Resorts, Inc., the guarantors party thereto and U.S. Bank National Association, as Trustee, under the 2023 Notes Indenture (incorporated by reference to our Current Report on Form 8-K filed on May 1, 2017).
4.7	Indenture, dated as of March 29, 2017, by and between Isle of Capri Casinos LLC formerly known as Eagle II Acquisition Company LLC and U.S. Bank National Association (incorporated by reference to our Current Report on Form 8-K filed on March 29, 2017).
4.8	Supplemental Indenture, dated as of May 1, 2017, by and among Eldorado Resorts, Inc., the guarantors party thereto and U.S. Bank National Association (incorporated by reference to our Current Report on Form 8-K filed on May 1, 2017).
10.1	Agreement dated November 1, 2008 between Mountaineer Park, Inc. and Racetrack Employees Union Local No. 101 (incorporated by reference to the Annual Report of MTR Gaming Group, Inc. on Form 10-K filed on March 16, 2009).
10.2	Agreement dated December 29, 2009 by and between Mountaineer Park, Inc. and Mountaineer Park Horsemen's Benevolent and Protective Association, Inc. (incorporated by reference to the Annual Report of MTR Gaming Group, Inc. on Form 10-K filed on March 16, 2010).
10.3	Agreement dated February 22, 2007 by and between Presque Isle Downs, Inc. and the Pennsylvania Horsemen's Benevolent and Protective Association Inc. (incorporated by reference to the Annual Report of MTR Gaming Group, Inc. on Form 10-K filed on April 2, 2007).
10.4*	Executive Employment Agreement, dated as of January 17, 2018, by and between Eldorado Resorts, Inc. and Gary Carano (incorporated by reference to our Current Report on Form 8-K filed on January 22, 2018).
10.5*	Executive Employment Agreement, dated as of January 17, 2018, by and between Eldorado Resorts, Inc. and Thomas Reeg (incorporated by reference to our Current Report on Form 8-K filed on January 22, 2018).
10.6*	Executive Employment Agreement, dated as of January 17, 2018, by and between Eldorado Resorts, Inc. and Anthony Carano (incorporated by reference to our Current Report on Form 8-K filed on January 22, 2018).

EXHIBIT NO.	ITEM TITLE
10.7*	Executive Employment Agreement, dated as of January 17, 2018, by and between Eldorado Resorts, Inc. and Edmund L. Quatmann, Jr. (filed herewith).
10.8*	2010 Long-Term Incentive Plan (incorporated by reference to the Quarterly Report of MTR Gaming Group, Inc. on Form 10-Q filed on August 9, 2010).
10.9*	Form of Restricted Stock Unit Award Agreement for Non-Employee Directors (2010 Long-Term Incentive Plan) (incorporated by reference to the Quarterly Report of MTR Gaming Group, Inc. on Form 10-Q filed on August 9, 2010).
10.10*	Form of Nonqualified Stock Option Award Agreement (2010 Long-Term Incentive Plan) (incorporated by reference to the Current Report of MTR Gaming Group, Inc. on Form 8-K filed on February 3, 2011).
10.11*	Form of Restricted Stock Unit Award Agreement (2010 Long-Term Incentive Plan) (incorporated by reference to the Current Report of MTR Gaming Group, Inc. on Form 8-K filed on February 3, 2011).
10.12*	Form of Cash-Based Performance Award Agreement (2010 Long-Term Incentive Plan) (incorporated by reference to the Current Report of MTR Gaming Group, Inc. on Form 8-K filed on February 3, 2011).
10.13*	Eldorado Resorts, Inc. 2015 Equity Incentive Plan (incorporated herein by reference to Exhibit 4.3 to the Registration Statement on Form S-8 filed by Eldorado Resorts, Inc. on April 3, 2015 (File No. 333-203227)).
10.14*	Form of Director Restricted Stock Unit Award Agreement pursuant to the Eldorado Resorts, Inc. 2015 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.28 to the Registration Statement on Form S-1 filed by Eldorado Resorts, Inc. on July 14, 2015 (File No. 333-205654)).
10.15*	Form of Director Restricted Stock Unit Award Agreement pursuant to the Eldorado Resorts, Inc. 2015 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.29 to the Registration Statement on Form S-1 filed by Eldorado Resorts, Inc. on July 14, 2015 (File No. 333-205654)).
10.16*	Form of Performance Stock Unit Award Agreement pursuant to the Eldorado Resorts, Inc. 2015 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.30 to the Registration Statement on Form S-1 filed by Eldorado Resorts, Inc. on July 14, 2015 (File No. 333-205654)).
10.17	Ground Lease dated as of May 19, 1999 between City of Shreveport, as landlord, and Eldorado Casino Shreveport Joint Venture (formerly known as QNOV) as tenant (incorporated by reference to our Annual Report on Form 10-K filed on March 16, 2015).
10.18	First Amendment to Lease Agreement made and entered into as of August 13, 2012, by and between City of Shreveport, as landlord, and Eldorado Casino Shreveport Joint Venture (formerly known as QNOV) as tenant (incorporated by reference to our Annual Report on Form 10-K filed on March 16, 2015).
10.19	Lease between C, S & Y Associates, as lessor, and Eldorado Hotel Associates, as lessee, dated as of July 21, 1972 (incorporated by reference to our Annual Report on Form 10-K filed on March 16, 2015).
10.20	Addendum, dated as of March 20, 1973, to lease between C. S & Y Associates, as lessor, and Eldorado Hotel Associates, as lessee, dated as of July 21, 1972 (incorporated by reference to our Annual Report on Form 10-K filed on March 16, 2015).
10.21	Amendment, dated as of January 1, 1978, to lease between C. S. & Y. Associates, as lessor, and Eldorado Hotel Associates, as lessee, dated as of July 21, 1972 (incorporated by reference to our Annual Report on Form 10-K filed on March 16, 2015).
10.22	Amendment, dated as of January 31, 1985, to lease between C. S. & Y. Associates, as lessor, and Eldorado Hotel Associates, as lessee, dated as of July 21, 1972 (incorporated by reference to our Annual Report on Form 10-K filed on March 16, 2015).
10.23	Amendment, dated as of December 24, 1987, to lease between C. S. & Y. Associates, as lessor, and Eldorado Hotel Associates, as lessee, dated as of July 21, 1972 (incorporated by reference to our Annual Report on Form 10-K filed on March 16, 2015).

EXHIBIT NO.	ITEM TITLE
10.24	Reimbursement and Indemnification Agreement and Lease Amendment, entered into as of March 24, 1994, by and between Eldorado Hotel Associates Limited Partnership, and CS&Y Associates (incorporated by reference to our Annual Report on Form 10-K filed on March 16, 2015).
10.25	Fourth Amendment, dated as of June 1, 2011, by and between Eldorado Resorts LLC and CS&Y Associates, to Reimbursement and Indemnification Agreement and Lease Amendment, entered into as of March 24, 1994, by and between Eldorado Hotel Associates Limited Partnership, and CS&Y Associates (incorporated by reference to our Annual Report on Form 10-K filed on March 16, 2015).
10.26	Credit Agreement, dated as of April 17, 2017, by and among Isle of Capri Casinos LLC (f/k/a Eagle II Acquisition Company LLC), the Lenders party thereto, and JPMorgan Chase Bank, N.A., as administrative agent (incorporated by reference to our Current Report on Form 8-K filed on April 17, 2017).
10.27	Borrower Joinder and Assumption Agreement, dated as of May 1, 2017, by and among Eldorado Resorts, Inc., Isle of Capri Casinos LLC and JPMorgan Chase Bank, N.A. (incorporated by reference to our Current Report on Form 8-K filed on May 1, 2017).
10.28	Guaranty Agreement, dated as of May 1, 2017, by and among the guarantors party thereto and JPMorgan Chase Bank, N.A. (incorporated by reference to our Current Report on Form 8-K filed on May 1, 2017).
10.29	Amendment Agreement, dated as of August 15, 2017, by and between the Eldorado Resorts, Inc. and JPMorgan Chase, N.A. as Administrative Agent in connection with the Credit Agreement, dated as of April 17, 2017 (incorporated by reference to our Quarterly Report on Form 10-Q filed on November 7, 2017).
10.30	Registration Rights Agreement, dated as of May 1, 2017, by and among Eldorado Resorts, Inc., Recreational Enterprises, Inc., GFIL Holdings, LLC and certain of its affiliates (incorporated by reference to our Current Report on Form 8-K filed on May 1, 2017).
10.31*	Isle of Capri Casinos, Inc. Second Amended and Restated 2009 Long-Term Stock Incentive Plan (incorporated by reference to Isle of Capri Casinos, Inc.'s Current Report on Form 8-K filed on October 9, 2015).
10.32*	Isle of Capri Casino, Inc. Form Stock Option Award Agreement (incorporated by reference to Isle of Capri Casinos, Inc.'s Annual Report on Form 10-K filed on July 11, 2008).
10.33*	Isle of Capri Casino, Inc. Form of Restricted Stock Award Agreement (incorporated by reference to Isle of Capri Casinos, Inc.'s Annual Report on Form 10-K filed on June 25, 2009).
10.34*	Isle of Capri Casino, Inc. Form of Performance Based Restricted Stock Unit Agreement (incorporated by reference to Isle of Capri Casinos, Inc.'s Annual Report on Form 10-K filed on June 14, 2012).
10.35*	Isle of Capri Casino, Inc. Form of Non-Qualified Stock Option Agreement (incorporated by reference to Isle of Capri Casinos, Inc.'s Annual Report on Form 10-K filed on June 17, 2015).
10.36*	Isle of Capri Casino, Inc. Form of Performance Stock Unit Agreement (incorporated by reference to Isle of Capri Casinos, Inc.'s Annual Report on Form 10-K filed on June 17, 2015).
10.37*	Isle of Capri Casino, Inc. Form of Restricted Stock Unit Agreement (incorporated by reference to Isle of Capri Casinos, Inc.'s Annual Report on Form 10-K filed on June 17, 2015).
10.38	Amended and Restated Lease, dated as of April 19, 1999, among Port Resources, Inc. and CRU, Inc., as landlords and St. Charles Gaming Company, Inc., as tenant (St. Charles) (incorporated by reference to Isle of Capri Casinos, Inc.'s Annual Report on Form 10-K filed on July 2, 1999).
10.39	Lease of property in Coahoma, Mississippi, dated as of November 16, 1993, by and among Roger Allen Johnson, Jr., Charles Bryant Johnson and Magnolia Lady, Inc. (incorporated by reference to Isle of Capri Casinos, Inc.'s Form S-4/A filed on June 19, 2002).
10.40	Addendum to Lease, dated as of June 22, 1994, by and among Roger Allen Johnson, Jr., Charles Bryant Johnson and Magnolia Lady, Inc. (incorporated by reference to Isle of Capri Casinos, Inc.'s Annual Report on Form 10-K filed on July 28, 2000).

EXHIBIT NO.	ITEM TITLE
10.41	Second addendum to Lease, dated as of October 17, 1995, by and among Roger Allen Johnson, Jr., Charles Bryant Johnson and Magnolia Lady, Inc. (incorporated by reference to Isle of Capri Casinos, Inc.'s Annual Report on Form 10-K filed on July 28, 2000).
10.42	Master Lease, dated as of July 18, 1997, by and between The City of Boonville, Missouri and IOC-Boonville, Inc. formerly known as Davis Gaming Boonville, Inc. (incorporated by reference to Isle of Capri Casinos, Inc.'s Annual Report on Form 10-K filed on July 11, 2008).
10.43	Amendment to Master Lease, dated as of April 19, 1999, by and between The City of Boonville, Missouri and IOC-Boonville, Inc. formerly known as Davis Gaming Boonville, Inc. (incorporated by reference to Isle of Capri Casinos, Inc.'s Annual Report on Form 10-K filed on July 11, 2008).
10.44	Second Amendment to Master Lease, dated as of September 17, 2001, by and between The City of Boonville, Missouri and IOC-Boonville, Inc. formerly known as Davis Gaming Boonville, Inc. (incorporated by reference to Isle of Capri Casinos, Inc.'s Annual Report on Form 10-K filed on July 11, 2008).
10.45	Third Amendment to Master Lease, dated as of November 19, 2001, by and between The City of Boonville, Missouri and IOC-Boonville, Inc. formerly known as Gold River's Boonville Resort, Inc. and Davis Gaming Boonville, Inc. (incorporated by reference to Isle of Capri Casinos, Inc.'s Annual Report on Form 10-K filed on July 11, 2008).
10.46	Amended and Restated Lease Agreement, dated as of August 21, 1995, by and between the Port Authority of Kansas City, Missouri and Tenant (incorporated by reference to Isle of Capri Casinos, Inc.'s Annual Report on Form 10-K filed on June 25, 2009).
10.47	First Amendment to Amended and Restated Lease Agreement, dated as of October 31, 1995, by and between the Port Authority of Kansas City, Missouri and Tenant (incorporated by reference to Isle of Capri Casinos, Inc.'s Annual Report on Form 10-K filed on June 25, 2009).
10.48	Second Amendment to Amended and Restated Lease Agreement, dated as of June 10, 1996, by and between the Port Authority of Kansas City, Missouri and Tenant (incorporated by reference to Isle of Capri Casinos, Inc.'s Annual Report on Form 10-K filed on June 25, 2009).
10.49	Assignment and Assumption Agreement (Lease Agreement), dated as of June 6, 2000, by and among Flamingo Hilton Riverboat Casino, LP, Isle of Capri Casinos, Inc. and IOC-Kansas City, Inc. (incorporated by reference to Isle of Capri Casinos, Inc.'s Annual Report on Form 10-K filed on July 11, 2008).
10.50	Lease and Agreement-Spring 1995, dated as of August 15, 1995, by and between Andrianakos Limited Liability Company and Isle of Capri Black Hawk, L.L.C. (incorporated by reference to Isle of Capri Casinos, Inc.'s Annual Report on Form 10-K filed on July 11, 2008).
10.51	Addendum to the Lease and Agreement-Spring 1995, dated as of April 4, 1996, by and between Andrianakos Limited Liability Company and Isle of Capri Black Hawk, L.L.C. (incorporated by reference to Isle of Capri Casinos, Inc.'s Annual Report on Form 10-K filed on July 11, 2008).
10.52	Second Addendum to the Lease and Agreement-Spring 1995, dated as of March 21, 2003, by and between Andrianakos Limited Liability Company and Isle of Capri Black Hawk, L.L.C. (incorporated by reference to Isle of Capri Casinos, Inc.'s Annual Report on Form 10-K filed on July 11, 2008).
10.53	Third Addendum to the Lease and Agreement-Spring 1995, dated as of April 22, 2003, by and between Andrianakos Limited Liability Company and Isle of Capri Black Hawk, L.L.C. (incorporated by reference to Isle of Capri Casinos, Inc.'s Annual Report on Form 10-K filed on July 11, 2008).
10.54	Fourth Addendum to the Lease and Agreement-Spring 1995, dated as of December 11, 2013, by and between Andrianakos Limited Liability Company and Isle of Capri Black Hawk, L.L.C. (incorporated by reference to Isle of Capri Casinos, Inc.'s Annual Report on Form 10-K filed on June 23, 2014).
10.55	Development Agreement, dated as of October 4, 2010, by and between IOC-Cape Girardeau, LLC and the City of Cape Girardeau, Missouri (incorporated by reference to Isle of Capri Casinos, Inc.'s Quarterly Report on Form 10-Q filed on December 3, 2010).

EXHIBIT NO.	ITEM TITLE
10.56	Amended and Restated Operator's Contract, dated as of November 9, 2004, by and between Black Hawk County Gaming Association and IOC Black Hawk County, Inc. (incorporated by reference to Isle of Capri Casinos, Inc.'s Annual Report on Form 10-K filed on June 23, 2014).
10.57	Operator's Contract, dated as of August 11, 1994, by and between the Riverbend Regional Authority, Green Bridge Company, Bettendorf Riverfront Development Company, L.C., Lady Luck Gaming Corporation and Lady Luck Bettendorf, L.C. (incorporated by reference to Isle of Capri Casinos, Inc.'s Annual Report on Form 10-K filed on June 23, 2014).
10.58	Amendment to Operator's Contract, dated as of August 27, 1998, by and among Green Bridge Company, Bettendorf Riverfront Development Company, L.C., Lady Luck Gaming Corporation, Lady Luck Bettendorf, L.C. and Riverbend Regional Authority (incorporated by reference to Isle of Capri Casinos, Inc.'s Annual Report on Form 10-K filed on June 23, 2014).
10.59	Second Amendment to Operator's Contract, dated as of June 30, 2004, by and between Isle of Capri Bettendorf, L.C. and Scott County Regional Authority (incorporated by reference to Isle of Capri Casinos, Inc.'s Annual Report on Form 10-K filed on June 23, 2014).
10.60	Third Amendment to Operator's Contract, dated as of October 30, 2007, by and between Isle of Capri Bettendorf, L.C. and Scott County Regional Authority (incorporated by reference to Isle of Capri Casinos, Inc.'s Annual Report on Form 10-K filed on June 23, 2014).
10.61	Fourth Amendment to Operator's Contract, dated as of March 11, 2015, by and between Isle of Capri Bettendorf, L.C. and Scott County Regional Authority (incorporated by reference to Isle of Capri Casinos, Inc.'s Annual Report on Form 10-K filed on June 17, 2015).
12.1	Statement of ratio of earnings to fixed charges (filed herewith).
21.1	Subsidiaries of the Registrant (filed herewith).
23.1	Consent of Ernst & Young LLP (filed herewith).
31.1	Certification of Gary L. Carano pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).
31.2	Certification of Thomas R. Reeg pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).
32.1	Certification of Gary L. Carano in accordance with 18 U.S.C. Section 1350 (filed herewith).
32.2	Certification of Thomas R. Reeg in accordance with 18 U.S.C. Section 1350 (filed herewith).
99.1	Description of Governmental Regulations and Licensing (filed herewith).
99.2	Audited consolidated financial statements of Circus and Eldorado Joint Venture, LLC, as of and for the years ended December 31, 2014 and 2013 (incorporated by reference to our Annual Report on Form 10-K filed on March 15, 2016).
99.3	Unaudited consolidated financial statements of Circus and Eldorado Joint Venture, LLC, as of November 23, 2015 and for the period January 1, 2015 through November 23, 2015 (incorporated by reference to our Annual Report on Form 10-K filed on March 15, 2016).
101.1	XBRL Instance Document
101.2	XBRL Taxonomy Extension Schema Document
101.3	XBRL Taxonomy Extension Calculation Linkbase Document
101.4	XBRL Taxonomy Extension Definition Linkbase Document
101.5	XBRL Taxonomy Extension Label Linkbase Document
101.6	XBRL Taxonomy Extension Presentation Linkbase Document

* Management contracts or compensatory plans or arrangements.

SIGNATURES

Pursuant to the requirements of Sections 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ELDORADO RESORTS, INC.

By: /s/ GARY L. CARANO
Gary L. Carano
Chief Executive Officer

Dated: February 27, 2018

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ GARY L. CARANO Gary L. Carano	Chairman of the Board of Directors and Chief Executive Officer (Principal Executive Officer)	February 27, 2018
/s/ THOMAS R. REEG Thomas R. Reeg	President and Chief Financial Officer (Principal Financial Officer) and Director	February 27, 2018
/s/ STEPHANIE D. LEPORI Stephanie D. Lepori	Chief Accounting Officer (Principal Accounting Officer)	February 27, 2018
/s/ BONNIE BIUMI Bonnie Biumi	Director	February 27, 2018
/s/ FRANK J. FAHRENKOPF JR. Frank J. Fahrenkopf Jr.	Director	February 27, 2018
/s/ JAMES B. HAWKINS James B. Hawkins	Director	February 27, 2018
/s/ GREGORY J. KOZICZ Gregory J. Kozicz	Director	February 27, 2018
/s/ MICHAEL E. PEGRAM Michael E. Pegram	Director	February 27, 2018
/s/ DAVID P. TOMICK David P. Tomick	Director	February 27, 2018
/s/ ROGER P. WAGNER Roger P. Wagner	Director	February 27, 2018

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS OF ELDORADO RESORTS, INC.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Eldorado Resorts, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Eldorado Resorts, Inc. as of December 31, 2017 and 2016, and the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2017, and the related notes and the financial statement schedule listed in the Index at Item 15 (a)(ii) (collectively referred to as the “financial statements”). In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company at December 31, 2017 and 2016, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2017, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 27, 2018 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Company’s auditor since 2011.

Roseville, California

February 27, 2018

ELDORADO RESORTS, INC.

CONSOLIDATED BALANCE SHEETS

(dollars in thousands)

	December 31, 2017	December 31, 2016
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 134,596	$ 61,029
Restricted cash	3,267	2,414
Marketable securities	17,631	—
Accounts receivable, net	45,797	14,694
Due from affiliates	243	—
Inventories	16,870	11,055
Prepaid income taxes	4,805	69
Prepaid expenses and other	27,823	12,492
Total current assets	251,032	101,753
PROPERTY AND EQUIPMENT, NET	1,502,817	612,342
GAMING LICENSES AND OTHER INTANGIBLES, NET	996,816	487,498
GOODWILL	747,106	66,826
NON-OPERATING REAL PROPERTY	18,069	14,219
OTHER ASSETS, NET	30,632	11,406
Total assets	$ 3,546,472	$ 1,294,044
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt	$ 615	$ 4,545
Accounts payable	34,778	21,576
Due to affiliates	—	259
Accrued property, gaming and other taxes	43,212	18,790
Accrued payroll and related	53,330	14,588
Accrued interest	25,607	14,634
Income taxes payable	171	—
Accrued other liabilities	61,346	27,648
Total current liabilities	219,059	102,040
LONG-TERM DEBT, LESS CURRENT PORTION	2,189,578	795,881
DEFERRED INCOME TAXES	164,130	90,385
OTHER LONG-TERM LIABILITIES	28,579	7,287
Total liabilities	2,601,346	995,593
COMMITMENTS AND CONTINGENCIES (Note 16)		
STOCKHOLDERS' EQUITY:		
Common stock, 100,000,000 shares authorized, 76,825,966 and 47,105,744 issued and outstanding, par value $0.00001 as of December 31, 2017 and 2016, respectively	—	—
Paid-in capital	746,547	173,879
Retained earnings	198,500	124,560
Accumulated other comprehensive income	79	12
Total stockholders' equity	945,126	298,451
Total liabilities and stockholders' equity	$ 3,546,472	$ 1,294,044

The accompanying notes are an integral part of these consolidated financial statements.

ELDORADO RESORTS, INC.

CONSOLIDATED STATEMENTS OF INCOME

(dollars in thousands, except per share data)

	For the Year Ended December 31,		
	2017	2016	2015
REVENUES:			
Casino	$ 1,228,540	$ 693,013	$ 614,227
Pari-mutuel commissions	14,134	8,600	9,031
Food and beverage	193,260	142,032	97,740
Hotel	119,095	94,312	37,466
Other	51,560	45,239	26,077
	1,606,589	983,196	784,541
Less-promotional allowances	(133,085)	(90,300)	(64,757)
Net operating revenues	1,473,504	892,896	719,784
EXPENSES:			
Casino	638,362	390,325	357,572
Pari-mutuel commissions	13,509	9,787	9,973
Food and beverage	94,723	81,878	52,606
Hotel	34,282	30,746	11,307
Other	26,030	26,921	15,325
Marketing and promotions	82,525	40,600	31,227
General and administrative	241,095	130,172	96,870
Corporate	30,739	19,880	16,469
Impairment charges	38,016	—	—
Depreciation and amortization	105,891	63,449	56,921
Total operating expenses	1,305,172	793,758	648,270
LOSS ON SALE OR DISPOSAL OF PROPERTY AND EQUIPMENT	(319)	(836)	(6)
PROCEEDS FROM TERMINATED SALE	20,000	—	—
TRANSACTION EXPENSES	(92,777)	(9,184)	(2,452)
EQUITY IN (LOSS) INCOME OF UNCONSOLIDATED AFFILIATES	(367)	—	3,460
OPERATING INCOME	94,869	89,118	72,516
OTHER INCOME (EXPENSE):			
Interest expense, net	(99,769)	(50,917)	(61,558)
Gain on valuation of unconsolidated affiliate	—	—	35,582
Loss on early retirement of debt, net	(38,430)	(155)	(1,937)
Total other expense	(138,199)	(51,072)	(27,913)
NET (LOSS) INCOME BEFORE INCOME TAXES	(43,330)	38,046	44,603
BENEFIT (PROVISION) FOR INCOME TAXES	117,270	(13,244)	69,580
NET INCOME	$ 73,940	$ 24,802	$ 114,183
Net Income per share of Common Stock:			
Basic	$ 1.10	$ 0.53	$ 2.45
Diluted	$ 1.09	$ 0.52	$ 2.43
Weighted Average Basic Shares Outstanding	67,133,531	47,033,311	46,550,042
Weighted Average Diluted Shares Outstanding	68,102,814	47,701,562	47,008,980

The accompanying notes are an integral part of these consolidated financial statements.

ELDORADO RESORTS, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(dollars in thousands)

	For the Year Ended December 31,		
	2017	2016	2015
NET INCOME	$ 73,940	$ 24,802	$ 114,183
Other Comprehensive Income (Loss), net of tax:			
Defined benefit pension plan—amortization of net income (loss), net of tax of $36 and $2 for 2017 and 2015, respectively	67	—	(75)
Comprehensive Income, net of tax	$ 74,007	$ 24,802	$ 114,108

The accompanying notes are an integral part of these consolidated financial statements.

ELDORADO RESORTS, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(dollars in thousands)

	Common Stock						
	Shares	Amount	Paid-in Capital	Retained Earnings	Non-controlling Interest	Accumulated Other Comprehensive Income	Total
Balance, December 31, 2014	46,426,714	$ —	$ 165,857	$ (14,425)	$ 103	$ 87	$ 151,622
Issuance of restricted stock units	17,980	—	1,488	—	—	—	1,488
Acquisition of non-controlling interest	373,135	—	3,552	—	(103)	—	3,449
Net income	—	—	—	114,183	—	—	114,183
Other comprehensive income	—	—	—	—	—	(75)	(75)
Balance, December 31, 2015	46,817,829	—	170,897	99,758	—	12	270,667
Issuance of restricted stock units	217,997	—	3,341	—	—	—	3,341
Net income	—	—	—	24,802	—	—	24,802
Other comprehensive income	—	—	—	—	—	—	—
Exercise of stock options	132,900	—	385	—	—	—	385
Shares withheld related to net share settlement of stock awards	(62,982)	—	(744)	—	—	—	(744)
Balance, December 31, 2016	47,105,744	—	173,879	124,560	—	12	298,451
Isle common stock exchanged at merger	28,468,182	—	574,811	—		—	574,811
Issuance of restricted stock units	1,070,552	—	6,322	—	—	—	6,322
Net income	—	—	—	73,940	—	—	73,940
Other comprehensive income	—	—	—	—	—	67	67
Exercise of stock options	1,185,745	—	2,900	—	—	—	2,900
Shares withheld related to net share settlement of stock awards	(1,004,257)	—	(11,365)	—	—	—	(11,365)
Balance, December 31, 2017	76,825,966	$ —	$ 746,547	$ 198,500	$ —	$ 79	$ 945,126

The accompanying notes are an integral part of these consolidated financial statements.

ELDORADO RESORTS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(dollars in thousands)

	Year Ended December 31,		
	2017	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 73,940	$ 24,802	$ 114,183
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	105,891	63,449	56,921
Amortization of deferred financing costs, discount and debt premium	6,289	3,520	(4,372)
Equity in loss (income) of unconsolidated affiliates	367	—	(3,460)
Loss on early retirement of debt	38,430	155	1,937
Gain on valuation of unconsolidated affiliate	—	—	(35,582)
Change in fair value of acquisition related contingencies	37	57	90
Stock compensation expense	6,322	3,341	1,488
Loss on sale or disposal of property and equipment	319	836	6
Provision (benefit) for bad debt	531	161	(18)
Impairment charges	38,016	—	—
(Benefit) provision for deferred income taxes	(113,062)	11,344	(70,773)
Change in operating assets and liabilities:			
Restricted cash	355	2,857	711
Sale of trading securities	101	—	—
Accounts receivable	(19,110)	(4,874)	2,955
Inventory	105	687	(71)
Prepaid expenses and other assets	(629)	(1,654)	2,094
Interest payable	10,974	(344)	(14,112)
Income taxes payable	(470)	—	(137)
Accounts payable and accrued liabilities	(18,165)	(6,767)	4,855
Net cash provided by operating activities	130,241	97,570	56,715
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property and equipment, net	(83,522)	(47,380)	(36,762)
Reimbursement of capital expenditures from West Virginia regulatory authorities	361	4,207	1,266
Restricted cash	19,514	—	—
Proceeds from sale of property and equipment	135	1,560	153
Net cash used in business combinations	(1,343,659)	(194)	(125,016)
Investment in and loans to unconsolidated affiliate	(604)	—	(1,010)
Decrease in restricted cash due to credit support deposit	—	—	2,500
Decrease in other assets, net	—	659	115
Net cash used in investing activities	(1,407,775)	(41,148)	(158,754)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of New Term Loan	1,450,000	—	—
Proceeds from issuance of 6% Senior Notes	875,000	—	—
Proceeds from issuance of 7% Senior Notes	—	—	375,000
Borrowings under New Revolving Credit Facility	166,953	—	—
Payments under Term Loan	(1,062)	(4,250)	425,000
Payments under New Term Loan	(493,250)	—	—
Payments under New Revolving Credit Facility	(166,953)	—	—
Borrowings under Prior Revolving Credit Facility	41,000	73,000	131,000
Payments under Prior Revolving Credit Facility	(29,000)	(137,500)	(37,500)
Retirement of Term Loan	(417,563)	—	—
Retirement of Prior Revolving Credit Facility	(41,000)	—	—
Debt premium proceeds	27,500	—	—
Payment of other long-term obligation	(43)	—	—
Principal payments under 7% Senior Notes	—	—	(2,125)
Retirement of long-term debt	—	—	(728,664)
Payments on capital leases	(490)	(274)	(88)
Debt issuance costs	(51,526)	(4,288)	(25,820)
Call premium on early retirement of debt	—	—	(44,090)
Taxes paid related to net share settlement of equity awards	(11,365)	(744)	—
Proceeds from exercise of stock options	2,900	385	—
Net cash provided by (used in) financing activities	1,351,101	(73,671)	92,713
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	73,567	(17,249)	(9,326)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	61,029	78,278	87,604
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 134,596	$ 61,029	$ 78,278
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Interest paid	$ 84,604	$ 47,696	$ 78,378
Local income taxes paid	246	1,662	1,198
NON-CASH FINANCING ACTIVITIES			
Net change in payables for capital expenditures	(317)	4,222	500
Equipment acquired under capital leases	—	—	870

The accompanying notes are an integral part of these consolidated financial statements.

Note 1. Organization and Basis of Presentation

The accompanying consolidated financial statements include the accounts of Eldorado Resorts, Inc. ("ERI" or the "Company"), a Nevada corporation formed in September 2013, and its consolidated subsidiaries. The Company acquired Mountaineer, Presque Isle Downs and Scioto Downs in September 2014 pursuant to a merger (the "MTR Merger") with MTR Gaming Group, Inc. ("MTR Gaming") and in November 2015 it acquired Circus Reno and the interests in the Silver Legacy that it did not own prior to such date (the "Reno Acquisition").

Throughout the year ended December 31, 2017, ERI owned and operated the following properties:

- Eldorado Resort Casino Reno ("Eldorado Reno")—A 814-room hotel, casino and entertainment facility connected via an enclosed skywalk to Silver Legacy and Circus Reno located in downtown Reno, Nevada that includes 1,125 slot machines and 46 table games;
- Silver Legacy Resort Casino ("Silver Legacy")—A 1,711-room themed hotel and casino connected via an enclosed skywalk to Eldorado Reno and Circus Reno that includes 1,187 slot machines, 63 table games and a 13 table poker room;
- Circus Circus Reno ("Circus Reno")—A 1,571-room hotel-casino and entertainment complex connected via an enclosed skywalk to Eldorado Reno and Silver Legacy that includes 712 slot machines and 24 table games;
- Eldorado Resort Casino Shreveport ("Eldorado Shreveport")—A 403-room, all suite art deco-style hotel and tri-level riverboat dockside casino situated on the Red River in Shreveport, Louisiana that includes 1,397 slot machines, 52 table games and an eight table poker room;
- Mountaineer Casino, Racetrack & Resort ("Mountaineer")—A 357-room hotel, casino, entertainment and live thoroughbred horse racing facility located on the Ohio River at the northern tip of West Virginia's northwestern panhandle that includes 1,508 slot machines and 36 table games, including a 10 table poker room;
- Presque Isle Downs & Casino ("Presque Isle Downs")—A casino and live thoroughbred horse racing facility with 1,593 slot machines, 33 table games and a seven table poker room located in Erie, Pennsylvania; and
- Eldorado Gaming Scioto Downs ("Scioto Downs")—A modern "racino" offering 2,245 VLTs, harness racing and a 118-room third party hotel connected to Scioto Downs located 15 minutes from downtown Columbus, Ohio.

In addition, on May 1, 2017, the Company consummated its acquisition of Isle of Capri Casinos, Inc. and acquired the following properties:

- Isle Casino Hotel—Black Hawk ("Isle Black Hawk")—A land-based casino on an approximately 10-acre site in Black Hawk, Colorado that includes 1,026 slot machines, 27 table games, a nine table poker room and a 238-room hotel;
- Lady Luck Casino—Black Hawk ("Lady Luck Black Hawk")—A land-based casino across the intersection from Isle Casino Hotel in Black Hawk Colorado, that includes 452 slot machines, 10 table games, five poker tables and a 164-room hotel with a parking structure connecting Isle Casino Hotel-Black Hawk and Lady Luck Casino-Black Hawk;
- Isle Casino Racing Pompano Park ("Pompano")—A casino and harness racing track on an approximately 223-acre owned site in Pompano Beach, Florida that includes 1,455 slot machines and a 45 table poker room;
- Isle Casino Bettendorf ("Bettendorf")—A land-based single-level casino located off Interstate 74 in Bettendorf, Iowa that includes 978 slot machines and 20 table games with two hotel towers with 509 hotel rooms;
- Isle Casino Waterloo ("Waterloo")—A single-level land-based casino in Waterloo, Iowa that includes 940 slot machines, 25 table games, and a 194-room hotel;

- Isle of Capri Casino Hotel Lake Charles (“Lake Charles”)—A gaming vessel on an approximately 19 acre site in Lake Charles, Louisiana, with 1,173 slot machines, 47 table games, including 13 poker tables, and two hotels offering 493 rooms;
- Isle of Capri Casino Lula (“Lula”)—Two dockside casinos in Lula, Mississippi with 875 slot machines and 20 table games, two on-site hotels with a total of 486 rooms and a 28-space RV Park;
- Lady Luck Casino Vicksburg (“Vicksburg”)—A dockside casino in Vicksburg, Mississippi that includes 616 slot machines, nine table games and a hotel with a total of 89 rooms;
- Isle of Capri Casino Boonville (“Boonville”)—A single-level dockside casino in Boonville, Missouri that includes 893 slot machines, 20 table games and a 140-room hotel;
- Isle Casino Cape Girardeau (“Cape Girardeau”)—A dockside casino and pavilion and entertainment center in Cape Girardeau, Missouri that includes 872 slot machines and 24 table games, including four poker tables;
- Lady Luck Casino Caruthersville (“Caruthersville”)—A riverboat casino located along the Mississippi River in Caruthersville, Missouri that includes 516 slot machines and nine table games;
- Isle of Capri Casino Kansas City (“Kansas City”)—A dockside casino located close to downtown Kansas City, Missouri offering 966 slot machines and 18 table games; and
- Lady Luck Casino Nemacolin (“Nemacolin”)—A casino property located on the 2,000-acre Nemacolin Woodlands Resort in Western Pennsylvania that includes 600 slot machines and 28 table games.

In addition, Scioto Downs, through its subsidiary RacelineBet, Inc., also operates Racelinebet.com, a national account wagering service that offers online and telephone wagering on horse races as a marketing affiliate of TwinSpires.com, an affiliate of Churchill Downs, Inc.

Acquisition of Isle of Capri Casinos, Inc. and Refinancing

On May 1, 2017 (the “Isle Acquisition Date”), the Company completed its acquisition of Isle of Capri Casinos, Inc. pursuant to the Agreement and Plan of Merger (the “Merger Agreement”) dated as of September 19, 2016 with Isle of Capri Casinos, Inc., a Delaware corporation (“Isle” or “Isle of Capri”), Eagle I Acquisition Corp., a Delaware corporation and a direct wholly-owned subsidiary of the Company, and Eagle II Acquisition Company LLC, a Delaware limited liability company and a direct wholly-owned subsidiary of the Company (the “Isle Acquisition” or the “Isle Merger”). As a result of the Isle Merger, Isle became a wholly-owned subsidiary of ERI and, at the effective time of the Isle Merger, each outstanding share of Isle’s stock converted into the right to receive $23.00 in cash or 1.638 shares of ERI common stock (the “Stock Consideration”), at the election of the applicable Isle shareholder and subject to proration such that the outstanding shares of Isle common stock were exchanged for aggregate consideration comprised of 58% cash, or $552.0 million, and 42% ERI common stock, or 28.5 million newly issued shares of ERI common stock. The total purchase consideration was $1.93 billion (See Note 3).

In connection with the Isle Acquisition, the Company completed a debt financing transaction comprised of: (a) a senior secured credit facility in an aggregate principal amount of $1.75 billion with a (i) term loan facility of $1.45 billion and (ii) revolving credit facility of $300.0 million and (b) $375.0 million of senior unsecured notes. The proceeds of such borrowings were used to pay the cash portion of the consideration payable in the Isle Merger, refinance all of Isle’s existing credit facilities, redeem or otherwise repurchase all of Isle’s senior and senior subordinated notes, refinance the Company’s existing credit facility and pay transaction fees and expenses related to the foregoing (See Note 9 for further discussion of the refinancing transaction and terms of such indebtedness).

On September 13, 2017, the Company issued an additional $500.0 million in aggregate principal amount of its 6% Senior Notes (as defined below) at an issue price equal to 105.5% of the principal amount. The 6% Senior Notes were issued as additional notes under the New Indenture dated March 29, 2017 (as defined below), as supplemented by the supplemental indenture dated as of May 1, 2017 between the Company, the guarantors party thereto and U.S. Bank National Association, pursuant to which the Company previously issued $375.0 million aggregate principal amount of 6% Senior Notes. The additional 6% Senior Notes formed part of a single class of securities together with the initial 6% Senior Notes for all purposes under the New Indenture, including waivers, amendments, redemptions and offers to purchase.

Transaction expenses attributed to the Isle Acquisition are reported on the accompanying statements of income related to legal, accounting, financial advisory services, severance, stock awards and other costs totaling $92.8 million and $8.6

million during the years ended December 31, 2017 and 2016, respectively. As of December 31, 2017, $0.1 million of accrued costs and expenses related to the Isle Acquisition are included in accrued other liabilities. Additionally, we recognized a loss of $27.3 million for the year ended December 31, 2017 related to the extinguishment of Isle debt and the payment of interest and call premiums in conjunction with the Isle Acquisition.

On August 22, 2016, Isle entered into a definitive agreement (the "Agreement") to sell its casino and hotel property in Lake Charles, Louisiana, for $134.5 million, subject to a customary purchase price adjustment, to an affiliate of Laguna Development Corporation (the "Buyer"), a Pueblo of Laguna-owned business based in Albuquerque, New Mexico. The Agreement was assumed by the Company at the Isle Acquisition Date. On November 21, 2017, the Company terminated the Agreement. The closing of the transaction was subject to certain closing conditions, including obtaining certain gaming approvals, and was to occur on or before the termination date, which had been extended by the parties to November 20, 2017. The Buyer did not obtain the required gaming approvals prior to the termination date, and pursuant to the terms of the Agreement, the Company retained the Buyer's $20.0 million deposit. The Buyer agreed to the termination and its terms. The $20.0 million forfeited deposit was recorded as income on the accompanying statements of income as "Proceeds from Terminated Sale." In previous periods, the operations of Lake Charles have been classified as discontinued operations and as assets held for sale for all periods presented. As a result of the termination, Lake Charles is no longer classified as assets held for sale and accounted for as discontinued operations and is included in our results of operations for the eight-month period from the Isle Acquisition Date through December 31, 2017.

Note 2. Summary of Significant Accounting Policies

Principles of Consolidation. The accompanying consolidated financial statements include the accounts of the Company as described in Note 1. All significant intercompany transactions have been eliminated in consolidation.

Use of Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates incorporated into the Company's consolidated financial statements include estimated useful lives for depreciable and amortizable assets, estimated allowance for doubtful accounts receivable, estimated cash flows in assessing goodwill and indefinite-lived intangible assets for impairment and the recoverability of long-lived assets, self-insurance reserves, players' club liabilities, contingencies and litigation, claims and assessments, and fair value measurements related to the Company's long-term debt. Actual results could differ from these estimates.

Cash and Cash Equivalents. Cash equivalents include investments in money market funds. Investments in this category can be redeemed immediately at the current net asset value per share. A money market fund is a mutual fund whose investments are primarily in short-term debt securities designed to maximize current income with liquidity and capital preservation, usually maintaining per share net asset value at a constant amount, such as one dollar. Cash and cash equivalents also includes cash maintained for gaming operations. The carrying amounts approximate the fair value because of the short maturity of those instruments (Level 1).

Restricted Cash and Investments. Restricted cash includes cash reserved for unredeemed winning tickets from the Company's racing operations, funds related to horsemen's fines and certain simulcasting funds that are restricted to payments for improving horsemen's facilities and racing purses, cash deposits that serve as collateral for letters of credit, surety bonds and short-term certificates of deposit that serve as collateral for certain bonding requirements. The estimated fair values of our restricted cash and investments are based upon quoted prices available in active markets (Level 1), or quoted prices for similar assets in active and inactive markets (Level 2), and represent the amounts we would expect to receive if we sold our restricted cash and investments. Restricted investments, included in Other Assets, net, relate to trading securities pledged as collateral by our captive insurance wholly-owned subsidiary.

The Company also has certificates of deposit which are used for security with the Nevada Department of Insurance for its self-insured workers compensation, West Virginia Division of Environmental Protection and Port Resources for the land lease at Lake Charles. The Nevada certificate of deposit of $628,000 matured on January 28, 2018 at which time it was renewed and the maturity date was extended to January 29, 2019. The West Virginia certificates of deposits in the amounts of $123,000 and $76,000 both mature on October 27, 2018 and the Lake Charles certificate of deposit is for $1.0 million and matures on July 13, 2018.

Marketable Securities. Marketable securities consist primarily of trading securities held by the Company's captive insurance subsidiary. The trading securities are primarily debt and equity securities that are purchased with the intention to resell in the near term. The trading securities are carried at fair value with changes in fair value recognized in current period income, and this accounting policy was implemented as of the Isle Acquisition Date. For the year ended December 31, 2017, we recorded a $0.1 million loss related to the change in fair value which is included in corporate expenses in the accompanying statements of income.

Accounts Receivable and Credit Risk. Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of casino accounts receivable. The Company issues markers to approved casino customers following background checks and assessments of creditworthiness. Trade receivables, including casino and hotel receivables, are typically non-interest bearing. Accounts are written off when management deems the account to be uncollectible. Recoveries of accounts previously written off are recorded when received. An estimated allowance for doubtful accounts is maintained to reduce the Company's receivables to their carrying amount, which approximates fair value. The allowance is estimated based on specific review of customer accounts as well as historical collection experience and current economic and business conditions. Management believes that as of December 31, 2017 and 2016, no significant concentrations of credit risk related to receivables existed.

Inventories. Inventories are stated at the lower of average cost, using a first-in, first-out basis, or market. Inventories consist primarily of food and beverage, retail merchandise and operating supplies.

Property and Equipment. Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful life of the asset or the term of the capitalized lease, whichever is less. Costs of major improvements are capitalized, while costs of normal repairs and maintenance are charged to expense as incurred. Gains or losses on the disposal of property and equipment are included in operating income.

Buildings and improvements	10 to 40 years
Land improvements	10 to 20 years
Furniture, fixtures and equipment	3 to 20 years
Riverboat	10 to 25 years

Investment in Unconsolidated Affiliates. The Company's investments in unconsolidated affiliates which are 50% or less owned are accounted for under the equity method and included in other assets, net. The Company does have variable interests in variable interest entities; however, we are not the primary beneficiary. All intercompany balances and transactions have been eliminated in consolidation.

The Company considers whether the fair values of any of its equity method investments have declined below their carrying value whenever adverse events or changes in circumstances indicate that recorded values may not be recoverable. Estimated fair value is determined using a discounted cash flow analysis based on estimated future results of the investee and market indicators of terminal year capitalization rate. There were no impairments of the Company's equity method investments during 2017, 2016 or 2015.

Goodwill and Other Intangible Assets and Non-Operating Real Properties. Goodwill represents the excess of purchase price over fair market value of net assets acquired in business combinations. Goodwill and indefinite-lived intangible assets must be reviewed for impairment at least annually and between annual test dates in certain circumstances. The Company performs its annual impairment tests in the fourth quarter of each fiscal year. As a result of the annual impairment review for goodwill and indefinite-lived intangible assets, the Company recorded impairment charges of $34.9 million and $3.1 million related to goodwill and trade names, respectively, in 2017. No impairments were indicated as a result of the annual impairment review for goodwill and indefinite-lived intangible assets in 2016 or 2015.

We have designated certain assets, consisting principally of land and undeveloped properties, as non-operating real property and have declared our intent to sell those assets. However, we do not anticipate that we will be able to sell the majority of the assets within the next twelve months. As such, these properties are not classified as held-for-sale as of December 31, 2017.

Indefinite-Lived Intangible Assets. Indefinite-lived intangible assets consist primarily of expenditures associated with obtaining racing and gaming licenses. Indefinite-lived intangible assets are not subject to amortization, but are subject to an annual impairment test. If the carrying amount of an indefinite-lived intangible asset exceeds its fair value, an impairment loss is recognized in an amount equal to that excess amount.

Self-Insurance Reserves. The Company is self-insured for various levels of general liability, employee medical insurance coverage and workers' compensation coverage. Insurance claims and reserves include accruals of estimated settlements for known claims, as well as accruals of estimates for claims incurred but not yet reported. We utilize independent consultants to assist management in its determination of estimated insurance liabilities. While the total cost of claims incurred depends on future developments, in managements' opinion, recorded reserves are adequate to cover future claims payments. Self-insurance reserves for employee medical claims and workers' compensations are included in accrued payroll and related on the consolidated balance sheets. Self-insurance reserves for general liability claims are included in accrued other liabilities on the consolidated balance sheets.

Outstanding Chip Liability. The Company recognizes the impact on gaming revenues on an annual basis to reflect an estimate of the change in the value of outstanding chips that are not expected to be redeemed. This estimate is determined by measuring the difference between the total value of chips placed in service less the value of chips in the inventory of chips under our control. This measurement is performed on an annual basis utilizing a methodology in which a consistent formula is applied to estimate the percentage value of chips not in custody that are not expected to be redeemed. In addition to the formula, certain judgments are made with regard to various denominations and souvenir chips. The outstanding chip liability is included in accrued other liabilities on the consolidated balance sheets.

Loyalty Program. The Company offers programs at its properties whereby our participating patrons can accumulate points for wagering that can be redeemed for credits for free play on slot machines, lodging, food and beverage, merchandise and in limited situations, cash. Based upon the estimated redemptions of frequent player program points, an estimated liability is established for the cost of redemption of earned but unredeemed points. The estimated cost of redemption utilizes estimates and assumptions of the mix of the various product offerings for which the points will be redeemed and costs of such product offerings. Changes in the programs, membership levels and changes in the redemption patterns of our participating patrons can impact this liability. The loyalty program liability is included in accrued other liabilities on the consolidated balance sheets.

Revenues and Promotional Allowances. The Company recognizes as casino revenue the net win from gaming activities, which is the difference between gaming wins and losses. Progressive jackpots are accrued and charged to revenue at the time the obligation to pay the jackpot is established. Gaming revenues are recognized net of certain cash and free play incentives. Pari-mutuel commissions consist of commissions earned from thoroughbred and harness racing and importing of simulcast signals from other race tracks and are recognized at the time wagers are made. Such commissions are a designated portion of the wagering handle as determined by state racing commissions, and are shown net of the taxes assessed by state and local agencies, as well as purses and other contractual amounts paid to horsemen associations. The Company recognizes revenues from fees earned through the exporting of simulcast signals to other race tracks at the time wagers are made. Such fees are based upon a predetermined percentage of handle as contracted with the other race tracks. Hotel, food and beverage, and other operating revenues are recognized as services are performed. Advance deposits on rooms and advance ticket sales are recorded as accrued liabilities until services are provided to the customer.

The retail value of food, beverage, rooms and other services furnished to customers on a complimentary basis is included in gross revenues and then deducted as promotional allowances. The Company rewards customers, through the use of our loyalty programs, with complimentaries based on amounts wagered or won that can be redeemed for a specified time period. The Company also offers discretionary coupons to our customers, the retail values of which are included as a component of promotional allowances in the accompanying consolidated statements of income in accordance with FASB Section 605-50 for revenue recognition.

The retail value of complimentaries included in promotional allowances is as follows (in thousands):

	For the Year Ended December 31,		
	2017	2016	2015
Food and beverage	$ 87,677	$ 56,335	$ 44,998
Hotel	37,117	27,070	15,711
Other	8,291	6,895	4,048
	$ 133,085	$ 90,300	$ 64,757

The costs of providing such complimentary services are recorded in casino expenses in the accompanying consolidated statements of income and are estimated as follows (in thousands):

	For the Year Ended December 31,		
	2017	2016	2015
Food and beverage	$ 73,823	$ 39,288	$ 31,220
Hotel	15,795	10,077	6,638
Other	6,295	4,672	2,330
	$ 95,913	$ 54,037	$ 40,188

Advertising. Advertising costs are expensed in the period the advertising initially takes place and are included in marketing and promotions expenses. Advertising costs included in marketing and promotion expenses were $33.0 million, $15.5 million and $11.0 million for the years ended December 31, 2017, 2016 and 2015, respectively.

Income Taxes. We account for income taxes in accordance with ASC Topic 740, Income Taxes ("ASC 740"). ASC 740 requires the recognition of deferred income tax liabilities and deferred income tax assets for the difference between the book basis and tax basis of assets and liabilities. We have recorded valuation allowances related to net operating loss carry forwards and certain temporary differences. Recognizable future tax benefits are subject to a valuation allowance, unless such tax benefits are determined to be more-likely-than-not realizable. We recognize accrued interest and penalties related to unrecognized tax benefits in income tax expense.

Stock-Based Compensation. We account for stock-based compensation in accordance with ASC Topic 718, *Compensation—Stock Compensation*. ASC 718 requires all share-based payments to employees and non-employee members of the Board of Directors, including grants of stock options and restricted stock units ("RSUs"), to be recognized in the consolidated statements of income based on their fair values and that compensation expense be recognized for awards over the requisite service period of the award or until an employee's eligible retirement date, if earlier.

Earnings per Share. Basic earnings per share is computed by dividing net income (loss) by the weighted average shares outstanding during the reporting period. Diluted earnings per share is computed similarly to basic earnings per share except that the weighted average shares outstanding are increased to include additional shares from the assumed exercise of stock options and the assumed vesting of restricted share units, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options were exercised, that outstanding restricted share units were released and that the proceeds from such activities were used to acquire shares of common stock at the average market price during the reporting period.

Reclassifications

Certain reclassifications of prior period presentations have been made to conform to the current period presentation.

Recently Issued Accounting Pronouncements – New Developments

In May 2014 (amended January 2017), the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers," (Topic 606) which provides a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and eliminates existing industry guidance, including revenue recognition guidance specific to the gaming industry. The FASB has also recently issued several amendments to the standard, including narrow-scope improvements and practical expedients (ASU 2016-12) and clarification on accounting for and identifying performance obligations (ASU 2016-10). The core principle of the revenue model indicates that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard is designed to create greater comparability for financial statement users across industries and jurisdictions and also requires enhanced disclosures. The guidance is effective for interim and annual periods beginning after December 15, 2017. While early adoption is permitted for interim and annual periods beginning after December 15, 2016, we adopted this standard effective January 1, 2018, and elected to apply the full retrospective adoption method.

The adoption of the new standard on January 1, 2018, principally affects the presentation of promotional allowances and how the Company measures the liability associated with our customer loyalty programs. The current presentation of gross revenues for complimentary goods and services provided to guests with a corresponding offsetting amount included in promotional allowances will be eliminated. This adjustment in presentation of promotional allowances will not have an impact on the Company's historically reported net operating revenues.

Liabilities associated with our customer loyalty programs are no longer valued at cost; rather a deferred revenue model is used to account for the classification and timing of revenue to be recognized related to the redemption of loyalty program liabilities by the customer. Points earned under the Company's loyalty programs are deemed to be separate performance obligations, and recorded as a reduction of casino revenues when earned at the retail value of such benefits owed to the customer and recognized as departmental revenue based on where such points are redeemed, upon fulfillment of the performance obligation. Upon adoption, the Company's change in liability associated with the customer loyalty programs will not be significant. Accordingly, we expect the cumulative effect adjustment to our retained earnings upon adoption will not be significant.

Subsequent to the adoption of Topic 606, food and beverage, lodging and other services furnished to our guests on a complimentary basis will be measured at the respective estimated standalone selling prices and included as revenues within food and beverage, lodging, and retail, entertainment and other, which will result in a corresponding decrease in gaming revenues. The costs of providing such complimentary goods and services will be included as expenses within food and beverage, lodging, and retail, entertainment and other, which will result in a decrease in casino expenses.

Additionally, as a result of the adoption of the new standard, certain adjustments and other reclassifications to and between revenue categories and to and between expense categories were required; however, the amounts associated with such adjustments will not have a significant impact on the Company's previously reported operating income or net income.

In January 2017, the FASB issued Accounting Standards Update ASU No. 2017-04, "Intangibles – Goodwill and Other: Simplifying the Test for Goodwill Impairment." This amended guidance is intended to simplify how an entity is required to test goodwill for impairment by eliminating Step 2 from the goodwill impairment test. Step 2 measures goodwill impairment loss by comparing the implied fair value of a reporting unit's goodwill with the carrying amount of goodwill. Under the amended guidance, an entity should perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. The elimination of Step 2 from the goodwill impairment test should reduce the cost and complexity of evaluating goodwill for impairment. Amendments should be applied on a prospective basis disclosing the nature of and reason for the change in accounting principle upon transition. Disclosure should be provided in the first annual period and in the interim period in which the entity initially adopts the amendments. Updated amendments are effective for the interim and annual periods beginning after December 15, 2019, and early adoption is permitted. We adopted this guidance effective October 1, 2017, and, in conjunction with the Company's annual impairment assessment, recorded a $34.9 million goodwill impairment charge in 2017.

In January 2017, the FASB issued ASU No. 2017-01, "Business Combinations – Clarifying the Definition of a Business." This amendment is intended to clarify the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisition (or disposals) of assets or businesses. Amendments in this update provide a more robust framework to use in determining when a set of assets and activities is a business and to provide more consistency in applying the guidance, reduce the costs of application, and make the definition of a business more operable. The amendments are effective for interim and annual periods beginning after December 15, 2017. Early adoption is allowed as follows: (1) transactions for which acquisition date occurs before the issuance date or effective date of the amendments, only when the transaction has not been reported in financial statements that have been issued or made available for issuance and (2) transactions in which a subsidiary is deconsolidated or a group of assets is derecognized that occur before the issuance date or effective date of the amendments, only when the transaction has not been reported in financial statements that have been issued or made available for issuance. We currently anticipate adopting this accounting standard during the first quarter of 2018, and the adoption will result in future acquisitions which do not involve substantive processes being accounted for as asset acquisitions.

In November 2016, the FASB issued ASU No. 2016-18, "Statement of Cash Flows – Restricted Cash." This guidance requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash and cash equivalents. The amendments in this update are effective for the interim and annual periods beginning after December 15, 2017. Early adoption is permitted, including adoption in an interim period. We adopted this standard effective January 1, 2018, which will impact the presentation of the Statement of Cash Flows as well as require additional footnote disclosure to reconcile the balance sheet to the revised cash flow presentation.

In August 2016, the FASB issued ASU No. 2016-15, “Classification of Certain Cash Receipts and Cash Payments.” This new guidance is intended to reduce diversity in practice in how certain cash receipts and payments are classified in the statement of cash flows, including debt prepayment or extinguishment costs, the settlement of contingent liabilities arising from a business combination, proceeds from insurance settlements, and distributions from certain equity method investees. The guidance is effective for interim and annual periods beginning after December 15, 2017, and early adoption is permitted. The guidance requires application using a retrospective transition method. We adopted this standard effective January 1, 2018, which should not have a significant impact on our consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13, “Accounting for Credit Losses,” which amends the guidance on the impairment of financial instruments. This update adds an impairment model (known as the current expected credit losses model) that is based on expected losses rather than incurred losses. Under the new guidance, an entity recognizes, as an allowance, its estimate of expected credit losses. The effective date for this update is for the annual and interim periods beginning after December 15, 2019 and early adoption is permitted beginning after December 15, 2018. We are currently evaluating the impact of adopting this guidance on our consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02 “Leases” which addresses the recognition and measurement of leases. Under the new guidance, for all leases (with the exception of short-term leases), at the commencement date, lessees will be required to recognize a lease liability, which is a lessee’s obligation to make lease payments arising from a lease, measured on a discounted basis, and a right-of-use (“ROU”) asset, which is an asset that represents the lessee’s right to use, or control the use of, a specified asset for the lease term. Under the new guidance, lessor accounting is largely unchanged. Further, the new lease guidance simplifies the accounting for sale and leaseback transactions primarily because lessees must recognize lease assets and liabilities, which no longer provides a source for off balance sheet financing. The effective date for this update is for the annual and interim periods beginning after December 15, 2018 with early adoption permitted. Lessees and lessors must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the consolidated financial statements.

Currently, we do not have any material capital leases or any material operating leases where we are the lessor. Our operating leases, primarily relating to certain ground leases and slot machines or VLTs, will 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. The ROU asset will be depreciated on a straight-line basis and recognized as lease expense. The qualitative and quantitative effects of adoption of ASU 2016-02 are still being analyzed, and we are in the process of evaluating the full effect the new guidance will have on our consolidated financial statements including any new considerations with respect to the Isle Acquisition.

Note 3. Isle Acquisition and Reno Acquisition and Preliminary Purchase Accounting

Preliminary Purchase Price Accounting – Isle of Capri

On May 1, 2017, the Company completed its acquisition of Isle. The purchase consideration and allocation are still considered preliminary pending management’s final assessment of fair values. The total purchase consideration in the Isle Acquisition was determined with reference to the fair value on the date of the Merger Agreement as follows:

Purchase consideration calculation (dollars in thousands, except shares and stock price)	Shares	Per share		
Cash paid for outstanding Isle common stock (1)			$	552,050
Shares of ERI common stock issued for Isle common stock (2)	28,468,182	$ 19.12		544,312
Cash paid by ERI to retire Isle's long-term debt (3)				828,000
Shares of ERI common stock for Isle equity awards (4)				10,383
Purchase consideration			$	1,934,745

(1) The cash component of the consideration represents 58% of the aggregate consideration paid in the Isle Acquisition. The Merger Agreement provided that Isle stockholders could elect to exchange each share of Isle common stock for either $23.00 in cash or 1.638 shares of ERI common stock, subject to proration such that the outstanding shares of Isle common stock will be exchanged for aggregate consideration comprised of 58% cash and 42% ERI common stock. See discussion of Stock Consideration component in note (2) below.

(2) The Stock Consideration component of the consideration represents 42% of the aggregate consideration paid in the Isle Acquisition. The Merger Agreement provided that 58% of the aggregate consideration would be paid by ERI in cash, as described in note (1) above. The remaining 42% of the aggregate consideration was paid in shares of ERI common stock. The total Stock Consideration and per share consideration above were based on the ERI stock price on April 28, 2017 (the last business day prior to Isle Acquisition Date) which was $19.12 per share.

(3) In addition to the cash paid to retire the principal amounts outstanding of Isle's long-term debt, ERI paid $26.6 million in premiums and interest.

(4) This amount represents consideration paid for the replacement of Isle's outstanding equity awards. As discussed in Note 1, Isle's outstanding equity awards were replaced by ERI equity awards with similar terms. A portion of the fair value of ERI awards issued represents consideration transferred, while a portion represents compensation expense based on the vesting terms of the equity awards.

The following table summarizes the preliminary purchase accounting of the purchase consideration to the identifiable assets acquired and liabilities assumed in the Isle Acquisition as of the Isle Acquisition Date, with the excess recorded as goodwill. The fair values were based on management's analysis, including preliminary work performed by third-party valuation specialists. The following table summarizes our preliminary purchase price accounting of the acquired assets and liabilities as of December 31, 2017 (dollars in thousands):

Current and other assets, net	$	135,925
Property and equipment		908,816
Goodwill		715,196
Intangible assets (i)		517,470
Other noncurrent assets		15,082
Total assets		2,292,489
Current liabilities		(144,306)
Deferred income taxes (ii)		(186,772)
Other noncurrent liabilities		(26,666)
Total liabilities		(357,744)
Net assets acquired	$	1,934,745

(i) Intangible assets consist of gaming licenses, trade names, and player relationships.

(ii) Deferred tax liabilities were derived based on fair value adjustments for property and equipment and identified intangibles.

During the three months ended December 31, 2017, the Company adjusted the Isle of Capri preliminary purchase price accounting, as disclosed in the June 30, 2017 and September 30, 2017 Form 10-Q filings, to their updated values. Except for the reclassification of the Lake Charles assets and liabilities, which were previously classified as assets held for sale as of the Isle Acquisition Date and reversed as a result of the sale termination, the updated purchase price accounting resulted in minimal changes and refinements by management.

Valuation methodologies under both a market and income approach used for the identifiable net assets acquired in the Isle Acquisition make use of Level 1 and Level 3 inputs including quoted prices in active markets and discounted cash flows using current interest rates and are provisional pending development of a final valuation.

Trade receivables and payables, inventory and other current and noncurrent assets and liabilities were valued at the existing carrying values as they represented the estimated fair value of those items at the Isle Acquisition Date, based on management's judgement and estimates.

The fair value of land was determined using the market approach, which arrives at an indication of value by comparing the site being valued to sites that have been recently acquired in arm's-length transactions. The market data is then adjusted for any significant differences, to the extent known, between the identified comparable sites and the site being valued. Building and site improvements were valued using the cost approach using a direct cost model built on estimates of replacement cost. With respect to personal property components of the assets, personal property assets with an active and identifiable secondary market such as riverboats, gaming equipment, computer equipment and vehicles were valued using the market approach. Other personal property assets such as furniture, fixtures, computer software, and restaurant equipment were valued using the cost approach which is based on replacement or reproduction costs of the asset.

The cost approach is an estimation of fair value developed by computing the current cost of replacing a property and subtracting any depreciation resulting from one or more of the following factors: physical deterioration, functional obsolescence, and/or economic obsolescence. The income approach incorporates all tangible and intangible property and served as a ceiling for the fair values of the acquired assets of the ongoing business enterprise, while still taking into account the premise of highest and best use. In the instance where the business enterprise value developed via the income approach was exceeded by the initial fair values of the underlying assets, an adjustment to reflect economic obsolescence was made to the tangible assets on a pro rata basis to reflect the contributory value of each individual asset to the enterprise as a whole.

The fair value of the gaming licenses was determined using the excess earnings or replacement cost methodology based on the respective states' legislation. The excess earnings methodology, which is an income approach methodology that allocates the projected cash flows of the business to the gaming license intangible assets less charges for the use of other identifiable assets of Isle including working capital, fixed assets and other intangible assets. This methodology was considered appropriate as the gaming licenses are the primary asset of Isle and the licenses are linked to each respective facility. Under the respective state's gaming legislation, the property specific licenses can only be acquired if a theoretical buyer were to acquire each existing facility. The existing licenses could not be acquired and used for a different facility. The properties' estimated future cash flows were the primary assumption in the respective valuations. Cash flow estimates included net gaming revenue, gaming operating expenses, general and administrative expenses, and tax expense. The replacement cost methodology is a cost approach methodology based on replacement or reproduction cost of the gaming license as an indicator of fair value.

Trademarks are valued using the relief from royalty method, which presumes that without ownership of such trademarks, ERI would have to make a stream of payments to a brand or franchise owner in return for the right to use their name. By virtue of this asset, ERI avoids any such payments and record the related intangible value of ERI's ownership of the brand name. The primary assumptions in the valuation included revenue, pre-tax royalty rate, and tax expense.

ERI has assigned an indefinite useful life to the gaming licenses, in accordance with its review of the applicable guidance of ASC Topic 350, "Intangibles-Goodwill and Other" ("ASC 350"). The standard required ERI to consider, among other things, the expected use of the asset, the expected useful life of other related asset or asset group, any legal, regulatory, or contractual provisions that may limit the useful life, ERI's own historical experience in renewing similar arrangements, the effects of obsolescence, demand and other economic factors, and the maintenance expenditures required to obtain the expected cash flows. In that analysis, ERI determined that no legal, regulatory, contractual, competitive, economic or other factors limit the useful lives of these intangible assets. The acquired Isle properties currently have licenses in Louisiana, Pennsylvania, Iowa, Missouri, Mississippi, Florida and Colorado. The renewal of each state's gaming license depends on a number of factors, including payment of certain fees and taxes, providing certain information to the state's gaming regulator, and meeting certain inspection requirements. However, ERI's historical experience has not indicated, nor does ERI expect, any limitations regarding its ability to continue to renew each license. No other competitive, contractual, or economic factor limits the useful lives of these assets. Accordingly, ERI has preliminarily concluded that the useful lives of these licenses are indefinite.

For the period from the Isle Acquisition Date through December 31, 2017, Isle and its subsidiaries generated net revenue of $599.6 million and net income of $102.6 million.

Final Purchase Price Accounting – Silver Legacy and Circus Reno

On November 24, 2015, the Company acquired all of the assets and properties of Circus Reno and the 50% membership interest in the Silver Legacy Joint Venture owned by Galleon, Inc. The total purchase consideration was $223.6 million as presented in the following table.

Purchase consideration calculation (dollars in thousands)	Silver Legacy	Circus Reno	Total
Cash consideration paid by ERI for MGM's 50% equity interest and MGM's member note	$ 56,500	$ 16,000	$ 72,500
Fair value of ERI's pre-existing 50% equity interest	56,500	—	56,500
Settlement of Silver Legacy's long-term debt (1)	87,854	—	87,854
Prepayment penalty (1)	1,831	—	1,831
Closing Silver Legacy and Circus Reno net working capital (2)	6,124	2,111	8,235
Reverse member note (3)	(6,107)	—	(6,107)
Deferred tax liability	2,769	—	2,769
Purchase consideration	$ 205,471	$ 18,111	$ 223,582

(1) Represents $5.0 million of short-term debt, $75.5 million of long-term debt, the remaining 50% of the $11.5 million of member notes (net of discount), and accrued interest of $1.6 million. Additionally, the Company paid a $1.8 million prepayment penalty as a result of the early payoff of the Silver Legacy long-term debt.

(2) Per the Purchase and Sale Agreement, the purchase price was $72.5 million plus the Final Closing Net Working Capital (as defined in the Purchase and Sale Agreement). As agreed by both parties, the final working capital adjustment was $8.2 million.

(3) Represents 50% of the $11.5 million of member notes (net of discount) due to ERI, and related accrued interest. This amount was settled in conjunction with the final, agreed-upon purchase consideration.

The transaction was accounted for using the acquisition method. No goodwill resulted from the recording of this transaction.

The following table summarizes the allocation of the final purchase consideration to the identifiable assets acquired and liabilities assumed in the Circus Reno/Silver Legacy Purchase. The fair values were based on management's analysis, including work performed by third-party valuation specialists. The following table summarizes the final purchase price accounting of the acquired assets and assumed liabilities (dollars in thousands):

	Silver Legacy	Circus Reno	Total
Current and other assets, net	$ 21,625	$ 2,115	$ 23,740
Property and equipment	168,037	14,996	183,033
Intangible assets (1)	5,000	1,000	6,000
Other noncurrent assets	10,809	—	10,809
Net assets acquired	$ 205,471	$ 18,111	$ 223,582

(1) Intangible assets consist of trade names which are non-amortizable and loyalty programs which were amortized over one year.

Valuation methodologies under both a market and income approach used for the identifiable net assets acquired in the Reno Acquisition make use of Level 1 and Level 3 inputs including quoted prices in active markets and discounted cash flows using current interest rates.

Trade receivables and payables, inventory as well as other current and noncurrent assets and liabilities were valued at the existing carrying values as they represented the fair value of those items at the Reno Acquisition Date, based on management's judgments and estimates.

The fair value estimate of property and equipment utilized a combination of the cost and market approaches, depending on the characteristics of the asset classification. The fair value of land was determined using the market approach, which considers sales of comparable assets and applies compensating factors for any differences specific to the particular assets.

With respect to personal property components of the assets (gaming equipment, furniture, fixtures and equipment, computers, and vehicles) the cost approach was used, which is based on replacement or reproduction costs of the asset. Building and site improvements were valued using the cost approach using a direct cost model built on estimates of replacement cost.

Trade names were valued using the relief-from-royalty method. The loyalty program was valued using a comparative business valuation method. Management has assigned trade names an indefinite useful life, in accordance with its review of applicable guidance of ASC Topic No. 350, *Intangibles—Goodwill and Other*. The standard required management to consider, among other things, the expected use of the asset, the expected useful life of other related asset or asset group, any legal, regulatory, or contractual provisions that may limit the useful life, the Company's own historical experience in renewing similar arrangements, the effects of obsolescence, demand and other economic factors, and the maintenance expenditures required to obtain the expected cash flows. In that analysis, management determined that no legal, regulatory, contractual, competitive, economic or other factors limit the useful lives of these intangible assets. The loyalty program is being amortized on a straight-line basis over a one year useful life.

For the period from the Reno Acquisition Date through December 31, 2015, the Silver Legacy generated net revenue of $13.5 million and a net loss of $0.3 million. Circus Reno generated net revenues of $8.3 million and net income of $1.4 million during the same period.

Unaudited Pro Forma Information – Isle Acquisition

The following unaudited pro forma information presents the results of operations of the Company for the years ended December 31, 2017 and 2016, as if the Isle Acquisition had both occurred on January 1, 2016 (in thousands except per share data).

	For the years ended December 31,	
	2017	2016
Net revenues	$ 1,803,522	$ 1,832,601
Net income	173,587	28,413

These pro forma results do not necessarily represent the results of operations that would have been achieved if the acquisition had taken place on January 1, 2016, nor are they indicative of the results of operations for future periods. The pro forma amounts include the historical operating results of the Company and Isle prior to the Isle Acquisition with adjustments directly attributable to the Isle Acquisition.

Note 4. Accounts Receivable

Components of accounts receivable, net are as follows (in thousands):

	December 31,	
	2017	2016
Accounts receivable	$ 47,017	$ 15,915
Allowance for doubtful accounts	(1,220)	(1,221)
Total	$ 45,797	$ 14,694

Reserve for Uncollectible Accounts Receivable

We reserve an estimated amount for receivables that may not be collected. Methodologies for estimating bad debt reserves 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 bad debts. In 2017 and 2016, the Company's bad debt expense totaled $0.5 million and $0.2 million, respectively.

Note 5. Investment in Unconsolidated Affiliates

Hotel Partnership. The Company holds a 42.1% variable interest in a partnership with other investors that developed a new 118-room Hampton Inn & Suites hotel at Scioto Downs that opened in March 2017. Pursuant to the terms of the partnership agreement, the Company contributed $1.0 million of cash and 2.4 acres of a leasehold immediately adjacent to *The Brew Brothers* microbrewery and restaurant at Scioto Downs. The partnership constructed the hotel at a cost of $16.0 million and other investor members operate the hotel. In November 2017, the Company contributed $0.6 million to the partnership for its proportionate share of additional construction costs pursuant to the partnership agreement. At December 31, 2017 and 2016, the Company's investment in the partnership was $1.5 million and $1.3 million, respectively, recorded in "Other Assets, Net" in the consolidated balance sheets, representing the Company's maximum loss exposure. As of December 31, 2017, the Company's receivable from the partnership totaled $0.2 million and is reflected on the accompanying balance sheet under "Due from Affiliates."

Silver Legacy Joint Venture. Effective March 1, 1994, Eldorado Limited Liability Company ("ELLC") and Galleon, Inc. entered into the Silver Legacy Joint Venture pursuant to a joint venture agreement (the "Joint Venture Agreement") to develop the Silver Legacy.

On the Reno Acquisition Date, Eldorado Resorts LLC consummated the acquisition of the other 50% membership interest in the Silver Legacy Joint Venture owned by Galleon, Inc. pursuant to the Purchase Agreement. As a result of these transactions, ELLC became a wholly-owned subsidiary of ERI and Silver Legacy became an indirect wholly-owned subsidiary of ERI. In conjunction with the Reno Acquisition, we recorded a $35.6 million gain related to the valuation of the pre-acquisition investment in the Silver Legacy Joint Venture.

Equity in income related to the Silver Legacy Joint Venture for the 2015 period prior to the Reno Acquisition Date amounted to $3.5 million.

Summarized information for the Company's investment in and advances to the Silver Legacy Joint Venture for 2015 prior to its acquisition by the Company is as follows (in thousands):

	Period from, January 1, 2015 through November 23, 2015
Beginning balance	$ 14,009
Equity in income of unconsolidated affiliate	3,460
Valuation of unconsolidated affiliate	35,582
Net acquisition of non-controlling interest	3,449
Ending balance	$ 56,500

Summarized results of operations for the Silver Legacy Joint Venture are as follows (in thousands):

	Period from, January 1, 2015 through November 23, 2015
Net revenues	$ 117,029
Operating expenses	(90,608)
Operating income	26,421
Other expense	(19,226)
Net income	$ 7,195

Note 6. Property and Equipment

Property and equipment consisted of the following (in thousands):

	December 31, 2017	December 31, 2016
Land and improvements	$ 284,374	$ 54,604
Buildings and other leasehold improvements	1,187,642	628,390
Riverboat	61,091	40,148
Furniture, fixtures and equipment	420,399	251,504
Furniture, fixtures and equipment held under capital leases (Note 16)	870	3,571
Construction in progress	14,451	6,985
	1,968,827	985,202
Less—Accumulated depreciation and amortization	(466,010)	(372,860)
Property and equipment, net	$ 1,502,817	$ 612,342

Substantially all property and equipment is pledged as collateral under our long-term debt (see Note 9).

Depreciation expense, including amortization expense on capital leases, was $100.9 million, $58.9 million and $51.0 million for the years ended December 31, 2017, 2016 and 2015, respectively. At December 31, 2017 and 2016, accumulated depreciation and amortization includes $0.4 million and $2.9 million, respectively, related to assets acquired under capital leases.

Note 7. Other and Intangible Assets, net

Other and intangible assets, net, include the following amounts (in thousands):

	December 31, 2017	December 31, 2016	Useful Life
Goodwill	$ 747,106	$ 66,826	Indefinite
Gaming licenses	$ 877,174	$ 482,074	Indefinite
Trade names	108,250	3,100	Indefinite
Trade names	6,700	6,700	1 - 3.5 years
Loyalty programs	21,820	7,700	1 - 3 years
Subtotal	1,013,944	499,574	
Accumulated amortization trade names	(6,290)	(4,376)	
Accumulated amortization loyalty programs	(10,838)	(7,700)	
Total gaming licenses and other intangible assets	$ 996,816	$ 487,498	
Non-operating real property	$ 18,069	$ 14,219	
Unamortized debt issuance costs - New Revolving Credit Facility	$ 8,616	$ —	
Restricted cash	9,886	—	
Other	12,130	11,406	
Total other assets, net	$ 30,632	$ 11,406	

Goodwill is the excess of the purchase price of acquiring MTR Gaming and Isle over the fair market value of the net assets acquired.

Gaming licenses represent intangible assets acquired from the purchase of a gaming entity located in a gaming jurisdiction where competition is limited, such as when only a limited number of gaming operators are allowed to operate in the jurisdiction. These gaming license rights are not subject to amortization as the Company has determined that they have indefinite useful lives.

During the fourth quarter of 2017, the Company performed its annual impairment tests of its intangible assets by reviewing each of its reporting units. The goodwill analysis of the Company's Lake Charles, Lula and Vicksburg reporting units indicated the fair value of Lake Charles' and Vicksburg's goodwill and all three reporting units' trade names were less than their carrying values.

The Company adopted the new guidance under ASU No. 2017-04, which eliminated Step 2 from the impairment test. As a result of its analysis, the Company recorded a $38.0 million impairment charge in 2017 comprised of the following: $1.5 million, $0.3 million and $1.3 million related to trade names for Lake Charles, Lula and Vicksburg, respectively, and $11.7 million and $23.2 million related to goodwill for Lake Charles and Vicksburg, respectively.

The Company's goodwill impairment charges in 2017 were primarily the result of expected decreases in future cash flows as a result of unfavorable economic conditions and the impact of changes in our competitors. The non-recurring fair values used in our determination of the goodwill impairment charges considered Level 2 and 3 inputs, including the review of comparable activities in the marketplace, discounted cash flows and market based multiple valuation methods.

The Company's trade name impairment charges in 2017 were primarily the result of expected decreases in future net revenues. The non-recurring fair values used in our determination of the trade name impairment charges considered Level 2 and 3 inputs, including use of the relief-from-royalty method.

Amortization expense with respect to trade names and the loyalty program for the year ended December 31, 2017 and 2016 amounted to $5.1 million and $4.5 million, respectively, which is included in depreciation and amortization in the consolidated statements of income. Such amortization expense is expected to be $5.0 million, $4.6 million, and $1.5 million for the years ended December 31, 2018, 2019 and 2020, respectively.

Note 8. Accrued Other Liabilities

Accrued other liabilities consisted of the following (in thousands):

	December 31,	
	2017	2016
Accrued general liability claims	$ 13,816	$ 3,228
Unclaimed chips	4,743	1,946
Accrued purses and track related liabilities	3,256	1,007
Jackpot progressives and other accrued gaming liabilities	18,724	6,678
Player's point liabilities	7,061	2,989
Construction payables	5,276	4,005
Other	8,470	7,795
Total accrued other liabilities	$ 61,346	$ 27,648

Note 9. Long-Term Debt and Other Long-Term Liabilities

Long-term debt consisted of the following (in thousands):

	December 31,	
	2017	2016
New Term Loan	$ 956,750	$ —
Less: Unamortized discount and debt issuance costs	(18,748)	—
Net	938,002	—
6% Senior Notes	875,000	—
Plus: Unamortized debt premium	26,605	—
Less: Unamortized debt issuance costs	(20,716)	—
Net	880,889	—
7% Senior Notes	375,000	375,000
Less: Unamortized discount and debt issuance costs	(7,146)	(8,141)
Net	367,854	366,859
Term Loan	—	418,625
Less: Unamortized discount and debt issuance costs	—	(12,578)
Net	—	406,047
Prior Revolving Credit Facility	—	29,000
Less: Unamortized debt issuance costs	—	(2,023)
Net	—	26,977
Capital leases	917	543
Long-term notes payable	2,531	—
Less: Current portion	(615)	(4,545)
Total long-term debt	$ 2,189,578	$ 795,881

Maturities of the principal amount of the Company's long-term debt as of December 31, 2017 are as follows:

Years ending December 31,	*(In thousands)*
2018	$ 615
2019	425
2020	172
2021	116
2022	126
Thereafter	2,208,744
	$ 2,210,198

In connection with the Isle Acquisition, the Company completed a debt financing transaction comprised of: (a) a senior secured credit facility in an aggregate principal amount of $1.75 billion with a (i) term loan facility of $1.45 billion and (ii) revolving credit facility of $300.0 million and (b) $375.0 million of 6% senior unsecured notes. The proceeds of such borrowings were used to pay the cash portion of the consideration payable in the Isle Merger, refinance all of Isle's existing credit facilities, redeem or otherwise repurchase all of Isle's and senior and senior subordinated notes, refinance the Company's existing credit facility and pay transaction fees and expenses related to the foregoing.

On September 13, 2017, the Company issued an additional $500.0 million in aggregate principal amount of its 6% Senior Notes (as defined below) at an issue price equal to 105.5% of the principal amount. The 6% Senior Notes were issued as additional notes under the 6% Senior Notes Indenture dated March 29, 2017 (as defined below), as supplemented by the supplemental indenture dated as of May 1, 2017 between the Company, the guarantors party thereto and U.S. Bank National Association, pursuant to which the Company previously issued $375.0 million aggregate principal amount of 6% Senior Notes. The additional 6% Senior Notes formed part of a single class of securities together with the initial 6% Senior Notes for all purposes under the 6% Senior Notes Indenture, including waivers, amendments, redemptions and offers to purchase.

The Company used the proceeds of the offering to repay all of the outstanding borrowings under the New Revolving Credit Facility (as defined below) totaling $78.0 million and used the remainder to repay outstanding borrowings totaling $444.5 million under the New Term Loan plus related accrued interest.

Amortization of the debt issuance costs and the discount and premium associated with our indebtedness totaled $6.3 million and $3.5 million for the years ended December 31, 2017 and 2016, respectively. Amortization of debt issuance costs is computed using the effective interest method and is included in interest expense. Amortization expense with respect to deferred financing costs on the Company's senior secured notes amounted to $0.5 million for year ended December 31, 2015.

In accordance with ASC Topic 470-50, "Debt Modifications and Extinguishments" ("ASC 470-50"), the Company recognized a loss totaling $27.3 million for the year ended December 31, 2017 as a result of the refinance of the Prior Credit Facility (as defined below) in May 2017. The Company also recognized a loss totaling $11.1 million as a result of the issuance of additional 6% Senior Notes in September 2017 resulting in a combined total loss of $38.4 million for the year ended December 31, 2017.

Scheduled maturities of long-term debt are $375.0 million in 2023, $956.8 million in 2024, and $875.0 million in 2025.

The Company is a holding company with no independent assets or operations. Our 6% Senior Notes and 7% Senior Notes are fully and unconditionally guaranteed, on a joint and several basis, by the subsidiary guarantors. As of December 31, 2017, there were no significant restrictions on the ability of our subsidiaries to distribute cash to us or our guarantor subsidiaries.

Other Long-Term Liabilities

In conjunction with the Isle Acquisition, the Company acquired the existing lease and management agreements at its Nemacolin location. Under the terms of the agreements, Nemacolin Woodland Resort ("Resort") provided land, land improvements and a building for the casino property. In accordance with ASC 840, the Company was deemed, for accounting purposes only, to be the owner of these assets provided by the Resort during the construction and casino operating periods due to the Company's continuing involvement. Therefore, the transaction was accounted for using the direct financing method. As of December 31, 2017, the Company recorded property and equipment, net of accumulated depreciation, of $4.2 million, and a liability of $4.5 million in other long-term liabilities related to the agreement.

In conjunction with the Isle Acquisition, the Company acquired the existing lease and management agreements at its Bettendorf location. Under the terms of the agreements with the City of Bettendorf, Iowa, the Company leases, manages, and provides financial and operating support for the convention center (Quad-Cities Waterfront Convention Center). In accordance with ASC 840, the Company was deemed, for accounting purposes only, to be the owner of the convention center due to the Company's continuing involvement. Therefore, the transaction was accounted for using the direct financing method. As of December 31, 2017, the Company recorded property and equipment, net of accumulated depreciation, of $11.9 million, and a liability of $12.5 million in other long-term liabilities related to the agreement.

Senior Notes

7.0% Senior Notes

On July 23, 2015, the Company issued at par $375.0 million in aggregate principal amount of 7.0% senior notes due 2023 ("7% Senior Notes") pursuant to the Indenture, dated as of July 23, 2015 (the "7% Senior Notes Indenture"), between the Company and U.S. Bank, National Association, as Trustee. The 7% Senior Notes will mature on August 1, 2023, with interest payable semi-annually in arrears on February 1 and August 1 of each year.

On or after August 1, 2018, the Company may redeem all or a portion of the Senior Notes upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of the principal amount) set forth below plus accrued and unpaid interest and additional interest, if any, on the Senior Notes redeemed, to the applicable redemption date, if redeemed during the twelve month period beginning on August 1 of the years indicated below:

Year	Percentage
2018	105.250 %
2019	103.500 %
2020	101.750 %
2021 and thereafter	100.000 %

Prior to August 1, 2018, the Company may redeem all or a portion of the 7% Senior Notes at a price equal to 100% of the 7% Senior Notes redeemed plus accrued and unpaid interest to the redemption date, plus a "make-whole" premium. At any time prior to August 1, 2018, the Company is also entitled to redeem up to 35% of the original aggregate principal amount of the 7% Senior Notes with proceeds of certain equity financings at a redemption price equal to 107% of the principal amount of the 7% Senior Notes redeemed, plus accrued and unpaid interest. If the Company experiences certain change of control events (as defined in the 7% Senior Notes Indenture), it must offer to repurchase the 7% Senior Notes at 101% of their principal amount, plus accrued and unpaid interest to the applicable repurchase date. If the Company sells assets under certain circumstances and does not use the proceeds for specified purposes, the Company must offer to repurchase the 7% Senior Notes at 100% of their principal amount, plus accrued and unpaid interest to the applicable repurchase dates.

The 7% Senior Notes are subject to redemption imposed by gaming laws and regulations of applicable gaming regulatory authorities.

The 7% Senior Notes Indenture contains certain covenants limiting, among other things, the Company's ability and the ability of its subsidiaries (other than its unrestricted subsidiaries) to:

- pay dividends or distributions or make certain other restricted payments or investments;
- incur or guarantee additional indebtedness or issue disqualified stock or create subordinated indebtedness that is not subordinated to the 7% Senior Notes or the guarantees of the 7% Senior Notes;
- create liens;
- transfer and sell assets;
- merge, consolidate, or sell, transfer or otherwise dispose of all or substantially all of the Company's assets;
- enter into certain transactions with affiliates;
- engage in lines of business other than the Company's core business and related businesses; and
- create restrictions on dividends or other payments by restricted subsidiaries.

These covenants are subject to a number of exceptions and qualifications as set forth in the 7% Senior Notes Indenture. The 7% Senior Notes Indenture also provides for customary events of default which, if any of them occurs, would permit or require the principal of and accrued interest on such 7% Senior Notes to be declared due and payable. As of December 31, 2017, the Company was in compliance with all of the covenants under the 7% Senior Notes Indenture relating to the 7% Senior Notes.

6.0% Senior Notes

On March 29, 2017, Eagle II Acquisition Company LLC ("Eagle II"), a wholly-owned subsidiary of the Company, issued $375.0 million aggregate principal amount of 6% Senior Notes due 2025 (the "6% Senior Notes") pursuant to an indenture, dated as of March 29, 2017 (the "6% Senior Notes Indenture"), between Eagle II and U.S. Bank, National Association, as Trustee. The 6% Senior Notes will mature on April 1, 2025, with interest payable semi-annually in arrears on April 1 and October 1, commencing October 1, 2017. The proceeds of the offering, and additional funds in the amount of $1.9 million in respect of interest expected to be accrued on the 6% Senior Notes, were placed in escrow pending satisfaction of certain conditions, including consummation of the Isle Acquisition. In connection with the consummation of the Isle Acquisition on May 1, 2017, the escrowed funds were released and the Company assumed Eagle II's obligations under the 6% Senior Notes and the 6% Senior Notes Indenture and certain of the Company's subsidiaries (including Isle and certain of its subsidiaries) executed guarantees of the Company's obligations under the 6% Senior Notes.

On September 13, 2017, the Company issued an additional $500.0 million principal amount of its 6% Senior Notes at an issue price equal to 105.5% of the principal amount of the 6% Senior Notes. The additional notes were issued pursuant to the 6% Senior Notes Indenture that governs the 6% Senior Notes. The Company used the proceeds of the offering to repay $78.0 million of outstanding borrowings under the revolving credit facility and used the remainder to repay $444.5 million outstanding borrowings under the term loan facility and related accrued interest.

On or after April 1, 2020, the Company may redeem all or a portion of the 6% Senior Notes upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of the principal amount) set forth below plus accrued and unpaid interest and additional interest, if any, on the 6% Senior Notes redeemed, to the applicable redemption date, if redeemed during the 12-month period beginning on April 1 of the years indicated below:

Year	Percentage
2020	104.500 %
2021	103.000 %
2022	101.500 %
2023 and thereafter	100.000 %

Prior to April 1, 2020, the Company may redeem all or a portion of the 6% Senior Notes at a price equal to 100% of the 6% Senior Notes redeemed plus accrued and unpaid interest to the redemption date, plus a make-whole premium. At any time prior to April 1, 2020, the Company is also entitled to redeem up to 35% of the original aggregate principal amount of the 6% Senior Notes with proceeds of certain equity financings at a redemption price equal to 106% of the principal amount of the 6% Senior Notes redeemed, plus accrued and unpaid interest. If the Company experiences certain change of control events (as defined in the 6% Senior Notes Indenture), it must offer to repurchase the 6% Senior Notes at 101% of their principal amount, plus accrued and unpaid interest to the applicable repurchase date. If the Company sells assets under certain circumstances and does not use the proceeds for specified purposes, the Company must offer to repurchase the 6% Senior Notes at 100% of their principal amount, plus accrued and unpaid interest to the applicable repurchase date.

The 6% Senior Notes are subject to redemption imposed by gaming laws and regulations of applicable gaming regulatory authorities.

The 6% Senior Notes Indenture contains certain covenants limiting, among other things, the Company's ability and the ability of its subsidiaries (other than its unrestricted subsidiaries) to:

- pay dividends or distributions or make certain other restricted payments or investments;
- incur or guarantee additional indebtedness or issue disqualified stock or create subordinated indebtedness that is not subordinated to the 6% Senior Notes or the guarantees of the 6% Senior Notes**;**
- create liens;
- transfer and sell assets;
- merge, consolidate, or sell, transfer or otherwise dispose of all or substantially all of the Company's assets;
- enter into certain transactions with affiliates;
- engage in lines of business other than the Company's core business and related businesses; and
- create restrictions on dividends or other payments by restricted subsidiaries.

These covenants are subject to a number of exceptions and qualifications as set forth in the 6% Senior Notes Indenture. The 6% Senior Notes Indenture also provides for customary events of default which, if any of them occurs, would permit or require the principal of and accrued interest on such 6% Senior Notes to be declared due and payable. As of December 31, 2017, the Company was in compliance with all of the covenants under the 6% Senior Notes Indenture relating to the 6% Senior Notes.

Refinancing of the Term Loan and Revolving Credit Facility

Credit Facility

On July 23, 2015, the Company entered into a new $425.0 million seven year term loan (the "Term Loan") and a $150.0 million five year revolving credit facility (the "Prior Revolving Credit Facility" and, together with the Term Loan, the "Prior Credit Facility").

The Term Loan bore interest at a rate per annum of, at the Company's option, either LIBOR plus 3.25%, with a LIBOR floor of 1.0%, or a base rate plus 2.25%. Borrowings under the Prior Revolving Credit Facility bore interest at a rate per annum of, at the Company's option, either LIBOR plus a spread ranging from 2.5% to 3.25% or a base rate plus a spread ranging from 1.5% to 2.25%, in each case with the spread determined based on the Company's total leverage ratio. Additionally, the Company paid a commitment fee on the unused portion of the Prior Revolving Credit Facility not being utilized in the amount of 0.50% per annum.

On May 1, 2017, all of the outstanding amounts under the Prior Credit Facility were repaid with proceeds of borrowings under the New Credit Facility and the Prior Credit Facility was terminated.

New Credit Facility

On April 17, 2017, Eagle II entered into a new credit agreement by and among Eagle II, as initial borrower, JPMorgan Chase Bank, N.A., as administrative agent, and the lenders party thereto dated as of April 17, 2017 (the "New Credit Facility"), consisting of a $1.45 billion term loan facility (the "New Term Loan Facility" or "New Term Loan") and a $300.0 million revolving credit facility (the "New Revolving Credit Facility"), which was undrawn at closing. The proceeds of the New Term Loan Facility, and additional funds in the amount of $4.5 million in respect of interest expected to be accrued on the New Term Loan Facility, were placed in escrow pending satisfaction of certain conditions, including consummation of the Isle Acquisition. In connection with the consummation of the Isle Acquisition on May 1, 2017, the escrowed funds were released and ERI assumed Eagle II's obligations under the New Credit Facility and certain of ERI's subsidiaries (including Isle and certain of its subsidiaries) executed guarantees of ERI's obligations under the New Credit Facility.

As of December 31, 2017, the Company had $956.8 million outstanding on the New Term Loan. There were no borrowings outstanding under the New Revolving Credit Facility as of December 31, 2017. The Company had $291.6 million of available borrowing capacity, after consideration of $8.4 million in outstanding letters of credit, under its New Revolving Credit Facility as of December 31, 2017. At December 31, 2017, the weighted average interest rate on the New Term Loan was 3.6%, and the weighted average interest rate on the New Revolving Credit Facility was 4.0% based upon the weighted average interest rate of borrowings outstanding during 2017.

The Company applied the net proceeds of the New Term Loan Facility and borrowings under the New Revolving Credit Facility, together with the proceeds of the 6% Senior Notes and cash on hand, to (i) pay the cash portion of the consideration payable in the Isle Merger, (ii) refinance all of the debt outstanding under Isle's existing credit facility, (iii) redeem or otherwise repurchase all of Isle's outstanding senior and senior subordinated notes, (iv) refinance the Company's Prior Credit Facility and (v) pay fees and costs associated with the foregoing.

The Company's obligations under the New Revolving Credit Facility will mature on April 17, 2022. The Company's obligations under the New Term Loan Facility will mature on April 17, 2024. The Company was required to make quarterly principal payments in an amount equal to $3.6 million on the New Term Loan Facility on the last day of each fiscal quarter beginning on June 30, 2017 but satisfied this requirement as a result of the principal prepayment of $444.5 million on September 13, 2017 in conjunction with the issuance of the additional 6% Senior Notes. In addition, the Company is required to make mandatory payments of amounts outstanding under the New Credit Facility with the proceeds of certain casualty events, debt issuances, and asset sales and, depending on its consolidated total leverage ratio, the Company may be required to apply a portion of its excess cash flow to repay amounts outstanding under the New Credit Facility.

The interest rate per annum applicable to loans under the New Revolving Credit Facility are, at our option, either (i) LIBOR plus a margin ranging from 1.75% to 2.50% or (ii) a base rate plus a margin ranging from 0.75% to 1.50%, which margin is based on our total leverage ratio. The interest rate per annum applicable to the loans under the New Term Loan Facility is, at our option, either (i) LIBOR plus 2.25%, or (ii) a base rate plus 1.25%; provided, however, that in no event will LIBOR be less than zero or the base rate be less than 1.00% over the term of the New Term Loan Facility or the New Revolving Credit Facility. Additionally, the Company pays a commitment fee on the unused portion of the New Revolving Credit Facility not being utilized in the amount of 0.50% per annum.

The New Credit Facility contains a number of customary covenants that, among other things, restrict, subject to certain exceptions, the Company's ability and the ability of the subsidiary guarantors to incur debt; create liens; engage in mergers, consolidations or asset dispositions; pay dividends or make distributions; make investments, loans or advances; engage in certain transactions with affiliates or subsidiaries; or modify their lines of business.

The New Credit Facility is secured by substantially all of the Company's personal property assets and substantially all personal property assets of each subsidiary that guaranties the New Credit Facility (other than certain subsidiary guarantors designated as immaterial) (the "New Credit Facility Guarantors"), whether owned on the closing date of the New Credit Facility or thereafter acquired, and mortgages on the real property and improvements owned or leased us or the New Credit Facility Guarantors. The New Credit Facility is also secured by a pledge of all of the equity owned by the Company and the New Credit Facility Guarantors (subject to certain gaming law restrictions). The credit agreement governing the New Credit Facility contains a number of customary covenants that, among other things, restrict, subject to certain exceptions, the Company's ability and the ability of the New Credit Facility Guarantors to incur additional indebtedness, create liens, engage in mergers, consolidations or asset dispositions, make distributions, make investments, loans or advances, engage in certain transactions with affiliates or subsidiaries or make capital expenditures.

The New Credit Facility also includes certain financial covenants, including the requirements that we maintain throughout the term of the New Credit Facility and measured as of the end of each fiscal quarter, and solely with respect to loans under the New Revolving Credit Facility, a maximum consolidated total leverage ratio of not more than 6.50 to 1.00 for the period beginning on the closing date and ending with the fiscal quarter ending December 31, 2018, 6.00 to 1.00 for the period beginning with the fiscal quarter beginning January 1, 2019 and ending with the fiscal quarter ending December 31, 2019, and 5.50 to 1.00 for the period beginning with the fiscal quarter beginning January 1, 2020 and thereafter. The Company will also be required to maintain an interest coverage ratio in an amount not less than 2.00 to 1.00 measured on the last day of each fiscal quarter beginning on the closing date, and ending with the fiscal quarter ending December 31, 2018, 2.50 to 1.00 for the period beginning with the fiscal quarter beginning January 1, 2019 and ending with the fiscal quarter ending December 31, 2019, and 2.75 to 1.00 for the period beginning with the fiscal quarter beginning January 1, 2020 and thereafter.

The New Credit Facility contains a number of customary events of default, including, among others, for the non-payment of principal, interest or other amounts, the inaccuracy of certain representations and warranties, the failure to perform or observe certain covenants, a cross default to our other indebtedness including the Notes, certain events of bankruptcy or insolvency; certain ERISA events, the invalidity of certain loan documents, certain changes of control and the loss of certain classes of licenses to conduct gaming. If any event of default occurs, the lenders under the New Credit Facility would be entitled to take various actions, including accelerating amounts outstanding thereunder and taking all actions permitted to be taken by a secured creditor. As of December 31, 2017, the Company was in compliance with the covenants under the New Credit Facility.

Note 10. Income Taxes

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the "Tax Act"). The Tax Act makes broad and complex changes to the U.S. tax code, including, but not limited to, (1) reducing the U.S. federal corporate tax rate from 35% to 21%; (2) eliminating the corporate alternative minimum tax (AMT) and changing how existing AMT credits can be realized; (3) creating a new limitation on deductible interest expense; (4) changing rules related to uses and limitations of net operating loss carryforwards created in tax years beginning after December 31, 2017; (5) bonus depreciation that will allow for full expensing of qualified property; and (6) limitations on the deductibility of certain executive compensation.

The SEC staff issued Staff Accounting Bulletin ("SAB") 118, which provides guidance on accounting for the tax effects of the Tax Act. SAB 118 provides a measurement period that should not extend beyond one year from the Tax Act enactment date for companies to complete the accounting under ASC 740. In accordance with SAB 118, a company must reflect the income tax effects of those aspects of the Tax Act for which the accounting under ASC 740 is complete. To the extent that a company's accounting for certain income tax effects of the Tax Act is incomplete but it is able to determine a reasonable estimate, it must record a provisional estimate in the financial statements. If a company cannot determine a provisional estimate to be included in the financial statements, it should continue to apply ASC 740 on the basis of the provisions of the tax laws that were in effect immediately before the enactment of the Tax Act.

In connection with our initial analysis of the impact of the Tax Act, for certain of our net deferred tax liabilities, we have recorded a decrease of $112.4 million, net of the related change in valuation allowance, with a corresponding net adjustment to deferred income tax benefit for the year ending December 31, 2017 as a result of the corporate rate reduction. While we were able to make a reasonable estimate of the impact of the reduction in the corporate rate, it may be affected by other analyses related to the Tax Act, including, but not limited to additional guidance issued by the U.S. Treasury Department and the Internal Revenue Service regarding compensation deferred taxes, as well as the state tax effect of adjustments made to federal temporary differences.

While we have not yet completed all of the computations necessary or completed an inventory of our 2017 expenditures that qualify for immediate expensing, we have recorded a provisional benefit based on our current intent to fully expense all qualifying expenditures. This did not result in any significant change to our current income tax payable or in our deferred tax liabilities due to our federal and state net operating loss carry forwards.

The components of the Company's provision for income taxes for the years ended December 31, 2017, 2016 and 2015 are presented below (amounts in thousands).

	2017	2016	2015
Current:			
Federal	$ (3,959)	$ (12)	$ (29)
State	380	1,173	665
Local	(627)	739	557
Total current	(4,206)	1,900	1,193
Deferred:			
Federal	(105,058)	12,881	(68,103)
State	(29)	(1,448)	(2,691)
Local	(7,977)	(89)	21
Total deferred	(113,064)	11,344	(70,773)
Income tax (benefit) expense	$ (117,270)	$ 13,244	$ (69,580)

The following is a reconciliation of the statutory federal income tax rate to the Company's effective tax rate for the years ended December 31, 2017, 2016 and 2015:

	2017	2016	2015
Federal statutory rate	35.0 %	35.0 %	35.0 %
State and local taxes	2.8 %	4.3 %	1.0 %
State tax rate adjustment	5.7 %	— %	(3.3)%
Stock compensation	2.3 %	(2.0)%	— %
Permanent items	(4.6)%	1.5 %	0.4 %
Goodwill impairment	(27.1)%	— %	— %
Transaction expenses	(10.7)%	— %	— %
Tax Cuts and Jobs Act	265.5 %	— %	— %
Valuation allowance	(2.3)%	(3.6)%	(180.5)%
Minority interest	(0.1)%	0.1 %	0.2 %
Change in tax status	— %	— %	18.2 %
Non-taxable gain on fair value adjustment	— %	— %	(27.9)%
Credits	3.5 %	(1.8)%	(1.0)%
Other	0.6 %	1.3 %	1.9 %
Effective income tax rate	270.6 %	34.8 %	(156.0)%

For the year ended December 31, 2017, the difference between the effective rate and the statutory rate is attributable primarily to the impact of the Tax Act discussed more fully below, non-deductible asset impairment charges and non-deductible transaction costs incurred and changes in the effective state tax rate associated with the acquisition of Isle of Capri. The Company continues to provide for a valuation allowance against net federal and state deferred tax assets associated with non-operating land, the sale of which could result in capital losses that can only be offset against capital gains. The Company also continues to provide for a valuation allowance against net state deferred tax assets relating to certain operations in Pennsylvania, Louisiana, Colorado and Iowa. Management determined it was not more-likely-than-not that the Company will realize these net deferred tax assets.

For the year ended December 31, 2016, the difference between the effective rate and the statutory rate is attributable primarily to the release of a majority of the state valuation allowances on the Company's West Virginia deferred tax assets and excess tax benefits on stock compensation under Accounting Standards Update 2016-09, Compensation – Stock Compensation, which the Company adopted effective the first quarter of 2016. The Company continues to provide for a valuation allowance against net federal and state deferred tax assets associated with non-operating land, the sale of which could result in capital losses that can only be offset against capital gains. As of December 31, 2016, the Company also continued to provide for a valuation allowance against net state deferred tax assets relating to operations in Pennsylvania. Management determined it was not more-likely-than-not that the Company will realize these net deferred tax assets.

For the year ended December 31, 2015, the difference between the effective rate and the statutory rate is attributable primarily to the release of a majority of the federal and related state valuation allowances on the Company's deferred tax assets and the non-taxable gain on the fair value adjustment of a previously unconsolidated affiliate. The Company continues to provide for a valuation allowance against net federal and state deferred tax assets associated with non-operating land, the sale of which could result in capital losses that can only be offset against capital gains. As of December 31, 2015, the Company also continued to provide for a valuation allowance against net state deferred tax assets relating to operations in Pennsylvania and West Virginia. Management determined it was not more-likely-than-not that the Company will realize these net deferred tax assets.

A valuation allowance is recognized if, based on the weight of available evidence, it is more-likely-than-not that some portion, or all, of the deferred tax asset will not be realized. Management must analyze all available positive and negative evidence regarding realization of the deferred tax assets and make an assessment of the likelihood of sufficient future taxable income. For the year ended December 31, 2015, the Company was in a three-year cumulative income position and management concluded it was more-likely-than-not to realize its federal, Louisiana and City of Columbus, Ohio deferred tax assets, with the exception of non-operating land. The recognition of the federal deferred tax assets during 2015 resulted in an income tax benefit of $80.3 million. For the year ended December 31, 2016, the Company remained in a three-year cumulative income position and management concluded it was more-likely-than-not to realize its federal, Louisiana, City of Columbus, Ohio and West Virginia deferred tax assets, with the exception of non-operating land. The recognition of the West Virginia deferred tax assets during 2016 resulted in an income tax benefit of $1.4 million. For the year ended December 31, 2017, the Company remained in a three-year cumulative income position and management concluded it is more-likely-than-not to realize its federal, City of Columbus, Ohio, City of Kansas City, Missouri, West Virginia, Missouri and certain Pennsylvania, Colorado and Florida deferred tax assets, with the exception of non-operating land. The recognition of the Pennsylvania deferred tax assets during 2017 resulted in an income tax benefit of $5.2 million. Management has determined that it is not more-likely-than-not that the Company will realize certain of its Pennsylvania, Louisiana, Colorado and Iowa deferred tax assets. Therefore, a full valuation allowance has been recognized against these deferred tax assets, excluding deferred tax liabilities related to indefinite-lived assets. These indefinite-lived assets primarily related to gaming licenses in various jurisdictions. These gaming licenses are not being amortized for book purposes, and will only reverse upon ultimate sale or book impairment. Due to the uncertain timing of such reversal, the temporary differences associated with indefinite-lived intangibles and certain land improvements cannot be considered a source of future taxable income for purposes of determining the valuation allowance. The Company will continue to evaluate the realization of its deferred tax assets on a quarterly basis and make adjustments to its valuation allowance as appropriate.

On November 24, 2015, Eldorado Resorts LLC, an indirect wholly-owned subsidiary of ERI, acquired the additional 50% membership interest in the Silver Legacy Joint Venture partnership. Prior to the 2015 acquisition, a deferred tax asset was recognized to the extent that the tax basis in the partnership interest exceeded the book basis. As a result of the 2015 acquisition, the partnership ceased to exist and the Company wrote off the outside basis deferred tax asset of $8.1 million as a change in tax status.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's net deferred taxes related to continuing operations at December 31, 2016 and 2015 are as follows (amounts in thousands):

	2017	2016
Deferred tax assets:		
Loss carryforwards	$ 58,245	$ 38,377
Accrued expenses	9,633	7,748
Fixed assets	—	6,327
Debt	2,147	9,991
Credit carryforwards	19,838	2,576
Stock-based compensation	2,451	1,216
Other	6,738	51
	99,052	66,286
Deferred tax liabilities:		
Identified intangibles	(203,015)	(143,823)
Fixed assets	(28,375)	—
Investment in partnerships	(2,146)	(2,742)
Prepaid expenses	(3,288)	(2,804)
Other	(87)	(100)
	(236,911)	(149,469)
Valuation allowance	(26,271)	(7,202)
Net deferred tax liabilities	$ (164,130)	$ (90,385)

As of December 31, 2017, the Company had federal and state net operating loss carryforwards of $147.2 million and $387.7 million, respectively. The federal and state net operating losses begin to expire in 2030 and 2018, respectively. As of December 31, 2017, the Company had federal jobs credit carry forwards of $19.6 million, which begin to expire in 2024.

Utilization of net operating loss, credit, and other carryforwards are subject to annual limitations due to ownership changes as provided by the Internal Revenue Code of 1986, as amended and similar state provisions. An ownership change is defined as a greater than 50% change in ownership by 5% stockholders in any three-year period. Under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended, the Company had a "change in ownership" event that limits the utilization of net operating loss, credit, and other carryforwards that were previously available to MTR, Isle of Capri and the Company to offset future taxable income. The "change in ownership" event for MTR occurred on September 19, 2014 in connection with the MTR Merger. The "change in ownership" event for Isle of Capri and the Company occurred on May 1, 2017 in connection with the merger with Isle of Capri. This limitation resulted in no significant loss of federal attributes, but did result in significant loss of state attributes. The federal and state net operating loss credit and other carryforwards are stated net of limitations.

As of December 31, 2017, there were no unrecognized tax benefits and the Company does not expect a significant increase or decrease to the total amounts of unrecognized tax benefits within the next twelve months. We recognize accrued interest and penalties related to unrecognized tax benefits in income tax expense.

The Company and its subsidiaries file US federal income tax returns and various state and local income tax returns. The Company does not have tax sharing agreements with the other members within the consolidated ERI group. With few exceptions, the Company is no longer subject to US federal or state and local tax examinations by tax authorities for years before 2012.

The Company was notified by the Internal Revenue Service in October of 2016 that its federal tax return for the year ended December 31, 2014 had been selected for examination. In September 2017, the IRS informed the Company that they completed the examination of the tax return and made no changes. However, the Company may be subject to audit in the future and the outcome of tax audits cannot be predicted with certainty. If any issues addressed in the Company's tax audits are resolved in a manner not consistent with the Company's expectations, we would be required to adjust our provision for income taxes in the period such resolution occurs. While the Company believes its reported results are materially accurate, any significant adjustments could have a material adverse effect on the Company's results of operations, cash flows and financial position.

Note 11. Employee Benefit Plans

Effective January 1, 2016, the Company elected to merge the plan assets of all its wholly-owned subsidiaries into the MTR Gaming Group, Inc. Retirement Plan (the "MTR Retirement Plan") and renamed it the Eldorado Resorts, Inc. 401(k) Plan ("ERI 401(k) Plan"). As a result, assets of the Eldorado Hotel & Casino Master 401(k) Plan, the Silver Legacy 401(k) Plan and Circus Circus Reno MGM Resorts 401(k) Savings Plan transferred in the ERI 401(k) Plan. Generally, all employees of ERI who are 21 years of age or older, who have completed six months and 1,000 hours of service and who are not covered by collective bargaining agreements, including the named executive officers, are eligible to participate in the ERI 401(k) Plan. Employees who elect to participate in the ERI 401(k) Plan could defer up to 100% but not less than 1% of their annual compensation, subject to statutory and certain other limits. The plan covering ERI's employees allows for an employer contribution up to 50 percent of the first four percent of each participating employee's contribution, up to a maximum of $1,000, subject to statutory and certain other limits. ERI's matching contributions totaled $1.6 million and $1.5 million for the years ended December 31, 2017 and 2016, respectively.

Prior to 2016, the Resorts' 401 (k) plan participated in a multi-employer savings plan (the "401(k) Plan") qualified under Sections 401(a) and 401(k) of the Internal Revenue Code of 1986, as amended. The 401(k) Plan in which Resorts participated functioned as an aggregation of several single-employer plans in order to enable the participating employers to pool plan assets for investment purposes and to reduce the costs of plan administration. The 401(k) Plan maintained separate accounts for each employer so that each employer's contributions provided benefits only for its employees. Generally, all employees of Resorts who were 21 years of age or older, who had completed six months and 1,000 hours of service and who were not covered by collective bargaining agreements, including the named executive officers, were eligible to participate in the 401(k) Plan. Employees who elected to participate in the 401(k) Plan could defer up to 100% but not less than 1% of their annual compensation, subject to statutory and certain other limits. Effective February 1, 2014, Eldorado Reno implemented an employer matching contribution up to 25 percent of the first four percent of each participating employee's compensation. Employees of the Eldorado Shreveport also participated in Resorts' 401(k) Plan. The plan covering Eldorado Shreveport's employees allowed for an employer contribution up to 50 percent of the first six percent of each participating employee's contribution, subject to statutory and certain other limits. Resorts' matching contributions totaled $0.5 million for the year ended December 31, 2015.

Isle has a 401(k) plan covering substantially all of its employees who have completed 90 days of service. Expense for contributions from continuing operations related to the 401(k) plan was $1.0 million or the 2017 period subsequent to the Isle Acquisition Date. Isle's contribution is based on a percentage of employee contributions and may include an additional discretionary amount.

Previously MTR Gaming participated in the MTR Retirement Plan. At that time, the Mountaineer qualified defined contribution plan and the Scioto Downs' 401(k) plan were merged into the MTR Retirement Plan. Additionally, the MTR Retirement Plan provided 401(k) participation to Presque Isle Downs' employees. Matching contributions by MTR Gaming were $0.1 million for 2015.

Mountaineer's qualified defined contribution plan (established by West Virginia legislation) covers substantially all of its employees and was merged as a component of the MTR Retirement Plan as previously discussed. Contributions to the plan are based on 1/4% of the race track and simulcast wagering handles and approximately 1% of the net win from gaming operations until the racetrack reaches its Excess Net Terminal Income threshold, which for Mountaineer is approximately $160 million per year based on the state's June 30 fiscal year. Contributions to the ERI 401(k) Plan for the benefit of Mountaineer employees were $1.1 million, $1.2 million and $1.3 million for the years ended December 31, 2017, 2016 and 2015, respectively.

Scioto Downs sponsors a noncontributory defined-benefit plan covering all full-time employees meeting certain age and service requirements. On May 31, 2001, the plan was amended to freeze eligibility, accrual of years of service and benefits. As of December 31, 2017, the fair value of the plan assets was $1.2 million and the fair value of the benefit obligations was $0.8 million, resulting in an over-funded status of $0.4 million. The plan assets are comprised primarily of money market and mutual funds whose values are determined based on quoted market prices and are classified in Level 1 of the fair value hierarchy. We did not make cash contributions to the Scioto Downs pension plan during 2017, 2016 and 2015.

Note 12. Stock-Based Compensation

Common Stock and Stock-Based Awards

The Company has authorized common stock of 100,000,000 shares, par value $0.00001 per share.

The Company accounts for stock-based compensation in accordance with ASC 718, *Compensation—Stock Compensation*. Total stock-based compensation expense in the accompanying consolidated statements of income was $6.3 million, $3.3 million and $1.5 million during the years ended December 31, 2017, 2016 and 2015, respectively.

The Board of Directors ("BOD") adopted the Eldorado Resorts, Inc. 2015 Equity Incentive Plan ("2015 Plan") on January 23, 2015 and our stockholders subsequently approved the adoption of the 2015 Plan on June 23, 2015. The Plan permits the granting of stock options, including incentive stock options ("ERI Stock Options"), stock appreciation rights, restricted stock or restricted stock units ("RSUs"), performance awards, and other stock-based awards and dividend equivalents. ERI Stock Options primarily vest ratably over three years and RSUs granted to employees and executive officers primarily vest and become non-forfeitable upon the third anniversary of the date of grant. RSUs granted to non-employee directors vest immediately and are delivered upon the date that is the earlier of termination of service on the BOD or the consummation of a change of control of the Company. The performance awards relate to the achievement of defined levels of performance and are generally measured over a one or two-year performance period depending upon the award agreement. If the performance award levels are achieved, the awards earned will vest and become payable at the end of the vesting period, defined as either a one or two calendar year period following the performance period. Payout ranges are from 0% up to 200% of the award target.

Pursuant to the Merger Agreement, the outstanding equity awards of Isle were converted into comparable equity awards of ERI stock as follows:

Isle stock options. Each option or other right to acquire Isle common stock (each an "Isle Stock Option") that was outstanding immediately prior to the Isle Acquisition Date (whether vested or unvested), as of the Isle Acquisition Date, (i) continued to vest or accelerate (if unvested), as the case may be, in accordance with the applicable Isle stock plan, the award agreement pursuant to which such Isle Stock Option was granted and, if applicable, any other relevant agreements (such as an employment agreement), (ii) ceased to represent an option or right to acquire shares of Isle common stock, and (iii) was converted into an option or right to purchase that number of shares ERI common stock equal to the number of shares of Isle common stock subject to the Isle Stock Option multiplied by the Stock Consideration at an exercise price equal to the exercise price of the Isle Stock Option divided by the Stock Consideration, subject to the same restrictions and other terms as are set forth in the Isle equity incentive plan, the award agreement pursuant to which such Isle Stock Option was granted and, if applicable, any other relevant agreements (such as an employment agreement).

Isle restricted stock awards. Each share of Isle common stock subject to vesting, repurchase or lapse restrictions (each an "Isle Restricted Share") that was outstanding under any Isle equity plan or otherwise immediately prior to the Isle Acquisition Date, as of the Isle Acquisition Date, continued to vest or accelerate (if unvested), as the case may be, in accordance with the applicable Isle stock plan, the award agreement pursuant to which such Isle Restricted Share was granted, and, if applicable, any other relevant agreements (such as an employment agreement) and was exchanged for shares of ERI common stock (in an amount equal to the Stock Consideration, with aggregated fractional shares rounded to the nearest whole share) and remain subject to the same restrictions and other terms as are set forth in the Isle stock plan, the award agreement pursuant to which such Isle Restricted Share was granted, and, if applicable, any other relevant agreements (such as an employment agreement).

Isle performance stock units. Each performance stock unit (each, an "Isle PSU") that was outstanding immediately prior to the Isle Acquisition Date, as of the Isle Acquisition Date, (i) continued to vest or accelerate (if unvested), as the case may be, in accordance with the applicable Isle stock plan, the award agreement pursuant to which such Isle PSU was granted, and, if applicable, any other relevant agreements (such as an employment agreement), (ii) was converted into a number of performance stock units in respect of shares of ERI common stock, in an amount equal to the Stock Consideration (with aggregated fractional shares rounded to the nearest whole share) at the target level of performance, and (iii) remain subject to the same restrictions and other terms as are set forth in the Isle stock plan, the award agreement pursuant to which such Isle PSU was granted, and, if applicable, any other relevant agreements (such as an employment agreement).

Isle restricted stock units. Each restricted stock unit, deferred stock unit or phantom unit in respect of a share of Isle common stock granted under the applicable Isle stock plan or otherwise, including any such units held in participant accounts under any employee benefit or compensation plan or arrangement of Isle, other than an Isle PSU (each an "Isle RSU") that was outstanding immediately prior to the Isle Acquisition Date, as of the Isle Acquisition Date, (i) continued to vest or accelerate (if unvested), as the case may be, in accordance with the applicable Isle stock plan, the award agreement pursuant to which such Isle RSU was granted, and, if applicable, any other relevant agreements (such as an employment agreement or applicable employee benefit plan), (ii) was converted into a number of restricted stock units, deferred stock units or phantom units, as applicable, in respect of shares of ERI common stock, in an amount equal to the Stock Consideration (with aggregated fractional shares rounded to the nearest whole share), and (iii) remain subject to the same restrictions and other terms as are set forth in the Isle stock plan, the award agreement pursuant to which such Isle RSU was granted, and, if applicable, any other relevant agreements (such as an employment agreement or applicable employee benefit plan).

On January 23, 2015, the Compensation Committee of the BOD of the Company approved the grant of 685,606 RSUs and performance awards with a fair value of $4.03 per unit, the NASDAQ average price per share on that date, to executive officers and certain key employees under the 2015 Plan, and the grant of 89,900 RSUs with a fair value of $4.03 per unit, the NASDAQ average price per share on that date, to non-employee members of the BOD under the 2015 Plan. Such awards became effective upon our stockholders' approval of the 2015 Plan on June 23, 2015. Throughout 2015, an additional 9,171 RSUs were granted to certain employees under the 2015 Plan.

On January 22, 2016, the Compensation Committee of the BOD of the Company approved the grant of 367,519 RSUs and performance awards, to executive officers and certain key employees, and the grant of 34,920 RSUs to non-employee members of the BOD under the 2015 Plan. The RSUs had a fair value of $10.77 per unit which was the NASDAQ average price per share on that date. Throughout 2016, an additional 14,661 RSUs were granted to certain employees under the 2015 Plan.

On January 27, 2017, the Company granted 298,761 RSUs (time-based awards and performance awards with a two-year performance period) to executive officers and key employees, and 46,282 RSUs (time-based awards) to non-employee members of the BOD under the 2015 Plan. The performance awards granted in 2017 are based on a two-year performance criteria and accounted for as two sub-awards. The January 27, 2017, RSUs had a fair value of $15.50 per unit which was the NASDAQ closing price on that date. An additional 246,755 RSUs were also granted to key employees during the year ended December 31, 2017.

On January 26, 2018, the Company granted 353,897 RSUs (time-based awards and performance awards with a two-year performance period) to executive officers, key employees and non-employee members of the BOD under the 2015 Plan. The RSUs had a fair value of $32.52 per unit which was the NASDAQ closing price on that date.

A summary of the RSU activity, including performance awards and converted Isle awards, for the years ended December 31, 2015, 2016 and 2017 is as follows:

	Equity Awards	Weighted-Average Grant Date Fair Value	Weighted-Average Remaining Contractual Life (in years)	Aggregate Fair Value (in millions)
Unvested outstanding as of January 1, 2015	—	$ —	—	$ —
Granted (1)	917,283	4.08		
Vested	(89,900)	4.03		
Unvested outstanding as of December 31, 2015	827,383	$ 4.09	2.12	$ 3.40
Granted (2)	410,694	10.81		
Vested	(255,707)	5.83		
Unvested outstanding as of December 31, 2016	982,370	$ 6.45	1.41	$ 6.33
Granted (3)	600,206	20.91		
Exchanged (4)	860,557	18.94		
Forfeited	(11,870)	15.74		
Vested	(851,764)	18.37		
Unvested outstanding as of December 31, 2017	1,579,499	$ 12.25	0.92	$ 19.35

(1) Includes 475,409 of performance awards at 135% of target and 351,974 time-based awards at 100% of target all of which were granted in 2015.

(2) Includes 176,632 of performance awards at 96.5% of target and 234,062 time-based awards at 100% of target.

(3) Includes 107,309 of performance awards at 108.5% of target, 100,833 of performance awards at 100% of target and 392,064 time-based awards at 100% of target. Performance awards granted in 2017 are based on a two-year performance criteria and accounted for as two sub-awards.

(4) Represents exchanged Isle RSUs as a result of the Isle Acquisition based on the average of the ERI share price on the grant dates.

As of December 31, 2017 and 2016, the Company had $11.1 million and $2.5 million, respectively, of unrecognized compensation expense, including 2017 performance awards at 108.5% and 100% of target, respectively, and 2016 performance awards at 96.5% target, related to unvested RSUs. The RSUs are expected to be recognized over a weighted-average period of 0.92 years and 1.41 years, respectively.

During the first quarter of 2016, the Company’s chief operating officer terminated employment and the chief financial officer retired. In conjunction with the termination and retirement, unvested RSUs totaling 167,511, which were outstanding as of December 31, 2015, immediately vested representing an additional $0.5 million included in stock compensation expense during the first quarter of 2016. Additionally, severance costs totaling $1.4 million were recognized during the first quarter of 2016.

These amounts are included in corporate expenses and, in the case of certain property positions, general and administrative expenses in the Company’s consolidated statements of income. We recognized a reduction in income tax expense of $1.0 million and $0.8 million for the year ended December 31, 2017 and 2016, respectively, for excess tax benefits related to stock-based compensation.

A summary of the ERI Stock Option activity for the years ended December 31, 2015, 2016 and 2017:

	Options	Range of Exercise Prices		Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value (in millions)
Outstanding and Exercisable as of January 1, 2015	398,200	$ 2.44	$ 16.27	$ 7.88	4.54	$ 0.2
Expired	(86,000)		$ 11.30	$ 11.30		
Outstanding and Exercisable as of December 31, 2015	312,200	$ 2.44	$ 16.27	$ 6.94	3.47	$ 1.3
Expired	(10,000)		$ 11.30	$ 11.30		
Exercised	(132,900)	$ 2.44	$ 3.94	$ 2.89		
Outstanding and Exercisable as of December 31, 2016	169,300	$ 2.44	$ 16.27	$ 9.94	0.86	$ 1.2
Exchanged (1)	1,351,168	$ 6.87	$ 15.60	10.12		
Expired	(62,871)	$ 2.44	$ 12.29	$ 4.63		
Exercised	(1,185,745)	$ 6.87	$ 16.27	$ 10.45		
Outstanding and Exercisable as of December 31, 2017	271,852	$ 3.94	$ 15.60	$ 9.63	1.04	$ 6.4

There were 1,185,745 options exercised and 62,871 options expired in 2017. There were 132,900 options exercised and 10,000 options expired in 2016. There were no options exercised in 2015. Cash received from the exercise of stock options was $2.9 million and $0.4 million for the years ended December 31, 2017 and 2016, respectively. The Company recognized a tax benefit from the stock option exercises of $1.0 million and $0.8 million in 2017 and 2016, respectively.

A summary of the ERI Restricted Stock Awards activity for the year ended December 31, 2017 is as follows:

	Restricted Stock	Weighted-Average Grant Date Fair Value
Outstanding as of December 31, 2016	—	$ —
Exchanged (1)	180,374	19.23
Forfeited	(1,602)	19.13
Vested	(167,963)	19.24
Outstanding as of December 31, 2017	10,809	$ 19.13

(1) Represents exchanged Isle Restricted Stock Awards as a result of the Isle Acquisition.

The Company’s unrecognized compensation cost for unvested restricted stock awards was $0.1 million as of December 31, 2017. The weighted average remaining life was 0.4 years and had an aggregate fair value of $0.1 million at December 31, 2017.

Note 13. Earnings per Share

The following table illustrates the required disclosure of the reconciliation of the numerators and denominators of the basic and diluted net income per share computations during the years ended December 31, 2017, 2016 and 2015 (dollars in thousands, except per share amounts):

	2017	2016	2015
Net income available to common stockholders	$ 73,940	$ 24,802	$ 114,183
Shares outstanding:			
Weighted average shares outstanding - basic	67,133,531	47,033,311	46,550,042
Effect of dilutive securities:			
Stock options	98,294	96,515	120,479
RSUs	870,989	571,736	338,459
Weighted average shares outstanding - diluted	68,102,814	47,701,562	47,008,980
Net income per common share attributable to common stockholders - basic:	$ 1.10	$ 0.53	$ 2.45
Net income per common share attributable to common stockholders - diluted:	$ 1.09	$ 0.52	$ 2.43

Note 14. Accumulated Other Comprehensive Income (Loss)

The Company's accumulated other comprehensive income (loss) is related to the Scioto Downs defined benefit pension plan. A summary of the change in accumulated other comprehensive income (loss) during the three years ended December 31, 2017 and 2016 is as follows (in thousands):

Balance as of December 31, 2014	$ 87
Other comprehensive loss	(75)
Balance as of December 31, 2015	12
Other comprehensive income	—
Balance as of December 31, 2016	12
Other comprehensive income	67
Balance as of December 31, 2017	$ 79

Note 15. Fair Value Measurements

Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Accordingly, fair value is a market based measurement that is determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, there is a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair values as follows:

- *Level 1 Inputs*: Quoted market prices in active markets for identical assets or liabilities.
- *Level 2 Inputs*: Observable market-based inputs or unobservable inputs that are corroborated by market data.
- *Level 3 Inputs*: Unobservable inputs that are not corroborated by market data.

Items Measured at Fair Value on a Recurring Basis: The following table sets forth the assets measured at fair value on a recurring basis, by input level, in the consolidated balance sheets at December 31, 2017:

	December 31, 2017		
	Level 1	Level 2	Total
Assets:			
Marketable securities	$ 7,906	$ 9,725	$ 17,631
Restricted cash and investments	9,055	4,098	13,153

The following methods and assumptions are used to estimate the fair value of each class of financial instruments for which it is practical to estimate fair value:

Cash and Cash Equivalents: Cash equivalents include investments in money market funds. Investments in this category can be redeemed immediately at the current net asset value per share. A money market fund is a mutual fund whose investments are primarily in short-term debt securities designed to maximize current income with liquidity and capital preservation, usually maintaining per share net asset value at a constant amount, such as one dollar. Cash and cash equivalents also includes cash maintained for gaming operations. The carrying amounts approximate the fair value because of the short maturity of those instruments (Level 1).

Restricted Cash: Restricted cash includes cash reserved for unredeemed winning tickets from the Company's racing operations, funds related to horsemen's fines and certain simulcasting funds that are restricted to payments for improving horsemen's facilities and racing purses, cash deposits that serve as collateral for letters of credit, surety bonds and short-term certificates of deposit that serve as collateral for certain bonding requirements. The estimated fair values of our restricted cash and investments are based upon quoted prices available in active markets (Level 1), or quoted prices for similar assets in active and inactive markets (Level 2), and represent the amounts we would expect to receive if we sold our restricted cash and investments. Restricted investments, included in Other Assets, net, relate to trading securities pledged as collateral by our captive insurance company.

Accounts Receivable and Credit Risk: The allowance is estimated based on specific review of customer accounts as well as historical collection experience and current economic and business conditions. Management believes that no significant concentrations of credit risk related to receivables existed.

Marketable Securities: Marketable securities consist primarily of trading securities held the Company's captive insurance subsidiary. The estimated fair values of the Company's marketable securities are determined on an individual asset basis based upon quoted prices of identical assets available in active markets (Level 1), quoted prices of identical assets in inactive markets, or quoted prices for similar assets in active and inactive markets (Level 2), and represent the amounts we would expect to receive if we sold these marketable securities.

Long-term Debt: The fair value of our long-term debt or other long-term obligations is estimated based on the quoted market price of the underlying debt issue (Level 1) or, when a quoted market price is not available, the discounted cash flow of future payments utilizing current rates available to us for the debt of similar remaining maturities (Level 2). Debt obligations with a short remaining maturity have a carrying amount that approximates fair value.

Acquisition-Related Contingent Considerations: Contingent consideration related to the July 2003 acquisition of Scioto Downs represents the estimate of amounts to be paid to former stockholders of Scioto Downs under certain earn-out provisions. The Company considers the acquisition related contingency's fair value measurement, which includes forecast assumptions, to be Level 3 within the fair value hierarchy. Acquisition related contingent considerations is included in accrued other liabilities on the consolidated balance sheets.

There were no transfers between Level 1 and Level 2 investments.

The estimated fair values of the Company's financial instruments are as follows (amounts in thousands):

	December 31, 2017		December 31, 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Cash and cash equivalents	$ 134,596	$ 134,596	$ 61,029	$ 61,029
Restricted cash	13,153	13,153	2,414	2,414
Marketable securities	17,631	17,631	—	—
Financial liabilities:				
7% Senior Notes	$ 367,854	$ 400,800	$ 366,859	$ 397,500
6% Senior Notes	880,889	914,375	—	—
New Term Loan	938,002	956,750	—	—
Other long-term debt	2,531	2,531	—	—
Term Loan	—	—	406,047	423,858
Revolving Credit Facility	—	—	26,977	29,000
Capital leases	917	917	543	543
Acquisition-related contingent considerations	486	486	496	496

The following table represents the change in acquisition-related contingent consideration liabilities for the period December 31, 2014 to December 31, 2017.

Balance as of January 1, 2015	$ 524
Amortization of present value discount (1)	52
Fair value adjustment for change in consideration expected to be paid (2)	38
Settlements	(85)
Balance as of December 31, 2015	529
Amortization of present value discount (1)	70
Fair value adjustment for change in consideration expected to be paid (2)	(13)
Settlements	(90)
Balance as of December 31, 2016	496
Amortization of present value discount (1)	69
Fair value adjustment for change in consideration expected to be paid (2)	11
Settlements	(90)
Balance as of December 31, 2017	$ 486

(1) Changes in present value are included as a component of interest expense in the consolidated statements of income.

(2) Fair value adjustments for changes in earn-out estimates are recorded as a component of general and administrative expense in the consolidated statements of income.

Note 16. Commitments and Contingencies

Capital Leases. The Company leases certain equipment under agreements classified as capital leases. The future minimum lease payments, including interest, at December 31, 2017 are $0.6 million, $0.4 million, and $0.1 million in 2018, 2019, and 2020, respectively. After reducing these amounts for interest of $0.2 million, the present value of the minimum lease payments at December 31, 2017 is $0.9 million.

Operating Leases. The Company leases land and certain equipment, including some of our slot machines, timing and photo finish equipment, videotape and closed circuit television equipment, and certain pari-mutuel equipment, under operating leases. Future minimum payments under non-cancellable operating leases with initial terms of one year or more consisted of the following at December 31, 2017 (in thousands):

	Leases
2018	$ 12,057
2019	10,034
2020	8,400
2021	7,539
2022	6,628
Thereafter	143,530
	$ 188,188

Total rental expense under operating leases totaled $28.2 million, $17.0 million and $14.0 million for the years ended December 31, 2017, 2016 and 2015, respectively. Included in the $28.2 million is rent for land upon which the Eldorado Reno resides of $0.6 million in each of the years ended December 31, 2017, 2016 and 2015 which was paid to C. S. & Y. Associates which is an entity partially owned by Recreational Enterprises, Inc. (“REI”). The Company’s Chief Executive Officer and Chairman of the Board, Gary L. Carano, and its Senior Vice President of Regional operations, Gene Carano, are the directors of REI and members of the Carano family, including Gary L. Carano and Gene Carano, own the equity interests in REI. This rental agreement expires June 30, 2027 and the rental payments are more fully described in Note 17, Related Affiliates.

Litigation. The Company is a party to various legal and administrative proceedings, which have arisen in the normal course of its business. Estimated losses are accrued for these proceedings when the loss is probable and can be estimated. The current liability for the estimated losses associated with these proceedings is not material to the Company’s consolidated financial condition and those estimated losses are not expected to have a material impact on its results of operations. In addition, the Company maintains what it believes is adequate insurance coverage to further mitigate the risks of such proceedings. However, such proceedings can be costly, time consuming and unpredictable and, therefore, no assurance can be given that the final outcome of such proceedings may not materially impact the Company’s consolidated financial condition or results of operations. Further, no assurance can be given that the amount of scope of existing insurance coverage will be sufficient to cover losses arising from such matter.

Collective Bargaining Agreements. As of December 31, 2017, we had approximately 12,500 employees. As of such date, we had 11 collective bargaining agreements covering approximately 970 employees. Three collective bargaining agreements are scheduled to expire in 2018. There can be no assurance that we will be able to extend or enter into replacement agreements. If we are able to extend or enter into replacement agreements, there can be no assurance as to whether the terms will on comparable terms to the existing agreements.

Agreements with Horsemen and Pari-mutuel Clerks. The Federal Interstate Horse Racing Act and the state racing laws in West Virginia, Ohio and Pennsylvania require that, in order to simulcast races, we have written agreements with the horse owners and trainers at those racetracks. In addition, in order to operate slot machines in West Virginia, we are required to enter into written agreements regarding the proceeds of the slot machines (a “proceeds agreement”) with a representative of a majority of the horse owners and trainers and with a representative of a majority of the pari-mutuel clerks. In Pennsylvania and Ohio, we must have an agreement with the representative of the horse owners. We have the requisite agreements in place with the horsemen at Mountaineer until December 31, 2018. With respect to the Mountaineer pari-mutuel clerks, we have a labor agreement in force until November 30, 2018, which will automatically renew for an additional one-year period, and a proceeds agreement until April 14, 2018. We are required to have a proceeds agreement in effect on July 1 of each year with the horsemen and the pari-mutuel clerks as a condition to renewal of our video lottery license for such year. If the requisite proceeds agreement is not in place as of July 1 of a particular year, Mountaineer’s application for renewal of its video lottery license could be denied, in which case Mountaineer would not be permitted to operate either its slot machines or table games. Scioto Downs has the requisite agreement in place with the OHHA until December 31, 2023, with automatic two-year renewals unless either party requests re-negotiation pursuant to its terms. Presque Isle Downs has the requisite agreement in place with the Pennsylvania Horsemen’s Benevolent and Protective Association until May 1, 2019. With the exception of the respective Mountaineer, Presque Isle Downs and Scioto Downs horsemen’s agreements and the agreement between Mountaineer and the pari-mutuel clerks’ union described above, each of the agreements referred to in this paragraph may be terminated upon written notice by either party.

Note 17. Related Affiliates

REI

As of December 31, 2017, REI owned approximately 14.5% of outstanding common stock of the Company. The directors of REI are Company's Chief Executive Officer and Chairman of the Board, Gary L. Carano, its President and Chief Financial Officer and Board member, Thomas R. Reeg, and its Senior Vice President of Regional Operations, Gene Carano. In addition, Gary L. Carano also serves as the Vice President of REI and Gene Carano also serves as the Secretary and Treasurer of REI. Members of the Carano Family, including Gary L. Carano and Gene Carano, own the equity interests in REI. As such, the Carano Family has the ability to significantly influence the affairs of the Company. Donald L. Carano, who was formerly the president and a director of REI, received remuneration in the amount of $0.3 million, $0.4 million and $0.4 million in 2017, 2016 and 2015, respectively, for his service to ERI and its subsidiaries. For each of the years ended December 31, 2017, 2016 and 2015, there were no related party transactions between the Company and the Carano Family other than compensation, including salary and equity incentives and the CSY Lease listed below.

Hotel Casino Management

Prior to November 2017, Hotel Casino Management, Inc., which is beneficially owned by members of the Poncia family, including Raymond J. Poncia, owned more than 5% of the outstanding common stock of the Company. Raymond J. Poncia received remuneration in the amount of $0.2 million in each of 2017, 2016 and 2015 for services that he provided to ERI and its subsidiaries.

C. S. & Y.

The Company owns the entire parcel on which Eldorado Reno is located, except for approximately 30,000 square feet which is leased from C. S. & Y. Associates which is an entity partially owned by REI (the "CSY Lease"). The CSY Lease expires on June 30, 2027. Annual rent is equal to the greater of (1) $0.4 million or (2) an amount based on a decreasing percentage of the Eldorado's gross gaming revenues ranging from 3% of the first $6.5 million of gross gaming revenues to 0.1% of gross gaming revenues in excess of $75.0 million. Rent pursuant to the CSY Lease amounted to $0.6 million in each of the years ended December 31, 2017, 2016 and 2015. All amounts on the accompanying balance sheets under "Due to Affiliates" relate to C. S. & Y. Associates.

Hampton Inn & Suites

The Company holds a 42.1% variable interest in a partnership with other investors that developed a new 118-room Hampton Inn & Suites hotel at Scioto Downs that opened in March 2017. Pursuant to the terms of the partnership agreement, the Company contributed $1.0 million of cash and 2.4 acres of a leasehold immediately adjacent to *The Brew Brothers* microbrewery and restaurant at Scioto Downs. The partnership constructed the hotel at a cost of $16.0 million and other investor members operate the hotel. In November 2017, the Company contributed $0.6 million to the partnership for its proportionate share of additional construction costs pursuant to the partnership agreement. As of December 31, 2017, the Company's receivable from the partnership totaled $0.2 million and is reflected on the accompanying balance sheet under "Due from Affiliates."

Note 18. Segment Information

The following table sets forth, for the period indicated, certain operating data for our reportable segments. The executive decision maker of our Company reviews operating results, assesses performance and makes decisions on a “significant market” basis. Management views each of our casinos as an operating segment. Operating segments are aggregated based on their similar economic characteristics, types of customers, types of services and products provided, and their management and reporting structure. Prior to the Isle Acquisition, the Company’s principal operating activities occurred in three geographic regions: Nevada, Louisiana and parts of the eastern United States. The Company aggregated its operations into three reportable segments based on the similar characteristics of the operating segments within the regions in which they operated as follows:

Segment	Property	State
Nevada	Eldorado Reno	Nevada
	Silver Legacy	Nevada
	Circus Reno	Nevada
Louisiana	Eldorado Shreveport	Louisiana
Eastern	Presque Isle Downs	Pennsylvania
	Scioto Downs	Ohio
	Mountaineer	West Virginia

Following the Isle Acquisition, the Company’s principal operating activities expanded and now occur in four geographic regions and reportable segments based on the similar characteristics of the operating segments within the regions in which they operate. The following table summarizes our current segments:

Segment	Property	State
West	Eldorado Reno	Nevada
	Silver Legacy	Nevada
	Circus Reno	Nevada
	Isle Black Hawk	Colorado
	Lady Luck Black Hawk	Colorado
Midwest	Waterloo	Iowa
	Bettendorf	Iowa
	Boonville	Missouri
	Cape Girardeau	Missouri
	Caruthersville	Missouri
	Kansas City	Missouri
South	Pompano	Florida
	Eldorado Shreveport	Louisiana
	Lake Charles	Louisiana
	Lula	Mississippi
	Vicksburg	Mississippi
East	Presque Isle Downs	Pennsylvania
	Nemacolin	Pennsylvania
	Scioto Downs	Ohio
	Mountaineer	West Virginia

The following table sets forth, for the periods indicated, certain operating data for our four reportable segments. Amounts related to pre-acquisition periods (prior to May 1, 2017) conform to prior presentation as the additional operating segments associated with the Isle Acquisition are incremental to the previously disclosed reportable segments.

	For the year ended December 31,		
	2017	2016	2015
	(in thousands)		
Revenues and expenses			
West:			
Net operating revenues	$ 405,202	$ 321,922	$ 127,802
Operating income—West	$ 66,329	$ 41,620	$ 13,989
Midwest:			
Net operating revenues	$ 268,385	$ —	$ —
Operating income—Midwest	$ 62,051	$ —	$ —
South:			
Net operating revenues	$ 336,709	$ 131,496	$ 136,342
Operating income—South	$ 3,671	$ 23,378	$ 21,423
East:			
Net operating revenues	$ 462,702	$ 439,478	$ 455,640
Operating income—East	$ 67,968	$ 53,610	$ 56,491
Corporate:			
Net revenues	$ 506	$ —	$ —
Operating loss—Corporate	$ (105,150)	$ (29,490)	$ (19,387)
Total Reportable Segments			
Net operating revenues	$ 1,473,504	$ 892,896	$ 719,784
Operating income – Total Reportable Segments	$ 94,869	$ 89,118	$ 72,516
Reconciliations to Consolidated Net Income:			
Operating Income — Total Reportable Segments	$ 94,869	$ 89,118	$ 72,516
Unallocated income and expenses:			
Interest expense, net	(99,769)	(50,917)	(61,558)
Gain on valuation of unconsolidated affiliate	—	—	35,582
Loss on early retirement of debt	(38,430)	(155)	(1,937)
Benefit (provision) for income taxes	117,270	(13,244)	69,580
Net income	$ 73,940	$ 24,802	$ 114,183

	For the Year Ended December 31,		
	2017	2016	2015
	(in thousands)		
Capital Expenditures (a)			
West	$ 44,952	$ 22,812	$ 4,682
Midwest	9,115	—	—
South	7,672	5,842	4,032
East (a)	10,155	18,491	26,556
Corporate	11,628	235	1,492
Total	$ 83,522	$ 47,380	$ 36,762

(a) Before reimbursements from the state of West Virginia for qualified capital expenditures of $0.4 million, $4.2 million and $1.3 million for the years ended December 31, 2017, 2016 and 2015, respectively.

	West	Midwest	South	East	Corporate, Other & Eliminations	Total
Balance sheet as of December 31, 2017			(in thousands)			
Total assets	$ 1,278,062	$ 1,188,758	$ 804,318	$ 1,185,806	$ (910,472)	$ 3,546,472
Goodwill	152,775	327,088	200,417	66,826	—	747,106
Balance sheet as of December 31, 2016						
Total assets	$ 377,688	$ —	$ 128,427	$ 850,904	$ (62,975)	$ 1,294,044
Goodwill	—	—	—	66,826	—	66,826

	2017			
	Balance at January 1	Acquisitions	Impairments	Balance at December 31
		(in thousands)		
Goodwill by reportable segment:				
West	$ —	$ 152,775	$ —	$ 152,775
Midwest	—	327,088	—	327,088
South	—	235,333	(34,916)	200,417
East	66,826	—	—	66,826
	$ 66,826	$ 715,196	$ (34,916)	$ 747,106

	2016			
	Balance at January 1	Acquisitions	Impairments	Balance at December 31
		(in thousands)		
Goodwill by reportable segment:				
West	$ —	$ —	$ —	$ —
Midwest	—	—	—	—
South	—	—	—	—
East	66,826	—	—	66,826
	$ 66,826	$ —	$ —	$ 66,826

Note 19. Consolidating Condensed Financial Information

Certain of our wholly-owned subsidiaries have fully and unconditionally guaranteed on a joint and several basis, the payment of all obligations under our 7% Senior Notes, 6% Senior Notes and New Credit Facility.

The following wholly-owned subsidiaries of the Company are guarantors, on a joint and several basis, under the 7% Senior Notes, 6% Senior Notes and New Credit Facility: Isle of Capri Casinos LLC; Eldorado Holdco LLC; Eldorado Resorts LLC; Eldorado Shreveport 1 LLC; Eldorado Shreveport 2 LLC; Eldorado Casino Shreveport Joint Venture; MTR Gaming Group Inc.; Mountaineer Park Inc.; Presque Isle Downs Inc.; Scioto Downs Inc.; Eldorado Limited Liability Company; Circus and Eldorado Joint Venture, LLC; CC Reno LLC; CCR Newco LLC; Black Hawk Holdings, L.L.C.; IC Holdings Colorado, Inc.; CCSC/Blackhawk, Inc.; IOC-Black Hawk Distribution Company, LLC; IOC-Black Hawk County, Inc.; Isle of Capri Bettendorf, L.C.; PPI, Inc.; Pompano Park Holdings LLC; IOC-Lula, Inc.; IOC-Kansas City, Inc.; IOC-Boonville, Inc.; IOC-Caruthersville, LLC; IOC Cape Girardeau, LLC; IOC-Vicksburg, Inc.; IOC-Vicksburg, L.L.C.; Rainbow Casino-Vicksburg Partnership, L.P.; IOC Holdings L.L.C. and St. Charles Gaming Company, L.L.C. Each of the subsidiaries' guarantees is joint and several with the guarantees of the other subsidiaries.

The consolidating condensed balance sheet as of December 31, 2017 is as follows:

Balance Sheet	Eldorado Resorts, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Eldorado Resorts, Inc. Consolidated
Current assets	$ 27,572	$ 201,321	$ 22,139	$ —	$ 251,032
Intercompany receivables	274,147	—	34,493	(308,640)	—
Investments in subsidiaries	2,440,816	—	—	(2,440,816)	—
Property and equipment, net	12,042	1,483,473	7,302	—	1,502,817
Other assets	37,459	1,764,291	27,282	(36,409)	1,792,623
Total assets	$ 2,792,036	$ 3,449,085	$ 91,216	$ (2,785,865)	$ 3,546,472
Current liabilities	$ 28,677	$ 164,656	$ 25,726	$ —	$ 219,059
Intercompany payables	—	308,640	—	(308,640)	—
Long-term debt, less current maturities	1,814,185	350,000	25,393	—	2,189,578
Deferred income tax liabilities	—	200,539	—	(36,409)	164,130
Other accrued liabilities	4,127	19,624	4,828	—	28,579
Stockholders' equity	945,047	2,405,626	35,269	(2,440,816)	945,126
Total liabilities and stockholders' equity	$ 2,792,036	$ 3,449,085	$ 91,216	$ (2,785,865)	$ 3,546,472

The consolidating condensed balance sheet as of December 31, 2016 is as follows:

Balance Sheet	Eldorado Resorts, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Eldorado Resorts, Inc. Consolidated
Current assets	$ 1,860	$ 99,494	$ 399	$ —	$ 101,753
Intercompany receivables	371,765	—	1,186	(372,951)	—
Investments in subsidiaries	299,705	—	—	(299,705)	—
Property and equipment, net	1,965	610,377	—	—	612,342
Other assets	55,158	572,448	11	(47,668)	579,949
Total assets	$ 730,453	$ 1,282,319	$ 1,596	$ (720,324)	$ 1,294,044
Current liabilities	$ 11,381	$ 90,643	$ 16	$ —	$ 102,040
Intercompany payables	—	372,951	—	(372,951)	—
Long-term debt, less current maturities	420,633	375,248	—	—	795,881
Deferred income tax liabilities	—	138,053	—	(47,668)	90,385
Other accrued liabilities	—	7,287	—	—	7,287
Stockholders' equity	298,439	298,137	1,580	(299,705)	298,451
Total liabilities and stockholders' equity	$ 730,453	$ 1,282,319	$ 1,596	$ (720,324)	$ 1,294,044

The consolidating condensed statements of income for the year ended December 31, 2017 is as follows:

Statements of Income:

	Eldorado Resorts, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Eldorado Resorts, Inc. Consolidated
Revenues:					
Gaming and pari-mutuel commissions	$ —	$ 1,219,367	$ 23,307	$ —	$ 1,242,674
Non-gaming	—	356,236	7,679	—	363,915
Gross revenues	—	1,575,603	30,986	—	1,606,589
Less promotional allowances	—	(131,694)	(1,391)	—	(133,085)
Net revenues	—	1,443,909	29,595	—	1,473,504
Operating expenses:					
Gaming and pari-mutuel commissions	—	635,552	16,319	—	651,871
Non-gaming	—	154,030	1,005	—	155,035
Marketing and promotions	—	80,267	2,258	—	82,525
General and administrative	—	235,963	5,132	—	241,095
Corporate	31,620	(4,318)	3,437	—	30,739
Impairment charges	—	38,016	—	—	38,016
Management fee	(31,620)	31,620	—	—	—
Depreciation and amortization	1,030	104,454	407	—	105,891
Total operating expenses	1,030	1,275,584	28,558	—	1,305,172
Loss on sale of asset or disposal of property and equipment	(20)	(299)	—	—	(319)
Proceeds from terminated sale	—	20,000	—	—	20,000
Transaction expenses	(70,865)	(21,912)	—	—	(92,777)
Equity in loss of unconsolidated affiliate	—	(367)	—	—	(367)
Operating (loss) income	(71,915)	165,747	1,037	—	94,869
Interest expense, net	(73,448)	(25,221)	(1,100)	—	(99,769)
Loss on early retirement of debt, net	(38,430)	—	—	—	(38,430)
Subsidiary income (loss)	205,811	—	—	(205,811)	—
(Loss) income before income taxes	22,018	140,526	(63)	(205,811)	(43,330)
Income tax benefit (provision)	51,922	70,288	(4,940)	—	117,270
Net income (loss)	$ 73,940	$ 210,814	$ (5,003)	$ (205,811)	$ 73,940

The consolidating condensed statements of income for the year ended December 31, 2016 is as follows:

Statements of Income:

	Eldorado Resorts, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Eldorado Resorts, Inc. Consolidated
Revenues:					
Gaming and pari-mutuel commissions	$ —	$ 701,348	$ 265	$ —	$ 701,613
Non-gaming	—	281,493	90	—	281,583
Gross revenues	—	982,841	355	—	983,196
Less promotional allowances	—	(90,300)	—	—	(90,300)
Net revenues	—	892,541	355	—	892,896
Operating expenses:					
Gaming and pari-mutuel commissions	—	400,112	—	—	400,112
Non-gaming	—	139,545	—	—	139,545
Marketing and promotions	—	40,596	4	—	40,600
General and administrative	—	130,172	—	—	130,172
Corporate	19,560	320	—	—	19,880
Management fee	(19,841)	19,841	—	—	—
Depreciation and amortization	454	62,995	—	—	63,449
Total operating expenses	173	793,581	4	—	793,758
Loss on sale of asset or disposal of property and equipment	—	(836)	—	—	(836)
Transaction expenses	(9,184)	—	—	—	(9,184)
Operating (loss) income	(9,357)	98,124	351	—	89,118
Interest expense, net	(24,562)	(26,355)	—	—	(50,917)
Loss on early retirement of debt, net	(155)	—	—	—	(155)
Subsidiary income (loss)	45,647	—	—	(45,647)	—
Income (loss) before income taxes	11,573	71,769	351	(45,647)	38,046
Income tax benefit (provision)	13,229	(26,350)	(123)	—	(13,244)
Net income (loss)	$ 24,802	$ 45,419	$ 228	$ (45,647)	$ 24,802

The consolidating condensed statements of income for the year ended December 31, 2015 is as follows:

Statements of Income:

	Eldorado Resorts, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Eldorado Resorts, Inc. Consolidated
Revenues:					
Gaming and pari-mutuel commissions	$ —	$ 622,997	$ 261	$ —	$ 623,258
Non-gaming	—	161,283	—	—	161,283
Gross revenues	—	784,280	261	—	784,541
Less promotional allowances	—	(64,757)	—	—	(64,757)
Net revenues	—	719,523	261	—	719,784
Operating expenses:					
Gaming and pari-mutuel commissions	—	367,545	—	—	367,545
Non-gaming	—	79,238	—	—	79,238
Marketing and promotions	—	31,220	7	—	31,227
General and administrative	—	96,870	—	—	96,870
Corporate	13,738	2,731	—	—	16,469
Management fee	(13,760)	13,760	—	—	—
Depreciation and amortization	369	56,552	—	—	56,921
Total operating expenses	347	647,916	7	—	648,270
Loss on sale of asset or disposal of property and equipment	—	(6)	—	—	(6)
Transaction expenses	(2,368)	(84)	—	—	(2,452)
Equity in loss of unconsolidated affiliate	—	3,460	—	—	3,460
Operating (loss) income	(2,715)	74,977	254	—	72,516
Interest expense, net	(10,613)	(50,945)	—	—	(61,558)
Loss on early retirement of debt, net	(1,855)	(82)	—	—	(1,937)
Gain on valuation of unconsolidated affiliate	—	35,582	—	—	35,582
Subsidiary income (loss)	86,082	—	—	(86,082)	—
Income (loss) before income taxes	70,899	59,532	254	(86,082)	44,603
Income tax benefit	43,284	26,371	(75)	—	69,580
Income (loss) from continuing operations	114,183	85,903	179	(86,082)	114,183
Net income (loss)	$ 114,183	$ 85,903	$ 179	$ (86,082)	$ 114,183

The consolidating condensed statement of cash flows for the year ended December 31, 2017 is as follows:

Statement of Cash Flows

	Eldorado Resorts, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Eldorado Resorts, Inc. Consolidated
Net cash (used in) provided by operating activities	$ (44,767)	$ 170,553	$ 4,455	$ —	$ 130,241
INVESTING ACTIVITIES:					
Purchase of property and equipment, net	(11,073)	(70,810)	(1,639)	—	(83,522)
Reimbursement of capital expenditures from West Virginia regulatory authorities	—	361	—	—	361
Restricted cash	—	19,535	(21)	—	19,514
Proceeds from sale of property and equipment	—	135	—	—	135
Net cash (used in) provided by business combinations	(1,385,978)	37,103	5,216	—	(1,343,659)
Investment in and loans to unconsolidated affiliate	—	(604)	—	—	(604)
Net cash (used in) provided by investing activities	(1,397,051)	(14,280)	3,556	—	(1,407,775)
FINANCING ACTIVITIES:					
Proceeds from issuance of New Term Loan	1,450,000	—	—	—	1,450,000
Proceeds from issuance of 6% Senior Notes	875,000	—	—	—	875,000
Proceeds from issuance of New Revolving Credit Facility	166,953	—	—	—	166,953
Payments on Term Loan	(1,062)	—	—	—	(1,062)
Payments on New Term Loan	(493,250)	—	—	—	(493,250)
Payments under New Revolving Credit Facility	(166,953)	—	—	—	(166,953)
Borrowings under Prior Revolving Credit Facility	41,000	—	—	—	41,000
Payments under Prior Revolving Credit Facility	(29,000)	—	—	—	(29,000)
Retirement of Term Loan	(417,563)	—	—	—	(417,563)
Retirement of Prior Revolving Credit Facility	(41,000)	—	—	—	(41,000)
Debt premium proceeds	27,500	—	—	—	27,500
Net proceeds from (payments to) related parties	102,618	(100,847)	(1,771)	—	—
Payment of other long-term obligation	(43)	—	—	—	(43)
Payments on capital leases	—	(318)	(172)	—	(490)
Debt issuance costs	(51,526)	—	—	—	(51,526)
Taxes paid related to net share settlement of equity awards	(11,365)	—	—	—	(11,365)
Proceeds from exercise of stock options	2,900	—	—	—	2,900
Net cash provided by (used in) financing activities	1,454,209	(101,165)	(1,943)	—	1,351,101
INCREASE IN CASH AND CASH EQUIVALENTS	12,391	55,108	6,068	—	73,567
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	811	59,817	401	—	61,029
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 13,202	$ 114,925	$ 6,469	$ —	$ 134,596

The consolidating condensed statement of cash flows for the year ended December 31, 2016 is as follows:

Statement of Cash Flows

	Eldorado Resorts, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Eldorado Resorts, Inc. Consolidated
Net cash (used in) provided by operating activities	$ (16,919)	$ 114,388	$ 101	$ —	$ 97,570
INVESTING ACTIVITIES:					
Purchase of property and equipment, net	133	(47,512)	(1)	—	(47,380)
Reimbursement of capital expenditures from West Virginia regulatory authorities	—	4,207	—	—	4,207
Proceeds from sale of property and equipment	—	1,560	—	—	1,560
(Increase) Decrease in other assets, net	(16)	675	—	—	659
Net cash used in business combinations	—	(194)	—	—	(194)
Net cash provided by (used in) investing activities	117	(41,264)	(1)	—	(41,148)
FINANCING ACTIVITIES:					
Proceeds from long-term debt borrowings	(4,250)	—	—	—	(4,250)
Borrowings under Prior Revolving Credit Facility	73,000	—	—	—	73,000
Payments under Prior Revolving Credit Facility	(137,500)	—	—	—	(137,500)
Principal payments on capital leases	—	(274)	—	—	(274)
Debt issuance costs	(4,288)	—	—	—	(4,288)
Net proceeds from (payments to) related parties	90,353	(90,486)	133	—	—
Taxes paid related to net share settlement of equity awards	(744)	—	—	—	(744)
Proceeds from exercise of stock options	385	—	—	—	385
Net cash provided by (used in) financing activities	16,956	(90,760)	133	—	(73,671)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	154	(17,636)	233	—	(17,249)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	657	77,453	168	—	78,278
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 811	$ 59,817	$ 401	$ —	$ 61,029

The consolidating condensed statement of cash flows for the year ended December 31, 2015 is as follows:

Statement of Cash Flows

	Eldorado Resorts, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Eldorado Resorts, Inc. Consolidated
Net cash (used in) provided by operating activities	$ (2,951)	$ 59,494	$ 172	$ —	$ 56,715
INVESTING ACTIVITIES:					
Purchase of property and equipment, net	(2,922)	(33,840)	—	—	(36,762)
Reimbursement of capital expenditures from West Virginia regulatory authorities	—	1,266	—	—	1,266
Investment in unconsolidated affiliate	—	(1,010)	—	—	(1,010)
Proceeds from sale of property and equipment	—	153	—	—	153
Decrease in restricted cash due to credit support deposit	—	2,500	—	—	2,500
(Increase) Decrease in other assets, net	(89)	204	—	—	115
Net cash used in business combinations	(18,394)	(106,622)	—	—	(125,016)
Net cash used in by investing activities	(21,405)	(137,349)	—	—	(158,754)
FINANCING ACTIVITIES:					
Proceeds from long-term debt borrowings	800,000	—	—	—	800,000
Borrowings under Prior Revolving Credit Facility	131,000	—	—	—	131,000
Payments under Prior Revolving Credit Facility	(37,500)	—	—	—	(37,500)
Principal payments under 7% Senior Notes	(2,125)	—	—	—	(2,125)
Retirement of long-term debt	(728,664)	—	—	—	(728,664)
Principal payments on capital leases	—	(88)	—	—	(88)
Debt issuance costs	(25,820)	—	—	—	(25,820)
Call premium on early retirement of debt	(44,090)	—	—	—	(44,090)
Net (payments to) proceeds from related parties	(67,788)	68,511	(723)	—	—
Net cash provided by (used in) financing activities	25,013	68,423	(723)	—	92,713
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	657	(9,432)	(551)	—	(9,326)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	—	86,885	719	—	87,604
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 657	$ 77,453	$ 168	$ —	$ 78,278

Note 20. Quarterly Data (Unaudited)

The following table sets forth certain consolidated quarterly financial information for the years ended December 31, 2017, 2016 and 2015. The quarterly information only includes the operations of Isle from the Isle Acquisition Date through December 31, 2017 and the operations of Silver Legacy and Circus Reno from the Reno Acquisition Date through December 31, 2017.

	Quarter Ended			
	March 31,	June 30,	September 30,	December 31,
	(Dollars in thousands, except per share amounts)			
2017:				
Revenues	$ 219,752	$ 406,840	$ 512,530	$ 467,467
Less—promotional allowances	(18,827)	(33,226)	(41,785)	(39,247)
Net revenues	200,925	373,614	470,745	428,220
Operating expenses	184,972	318,635	387,267	414,298
Operating income (loss)	14,149	(30,632)	81,365	29,987
Net income (loss)	$ 1,021	$ (46,328)	$ 29,554	$ 89,693
Basic net income (loss) per common share	$ 0.02	$ (0.69)	$ 0.38	$ 1.17
Diluted net income (loss) per common share	$ 0.02	$ (0.68)	$ 0.38	$ 1.15
Weighted average shares outstanding—basic	47,120,751	67,453,095	76,902,070	76,961,015
Weighted average shares outstanding—diluted	48,081,281	68,469,191	77,959,689	77,998,742

	Quarter Ended			
	March 31,	June 30,	September 30,	December 31,
	(Dollars in thousands, except per share amounts)			
2016:				
Revenues	$ 234,551	$ 255,010	$ 266,256	$ 227,379
Less—promotional allowances	(20,985)	(23,695)	(24,691)	(20,929)
Net revenues	213,566	231,315	241,565	206,450
Operating expenses	194,854	200,768	208,731	189,405
Operating income	18,263	29,655	28,109	13,091
Net income	$ 3,370	$ 10,791	$ 9,682	$ 959
Basic net income per common share	$ 0.07	$ 0.23	$ 0.21	$ 0.02
Diluted net income per common share	$ 0.07	$ 0.23	$ 0.20	$ 0.02
Weighted average shares outstanding—basic	46,933,094	47,071,608	47,193,120	47,105,744
Weighted average shares outstanding—diluted	47,534,761	47,721,075	47,834,644	47,849,554

	Quarter Ended			
	March 31,	June 30,	September 30,	December 31,
	(Dollars in thousands, except per share amounts)			
2015:				
Revenues	$ 182,809	$ 198,356	$ 199,536	$ 203,840
Less—promotional allowances	(15,358)	(15,723)	(15,996)	(17,680)
Net revenues	167,451	182,633	183,540	186,160
Operating expenses	154,766	160,430	161,610	171,464
Operating income	12,084	23,059	24,092	13,281
Net (loss) income	$ (6,164)	$ 4,795	$ 5,399	$ 110,153
Basic net (loss) income per common share	$ (0.13)	$ 0.10	$ 0.12	$ 2.36
Diluted net (loss) income per common share	$ (0.13)	$ 0.10	$ 0.12	$ 2.33
Weighted average shares outstanding—basic	46,494,638	46,516,614	46,516,614	46,670,735
Weighted average shares outstanding—diluted	46,494,638	46,657,618	46,763,589	47,227,127

ELDORADO RESORTS, INC.

SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS

Column A	Column B Balance at Beginning of Period	Column C Isle of Capri Acquisition	Column D Additions(1)	Column E Deductions(2)	Column F Balance at End of Period
Year ended December 31, 2017:					
Allowance for doubtful accounts	$ 1,221	$ 461	$ 531	$ 993	$ 1,220
Year ended December 31, 2016:					
Allowance for doubtful accounts	$ 2,074	$ —	$ 161	$ 1,014	$ 1,221
Year ended December 31, 2015:					
Allowance for doubtful accounts	$ 2,589	$ —	$ (18)	$ 497	$ 2,074

(1) Amounts charged to costs and expenses, net of recoveries.

(2) Uncollectible accounts written off, net of recoveries of $0.7 million and $0.9 million in 2017 and 2015, respectively. There were no recoveries in 2016.

Exhibit 10.7

AMENDED AND RESTATED EXECUTIVE EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EXECUTIVE EMPLOYMENT AGREEMENT (this "Agreement"), is made and entered into as of January 17, 2018 (the "Effective Date"), by and between **Eldorado Resorts, Inc.**, a Nevada corporation (the "Company"), and **Edmund L. Quatmann, Jr.** (the "Executive").

W I T N E S S E T H

WHEREAS, the Company and the Executive are parties to an Executive Employment Agreement dated May 3, 2017 (the "Existing Agreement");

WHEREAS, the Company and the Executive desire to enter into this Agreement to modify certain terms of the Executive's employment;

NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein and for other good and valuable consideration, the receipt of which is mutually acknowledged, the Company and the Executive (individually a "Party" and together the "Parties") agree as follows:

Article 1. Definitions.

(a) "Base Salary" shall mean the salary provided for in Article 4 below.

(b) "Board" shall mean the Board of Directors of the Company.

(c) "Cause" shall mean the Executive's:

i. Willful failure to substantially perform his duties with the Company or any of its Subsidiaries (other than any such failure resulting from the Executive's Disability);

ii. Gross negligence in the performance of the Executive's duties;

iii. Conviction of, or plea of guilty or nolo contendere to, any felony or a lesser crime or offense which, in the reasonable opinion of the Company, could materially adversely affect the business or reputation of the Company or any of its Subsidiaries or affiliates;

iv. Willful engagement in conduct that is materially injurious to the Company or any of its Subsidiaries or affiliates, monetarily or otherwise;

v. Willful violation of any provision of the Company's Code of Business Ethics, as amended from time to time;

vi. Violation of any of the covenants contained in Articles 12 through 14 of this Agreement, as applicable;

vii. Engaging in any act of dishonesty resulting in, or intended to result in, personal gain at the expense of the Company or any of its Subsidiaries or affiliates;

viii. Determination by any state gaming regulatory agency that the Executive is not suitable to hold his position or otherwise to participate in a gaming enterprise in the state in question;

ix. Engaging in any act that is intended to harm, or may be reasonably expected to harm, the reputation, business prospects, or operations of the Company or any of its Subsidiaries or affiliates (provided, however, that this subclause (ix) shall not apply during the two-year period beginning on the date of a Change in Control); or

x. Any other action or inaction by the Executive that constitutes a material breach by the Executive of the terms and conditions of this Agreement.

For purposes of this Section 1(c), no act or omission by the Executive shall be considered "willful" unless it is done or omitted in bad faith or without reasonable belief that the Executive's action or omission was in the best interests of the Company. Any act or failure to act based upon: (i) authority given pursuant to a resolution duly adopted by the Board; or (ii) formal advice of counsel for the Company, shall be conclusively presumed to be done or omitted to be done by the Executive in good faith and in the best interests of the Company.

For purposes of this Agreement, there shall be no termination for Cause pursuant to Subsections 1(c)(ii) through (x) above, unless a written notice, containing a detailed description of the grounds constituting Cause hereunder, is delivered to the Executive stating the basis for the termination. Upon receipt of such notice, the Executive shall be given thirty (30) days to fully cure (if such violation, neglect, or conduct is capable of cure) the violation, neglect, or conduct that is the basis of such claim. If, in the Board's opinion, cure has not been accomplished by the Executive at the conclusion of such thirty (30) day period, the Executive will be given a reasonable opportunity to be heard before termination.

(d) "Change in Control" means the occurrence of any of the following events:

i. the acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of more than 50% of the combined voting power of the then-outstanding securities entitled to vote generally in the election of members of the Board (the "Voting Power") at such time; provided that the following acquisitions shall not constitute a Change in Control: (A) any such acquisition directly from the Company; (B) any such acquisition by the Company; (C) any such acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any of its subsidiaries; or (D) any such acquisition pursuant to a transaction that complies with clauses (A), (B) and (C) of paragraph (iii) below; or

ii. individuals who, as of the Effective Date, constitute the Board (the "Incumbent Board") cease for any reason (other than death or disability) to constitute at least a majority of the Board; provided, that any individual becoming a director subsequent to the Effective Date, whose election, or nomination for election by the Company's stockholders, was approved by a vote of the directors then comprising the Incumbent Board (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without objection to such nomination) shall be considered as though such individual was a member of the Incumbent Board, but excluding for this purpose, any such individual whose initial assumption of office occurs as a result of or in connection with an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

iii. consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company (a "Business Combination"), in each case, unless following such Business Combination, (A) all or substantially all of the individuals and entities who were the beneficial owners of the Voting Power immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of, respectively, the then-outstanding shares of common stock and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity that, as a result of such transaction, owns the Company or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions relative to each other as their ownership immediately prior to such Business Combination of the securities representing the Voting Power, (B) no Person (excluding any entity resulting from such Business Combination or any employee benefit plan (or related trust) sponsored or maintained by the Company or such entity resulting from such Business Combination) beneficially owns, directly or indirectly, more than 50% of, respectively, the then-outstanding shares of common stock of the entity resulting from such Business Combination, or the combined voting power of the then-outstanding voting securities of such corporation, except to the extent that such ownership existed prior to the Business Combination, and (C) at least a majority of the members of the board of directors of the entity resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or the action of the Board providing for such Business Combination; or

iv. approval by the stockholders of the Company of a complete liquidation or dissolution of the Company.

Notwithstanding the foregoing, if a Change in Control constitutes a payment event with respect to any deferral of compensation that is subject to Section 409A of the Code, then, to the extent required to avoid the imposition of additional taxes under Section 409A of the Code, the transaction or event described in paragraph (i), (ii), (iii) or (iv) above, with respect to such deferral of compensation, shall only constitute a Change in Control for purposes of the payment timing of such deferral of compensation if such transaction also constitutes a "change in control event," as defined in Treasury Regulation §1.409A-3(i)(5).

(e) "Code" means the Internal Revenue Code of 1986, as amended.

(f) "Compensation Committee" shall mean the Compensation Committee of the Board or any other committee appointed by the Board to perform the functions of the Compensation Committee.

(g) "Date of Termination" shall mean the date on which the Executive incurs a "separation from service" within the meaning of Section 409A of the Code.

(h) "Disability" (i) shall mean the Executive's permanent and total disability as defined by the long-term disability plan in effect for senior executives of the Company or (ii) in the event there is no such plan in effect, shall mean that the Executive is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months.

(i) **"**Good Reason" shall mean the occurrence of any one or more of the following without the Executive's express written consent:

i. The Company changes the Executive's title or material job duties such that it results in material diminution in Executive's authority, duties, or responsibilities; or

ii. The Company materially reduces the amount of the Executive's then current Base Salary or the target opportunity for his annual incentive award; or

iii. The Company requires the Executive to be permanently based at a location in excess of fifty (50) miles from the location of the Executive's principal job location as of the Effective Date (or, in the case of a relocation during the two-year period beginning on the date of a Change in Control, as in effect immediately prior to the Change in Control) and in excess of fifty (50) miles from the main office in Reno, Nevada, which the Parties acknowledge to be the Company's corporate headquarters; or

iv. The failure of the Company to obtain in writing the obligation to perform or be bound by the terms of this Agreement by any successor to the Company or a purchaser of all or substantially all of the assets of the Company; or

v. The Company provides the Executive with a notice of non-renewal in accordance with the terms of Article 2 of this Agreement; or

vi. Any other action or inaction by the Company that constitutes a material breach by the Company of the terms and conditions of this Agreement.

The Executive will not be deemed to have terminated for Good Reason unless (A) the Executive gives the Company written notice of the event or events that are the basis for such claim within thirty (30) days after the Executive first becomes aware of the initial occurrence, event or events that would otherwise constitute Good Reason, describing such claim in reasonably sufficient detail to allow the Company to address the event or events, (B) the Company fails to cure the alleged condition during a period of not less than thirty (30) days after the delivery of such notice to the Company, and (C) the Executive terminates his employment within ninety (90) days after the Executive first becomes aware of the initial occurrence, event or events that are the basis for such claim.

(j) "Person" shall mean any individual, corporation, partnership, association, limited liability company, joint-stock company, trust, unincorporated organization, government or political subdivision.

(k) "Pro Rata" shall equal the product of (A) and (B), where (A) is the applicable incentive amount and (B) is a fraction, the numerator of which is the number of calendar months from and after May 1, 2017 that the Executive was employed by the Company during the applicable performance period or cycle and the denominator of which is the number of calendar months in the applicable performance period or cycle. Solely for determining the Pro Rata amount, any partial calendar month shall be treated as a full month.

(l) "Protected Information" shall mean trade secrets, confidential and proprietary business information of the Company and its Subsidiaries and affiliates, and any other information of the Company or any of its Subsidiaries or affiliates, including, but not limited to, customer lists (including, without limitation, potential customers), sources of supply, processes, plans, materials, pricing information, internal memoranda, marketing plans, internal policies, and products and services that may be developed from time to time by the Company or any of its Subsidiaries or affiliates or any of their respective agents or

employees, including but not limited to the Executive; provided, however, that information that is in the public domain (other than as a result of a breach of this Agreement), approved for release by the Company or lawfully obtained from third parties who are not bound by a confidentiality agreement with the Company or any of its Subsidiaries or affiliates, is not Protected Information.

(m) "Shares" shall mean the Common Shares of the Company.

(n) "Subsidiary" means a corporation, company or other entity (i) more than fifty percent (50%) of whose outstanding shares or securities (representing the right to vote for the election of directors or other managing authority) are, or (ii) which does not have outstanding shares or securities (as may be the case in a partnership, joint venture or unincorporated association), but more than fifty percent (50%) of whose ownership interest representing the right generally to make decisions for such other entity is, now or hereafter owned or controlled, directly or indirectly, by the Company, but such corporation, company or other entity shall be deemed to be a Subsidiary only so long as such ownership or control exists.

(o) "Term of Employment" shall mean the period specified in Article 2 below (including any extension as provided therein).

Article 2. Term of Employment.

The Term of Employment shall begin on the Effective Date, and shall extend until May 3, 2020 (the "Initial Term"), with automatic one (1) year renewals (each a "Renewal Term") upon the expiration of the Initial Term or the current Renewal Term, as applicable, unless either Party notifies the other at least three (3) months before the scheduled expiration date that this Agreement is not to renew. Notwithstanding the foregoing, the Term of Employment may be earlier terminated by either Party in accordance with the provisions of Article 11.

Article 3. Position, Duties, and Responsibilities.

(a) During the Term of Employment, the Executive shall serve as Chief Legal Officer of the Company, and shall perform such duties consistent with his position as may be assigned to him from time to time by the Chief Executive Officer of the Company or the Board. During his employment with the Company, the Executive shall devote substantially all of his business time and attention to the business and affairs of the Company and shall use his best efforts, skills and abilities to promote its interests.

(b) Nothing herein shall preclude the Executive from (i) serving on the boards of directors of a reasonable number of other corporations with the concurrence of the Board, (ii) serving on the boards of a reasonable number of trade associations and/or charitable organizations, (iii) engaging in charitable activities and community affairs, and (iv) managing his personal investments and affairs, provided that such activities set forth in this Section 3(b) do not conflict or interfere with the effective discharge of his duties and responsibilities under Section 3(a).

Article 4. Base Salary.

The Executive shall be paid an annualized Base Salary, payable in accordance with the regular payroll practices of the Company, of not less than five hundred and forty-five thousand dollars ($545,000). The Base Salary shall be reviewed annually for increase in the discretion of the Compensation Committee.

Article 5. Annual Incentive Award.

During the Term of Employment, the Executive shall be eligible for an annual incentive award with payout opportunities that are commensurate with his position and duties, as determined by the Compensation Committee in its discretion. During the Term of Employment, the Executive's target annual incentive award opportunity will be equal to at least fifty percent (50%) of the Executive's Base Salary. With respect to the Company's 2017 fiscal year, the Executive's annual incentive award shall be adjusted on a Pro Rata basis. The Executive's annual incentive award opportunities shall be based on Company and individual performance goals determined, and subject to change, by the Compensation Committee in its

discretion. The Executive shall be paid his annual incentive award no later than other senior executives of the Company are paid their annual incentive award.

Article 6. Long-Term Incentive Awards.

The Executive shall be eligible to participate in the Company's long-term incentive plan on terms commensurate with his position and duties, as determined by the Compensation Committee in its discretion. Program design, including but not limited to performance measures and weighting shall be determined by the Compensation Committee in its discretion. During the Term of Employment, the Compensation Committee will consider setting the Executive's target annual long-term incentive award opportunity equal to eighty percent (80%) of the Executive's Base Salary.

Article 7. Employee Benefit Programs.

During the Term of Employment, the Executive shall be entitled to participate in any employee benefit plans and programs made available to the Company's senior-level executives generally, subject to Section 11(f) below, as such plans or programs may be in effect from time to time, including, without limitation, 401(k) savings and other plans or programs, medical, dental, hospitalization, short-term and long-term disability and life insurance plans, accidental death and dismemberment protection, travel accident insurance, and any retirement plans or programs and any other employee welfare benefit plans or programs that may be sponsored by the Company in the future from time to time, including but not limited to any plans that supplement the above-listed types of plans or programs, whether funded or unfunded. Notwithstanding the foregoing, the Company may terminate or alter any particular benefit plan or program at any time in its discretion. The Executive shall be entitled to three weeks of paid vacation during each year of employment, which shall be subject to the Company's vacation policy for senior executives.

Article 8. Reimbursement of Business and Other Expenses.

The Executive is authorized to incur reasonable expenses in carrying out his duties and responsibilities under this Agreement and the Company shall promptly reimburse him for all reasonable business expenses incurred in connection with carrying out the business of the Company, subject to documentation in accordance with the Company's policy.

Article 9. Reimbursement of Relocation Expenses

(a) Promptly upon receipt of appropriate documentation, the Company will reimburse the Executive for any reasonable moving expenses incurred in connection with the Executive's permanent relocation to Reno, Nevada; provided that the Company shall have the right to choose between bids from two or more moving companies proposed by the Executive. Further, as soon as reasonably practicable following the Company's receipt of appropriate documentation, the Company will reimburse the Executive for (a) the realtor's reasonable commission on the sale of the Executive's Missouri residence and (b) reasonable closing costs on the Executive's new Nevada residence.

Article 10. Perquisites.

The Executive shall receive the following Company executive perquisites:

(a) The Company shall reimburse the Executive for reasonable financial planning, estate planning and tax preparation fees up to an annual maximum of $6,750.

(b) The Executive shall be entitled to the annual Executive Physical Program at the Company's expense up to an annual maximum of $3,000.

All reimbursements under Article 8, Article 10, Article 15, or otherwise under this Agreement, shall be for expenses incurred by the Executive during the Term of Employment. In all events such reimbursement will be made no later than the end of the year following the year in which the expense was incurred. Each provision of reimbursements shall be considered a separate payment and not one of a

series of payments for purposes of Section 409A of the Code. In addition, no reimbursement or in-kind benefit shall be subject to liquidation or exchange for another benefit and the amount available for reimbursement, or in-kind benefits provided, during one calendar year in no event will affect the amount of expenses required to be reimbursed or in-kind benefits required to be provided by the Company in any other calendar year.

Article 11. Termination of Employment.

(a) Termination Due to Death. In the event that the Executive's employment is terminated due to his death, his estate or his beneficiaries, as the case may be, shall be entitled to the following benefits:

i. A lump-sum amount, paid within sixty (60) days following the Date of Termination, equal to the Executive's unpaid Base Salary through and including the Date of Termination, as well as unused vacation time accrued through the Date of Termination and any unreimbursed business expenses incurred prior to the Date of Termination, consistent with the regular payroll practices of the Company (the "Accrued Rights Payment"); and

ii. A lump-sum amount, paid on the sixtieth (60th) day following the Date of Termination, of the Executive's annual incentive at target ("Target Bonus") for the calendar year that includes the Date of Termination; provided however, that such amount shall be adjusted on a Pro Rata basis. For the avoidance of doubt, the Target Bonus shall not include any long-term incentive bonus (or any single-year or other applicable portion of an incentive arrangement covering a period in excess of one year).

(b) Termination Due to Disability. In the event that the Executive's employment is terminated due to his Disability, and conditioned upon, no later than fifty-nine (59) days after the Date of Termination, the Executive's (or Executive's legal representative) execution of an effective general release of claims against the Company and its Subsidiaries and affiliates, in substantially the form attached hereto as Exhibit A (a "Release") (with all periods for revocation therein having expired), as well as the Executive's acknowledgement of, and the Executive's compliance with, the Executive's obligations under the restrictive covenants set forth in Articles 12 through 14, he shall be entitled to the following benefits:

i. The Accrued Rights Payment;

ii. A lump-sum amount, paid on the sixtieth (60th) day following the Date of Termination, of the Target Bonus for the calendar year that includes the Date of Termination; provided however, that such amount shall be adjusted on a Pro Rata basis; and

iii. A lump-sum amount, paid on the sixtieth (60th) day following the Date of Termination, equal to the total premiums the Executive would be required to pay for twelve (12) months of COBRA continuation coverage under the Company's health benefit plans (i.e., medical, dental, and vision coverage), determined using the COBRA premium rate in effect for the level of coverage that the Executive had in place immediately prior to the Executive's Date of Termination (the "COBRA Payment"). The Executive shall not be required to purchase COBRA continuation coverage in order to receive the COBRA Payment, nor shall the Executive be required to apply the COBRA Payment towards any payment of applicable premiums for COBRA continuation coverage.

In no event shall a termination of the Executive's employment due to Disability occur until the Party terminating the Executive's employment gives written notice to the other Party in accordance with Article 25 below.

(c) Termination by the Company for Cause. In the event the Company terminates the Executive's employment for Cause, he shall be entitled to the Accrued Rights Payment.

(d) Termination by Company without Cause or Termination by the Executive for Good Reason. In the event the Executive's employment is terminated by the Company without Cause (i.e., on a basis other than specified in Subsections 11(a), 11(b), 11(c), or 11(e)), or in the event the Executive's employment is terminated by the Executive for Good Reason, in either case, at any time other than during the two-year period beginning on the date of a Change in Control, and conditioned upon, no later than fifty-nine (59) days after the Date of Termination, the Executive's execution of an effective Release (with all periods for revocation therein having expired), as well as the Executive's acknowledgement of, and the Executive's compliance with, the Executive's obligations under the restrictive covenants set forth in Articles 12 through 14, the Executive shall be entitled to the following benefits:

i. The Accrued Rights Payment;

ii. An amount equal to one (1.0) times (A) the Executive's Base Salary, and (B) the Executive's annual incentive award at target for the calendar year that includes the Date of Termination (together, the "Non-CIC Payment Amount"), payable in twelve (12) monthly installments beginning on the first day following the six-month anniversary of the Date of Termination, consistent with the timing set forth in the Executive's employment agreement with Isle of Capri Casinos, Inc., dated July 1, 2008 (as amended, the "Isle Agreement"); provided that the Non-CIC Payment Amount shall be paid in twenty-four (24) monthly installments in the case of a termination that occurs on or before May 1, 2018;

iii. A lump-sum amount, if any, paid on the sixtieth (60th) day following the Date of Termination, equal to the actual annual incentive that would have been payable to the Executive for the calendar year that includes the Date of Termination based on actual performance against applicable goals if the Executive had remained employed through the end of such calendar year; provided however, that such amount shall be adjusted on a Pro Rata basis;

iv. A lump-sum amount, paid on the sixtieth (60th) day following the Date of Termination, equal to the COBRA Payment. The Executive shall not be required to purchase COBRA continuation coverage in order to receive the COBRA Payment, nor shall the Executive be required to apply the COBRA Payment towards any payment of applicable premiums for COBRA continuation coverage; and

v. The Company will assist the Executive in finding other employment opportunities by providing to him, at the Company's limited expense, reasonable professional outplacement services through the provider of the Company's choice. Such outplacement services shall terminate when the Executive finds other employment. However, in no event shall such outplacement services continue for more than twelve (12) months following the Date of Termination or exceed more than $10,000 in the aggregate.

(e) Voluntary Termination. A termination of employment by the Executive on his own initiative, other than a termination due to Disability, death, or a termination for Good Reason, shall have the same consequences as provided in Section 11(c) for a termination for Cause. A voluntary termination under this Section 11(e) shall be effective on the date specified in the Executive's written notice, unless such voluntary termination is earlier accepted by the Company, such early acceptance still to be treated as a voluntary termination by the Executive.

(f) No Mitigation; No Offset. In the event of any termination of employment under this Article 11 or under Article 15, the Executive shall be under no obligation to seek other employment and there shall be no offset against amounts due the Executive under this Agreement on account of any remuneration attributable to any subsequent employment that he may obtain.

(g) Nature of Payments. Any amounts due under this Article 11 or under Article 15 are in the nature of severance payments considered to be reasonable by the Company and are not in the nature of a penalty.

(h) Timing of Payments. Notwithstanding any provision in this Agreement to the contrary, if the Executive is a "specified employee" (within the meaning of Treasury Regulation Section 1.409A-1(i) and using the identification methodology selected by the Company from time to time) on the Date of Termination, to the extent payments or benefits made hereunder (as well as any other payment or benefit that the Executive is entitled to receive upon his separation from service) constitute deferred compensation (after taking account any applicable exceptions under Section 409A of the Code), and to the extent required by Section 409A of the Code, payments or benefits payable upon separation from service which otherwise would be payable during the six (6) month period immediately following the Date of Termination will instead be paid or made available on the earlier of (i) the first day following the six (6) month anniversary of the Executive's Date of Termination and (ii) the Executive's death.

(i) Accrued Rights. For the avoidance of doubt, notwithstanding anything herein to the contrary, the Accrued Rights Payment shall not be subject to any requirement that the Executive execute a Release.

Article 12. Noncompetition.

(a) The Executive agrees that, during the Executive's employment with the Company and for a period of twelve (12) months following the termination of such employment, whether termination is by the Executive or the Company, and regardless of the reasons therefor, the Executive shall not serve as an employee, agent, partner, shareholder, owner, investor, director, consultant, or other service provider for, or in any other capacity participate, engage, prepare to engage, or have any financial or other interest (whether directly or indirectly, and whether alone or together or in concert with any other Person(s)), in the business of or any activity relating to competitive gaming (including, without limitation, casino operation and horseracing) (any such business or activity, a "Competitive Business"), in any case, within one hundred (100) miles of any location where the Company or any of its Subsidiaries or affiliates is engaged in, undertaking or proposing to engage in or undertake any Competitive Business, in each case at the time of the Executive's applicable action or activity (or, if earlier, at the time of the termination of the Executive's employment with the Company and its Subsidiaries); provided, however, that notwithstanding anything to the contrary contained in this Agreement, the Executive may own up to five percent (5%) of the outstanding shares of the capital stock of a company whose securities are registered under Section 12 of the Exchange Act.

(b) The Executive further acknowledges and agrees that, in the event of the termination of his employment with the Company, the Executive's experience and capabilities are such that the Executive can obtain employment in business activities which do not compete with the Company, and that the enforcement of this Agreement by way of injunction shall not prevent the Executive from earning a reasonable livelihood. The Executive further acknowledges and agrees that the covenants contained herein are necessary for the protection of the Company's legitimate business interests and are reasonable in scope and duration.

Article 13. Nonsolicitation of Employees.

The Executive agrees that during his employment with the Company and for a period of twelve (12) months following the termination of such employment, whether termination is by the Executive or by the Company, regardless of the reasons therefor, the Executive will not directly or indirectly, (a) employ or retain or solicit for employment or arrange to have any other person, firm, or other entity employ or retain or solicit for employment or otherwise participate in the employment or retention of any person who is an

employee or consultant of the Company or any of its Subsidiaries or affiliates; or (b) solicit suppliers or customers of the Company or any of its Subsidiaries or affiliates or induce any such person to terminate his, her, or its relationship with the Company or any of its Subsidiaries or affiliates. In the event that the scopes of the restrictions in Article 12 or 13 are found overly broad, Executive agrees that a court should reform the restrictions by limiting them to the maximum reasonable scope.

Article 14. Confidentiality.

(a) The Company has advised the Executive and the Executive acknowledges that it is the policy of the Company to maintain as secret and confidential all Protected Information, and that Protected Information has been and will be developed at substantial cost and effort to the Company. The Executive shall not at any time, directly or indirectly, divulge, furnish, or make accessible to any person, firm, corporation, association, or other entity (otherwise than as may be required in the regular course of the Executive's employment), nor use in any manner, either during the Executive's employment or after termination for any reason, any Protected Information, or cause any such Protected Information to enter the public domain.

(b) Notwithstanding the foregoing, nothing in this Agreement will preclude, prohibit or restrict the Executive from (i) communicating with any federal, state or local administrative or regulatory agency or authority, including but not limited to the Securities and Exchange Commission (the "SEC"); (ii) participating or cooperating in any investigation conducted by any governmental agency or authority; or (iii) filing a charge of discrimination with the United States Equal Employment Opportunity Commission or any other federal state or local administrative agency or regulatory authority. Nothing in this Agreement, or any other agreement between the Parties, prohibits or is intended in any manner to prohibit, the Executive from (i) reporting a possible violation of federal or other applicable law or regulation to any governmental agency or entity, including but not limited to the Department of Justice, the SEC, the U.S. Congress, and any governmental agency Inspector General, or (ii) making other disclosures that are protected under whistleblower provisions of federal law or regulation. This Agreement does not limit the Executive's right to receive an award (including, without limitation, a monetary reward) for information provided to the SEC. The Executive does not need the prior authorization of anyone at the Company to make any such reports or disclosures, and the Executive is not required to notify the Company that the Executive has made such reports or disclosures. Nothing in this Agreement or any other agreement or policy of the Company is intended to interfere with or restrain the immunity provided under 18 U.S.C. §1833(b). The Executive cannot be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made (i) (A) in confidence to federal, state or local government officials, directly or indirectly, or to an attorney, and (B) for the purpose of reporting or investigating a suspected violation of law; (ii) in a complaint or other document filed in a lawsuit or other proceeding, if filed under seal; or (iii) in connection with a lawsuit alleging retaliation for reporting a suspected violation of law, if filed under seal and does not disclose the trade secret, except pursuant to a court order. The foregoing provisions regarding protected disclosures are intended to comply with all applicable laws and, if any laws are adopted, amended or repealed after the execution of this Agreement, this Section 14(b) shall be deemed to be amended to reflect the same.

Article 15. Effect of a Change in Control.

The Executive's entitlements relating to a Change in Control of the Company shall be determined in accordance with this Article 15 and there shall be no duplication of the benefits provided in this Article 15.

(a) Extension of Agreement. Subject to Article 17 below, upon a Change in Control, the Term of Employment shall be extended to the second anniversary of such Change in Control, with automatic one (1) year renewals thereafter unless either Party notifies the other at least six (6) months before the scheduled expiration date that this Agreement is not to renew. Notwithstanding the foregoing, the Term of Employment may be earlier terminated by either Party in accordance with the provisions of Article 11, except as modified by this Article 15.

(b) Obligations of the Company upon Certain Terminations in Connection with a Change in Control. If, during the two (2) year period beginning on the date of a Change in Control, the Executive's

employment is terminated by the Company without Cause (i.e., on a basis other than specified in Subsections 11(a), 11(b), 11(c), or 11(e)), or the Executive's employment is terminated by the Executive for Good Reason, and conditioned upon, no later than fifty-nine (59) days after the Date of Termination, the Executive's execution of an effective Release (with all periods for revocation therein having expired), as well as the Executive's acknowledgement of, and the Executive's compliance with, the Executive's obligations under the restrictive covenants set forth in Articles 12 through 14, the Executive shall be entitled to the following benefits:

i. The Accrued Rights Payment;

ii. An amount equal to two (2) times the Executive's Base Salary in effect at the Date of Termination or, if higher, at the date of the Change in Control, payable in twenty-four (24) monthly installments beginning on the first day following the six-month anniversary of the Date of Termination, consistent with the timing set forth in the Isle Agreement;

iii. A lump-sum amount, paid on the first day following six-month anniversary of the Date of Termination (consistent with the timing set forth in the Isle Agreement), equal to two (2) times the Target Bonus for the calendar year that includes the Date of Termination or, if higher, the calendar year that includes the Change in Control;

iv. A lump-sum amount, paid on the sixtieth (60th) day following the Date of Termination, of the Target Bonus for the calendar year that includes the Date of Termination or, if higher, the calendar year that includes the Change in Control; provided however, that such amount shall be adjusted on a Pro Rata basis; and

v. A lump-sum amount, paid on the sixtieth (60th) day following the Date of Termination, equal to the total premiums the Executive would be required to pay for eighteen (18) months of COBRA continuation coverage under the Company's health benefit plans (i.e., medical, dental and vision coverage), determined using the COBRA premium rate in effect for the level of coverage that the Executive had in place immediately prior to the Executive's Date of Termination (the "CIC COBRA Payment"). The Executive shall not be required to purchase COBRA continuation coverage in order to receive the CIC COBRA Payment, nor shall the Executive be required to apply the CIC COBRA Payment towards any payment of applicable premiums for COBRA continuation coverage.

(c) Indemnification of Legal Fees. Effective only upon a Change in Control, it is the intent of the Company that the Executive not be required to incur the expenses associated with the enforcement of his rights upon and following such a Change in Control under this Agreement by litigation or other legal action because the cost and expense thereof would substantially detract from the benefits intended to be extended to the Executive hereunder upon and following a Change in Control. Accordingly, upon and following a Change in Control, if it should appear to the Executive that the Company has failed to comply with any of its obligations under this Agreement which arose upon or following a Change in Control or in the event that the Company or any other person takes any action to declare this Agreement void or unenforceable, or institutes any litigation designed to deny, or to recover from, the Executive the benefits intended to be provided to the Executive hereunder, the Company irrevocably authorizes the Executive from time to time to retain counsel of his choice, at the expense of the Company as hereafter provided, to represent the Executive in connection with the initiation or defense of any litigation or other legal action, whether by or against the Company, or any Subsidiary, Director, officer, stockholder or other person affiliated with the Company, in any jurisdiction. Notwithstanding any existing or prior attorney-client relationship between the Company and such counsel, the Company irrevocably consents to the Executive's entering into an attorney-client relationship with such counsel, and in that connection the Company and the Executive agree that a confidential relationship shall exist between the Executive and such counsel. Upon

and following a Change in Control, the Company shall pay or cause to be paid and shall be solely responsible for any and all reasonable attorneys' and related fees and expenses incurred by the Executive as a result of the Company's failure to perform this Agreement or any provision hereof or as a result of the Company or any person contesting the validity or enforceability of this Agreement or any provision hereof as aforesaid, provided any such reimbursement of attorneys' and related fees and expenses shall be made not later than December 31 of the year following the year in which the Executive incurred the expense. Each reimbursement under this paragraph (c) shall be considered a separate payment and not one of a series of payments for purposes of Section 409A of the Code. In addition, no reimbursement or in-kind benefit shall be subject to liquidation or exchange for another benefit and the amount available for reimbursement, or in-kind benefits provided, during one calendar year in no event will affect the amount of expenses required to be reimbursed or in-kind benefits required to be provided by the Company in any other calendar year.

Article 16. Resolution of Disputes.

Any disputes arising under or in connection with this Agreement shall be resolved by third party mediation of the dispute and, failing that, by binding arbitration, to be held in Reno, Nevada, in accordance with the rules and procedures of the American Arbitration Association. Judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. The Company will pay the direct costs and expenses of such arbitration. The Company will also reimburse the Executive for reasonable fees and expenses, including reasonable attorney's fees, incurred by the Executive in connection with such arbitration, such reimbursement to be made monthly as such fees and expenses are incurred. In the event the Executive does not prevail at arbitration, however, the Executive will re-pay to the Company any and all expenses and fees previously reimbursed by the Company under this Article 16.

Notwithstanding the provisions of this Article 16, the Parties agree that in the event of any dispute between the Executive and the Company as to any of the Executive's obligations under Articles 12, 13, or 14, then the arbitration requirements of this Article 16 shall not apply, and that instead, the Parties must seek relief as to that dispute in a court of general jurisdiction in the State of Nevada to be docketed, if available, on the commercial docket of that court. The Parties hereby consent to the exclusive specific and general jurisdiction of such court. The Executive hereby agrees that, by virtue of his work for the Company, he has purposely availed himself of the benefits and protections of the laws of the State of Nevada. In addition, in connection with any such court action, the Executive acknowledges and agrees that the remedy at law available to the Company for breach by the Executive of any of his obligations under Articles 12, 13, or 14 of this Agreement would be inadequate and that damages flowing from such a breach would not readily be susceptible to being measured in monetary terms. Accordingly, the Executive acknowledges, consents and agrees that, in addition to any other rights or remedies which the Company may have at law, in equity or under this Agreement, upon adequate proof of the Executive's violation of any provision of Articles 12, 13, or 14 of this Agreement, the Company shall be entitled to immediate injunctive relief and may obtain a temporary order restraining any threatened or further breach, without the necessity of proof of actual damage. For purposes of clarity, each Party shall bear his or its own costs and expenses in connection with any such litigation, unless such costs and expenses are awarded to a Party by the court in such litigation.

Article 17. Assignability; Binding Nature.

This Agreement shall be binding upon and inure to the benefit of the Company and any successor to the Company, including without limitation any persons acquiring directly or indirectly all or substantially all of the business and/or assets of the Company, whether by purchase, merger, consolidation, reorganization or otherwise (and such successor shall thereafter be deemed the "Company" for the purposes of this Agreement), but shall not otherwise be assignable, transferable or delegable by the Company.

The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation, reorganization or otherwise) to all or substantially all of the business and/or assets of the Company, by agreement in form and substance satisfactory to the Executive, expressly to assume and agree to perform this Agreement in the same manner and to the same extent the Company would be required to perform if no such succession had taken place. No rights or obligations of the Executive under

this Agreement may be assigned or transferred by the Executive other than his rights to compensation and benefits, which may be transferred only by will or operation of law. This Agreement shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees and/or legatees. This Agreement is personal in nature and neither of the parties hereto shall, without the consent of the other, assign, transfer or delegate this Agreement or any rights or obligations hereunder except as expressly provided in Article 17 hereof. Without limiting the generality of the foregoing, the Executive's right to receive payments hereunder shall not be assignable, transferable or delegable, whether by pledge, creation of a security interest or otherwise, other than by a transfer by his will or by the laws of descent and distribution and, in the event of any attempted assignment or transfer contrary to this Article 17, the Company shall have no liability to pay any amount so attempted to be assigned, transferred or delegated.

Article 18. Entire Agreement.

This Agreement contains the entire understanding and agreement between the Parties concerning the subject matter hereof and supersedes all prior agreements, understandings, discussions, negotiations and undertakings, whether written or oral, between the Parties with respect thereto (including, without limitation, the Existing Agreement and, for the avoidance of doubt, the Isle Agreement).

Article 19. Amendment or Waiver.

No provision in this Agreement may be amended unless such amendment is agreed to in writing and signed by the Executive and an authorized officer of the Company. No waiver by either Party of any breach by the other Party of any condition or provision contained in this Agreement to be performed by such other Party shall be deemed a waiver of a similar or dissimilar condition or provision at the same or any prior or subsequent time. Any waiver must be in writing and signed by the Executive or an authorized officer of the Company, as the case may be.

Article 20. Withholding.

The Company may withhold from any amounts payable under this Agreement all federal, state, city, or other taxes as shall be required pursuant to any law or government regulation or ruling.

Article 21. Severability.

In the event that any provision or portion of this Agreement shall be determined to be invalid or unenforceable for any reason, in whole or in part, the remaining provisions of this Agreement shall be unaffected thereby and shall remain in full force and effect to the fullest extent permitted by law so as to achieve the purposes of this Agreement.

Article 22. Survivorship.

Except as otherwise expressly set forth in this Agreement, the respective rights and obligations of the Parties hereunder shall survive any termination of the Executive's employment. Except as otherwise expressly provided by this Agreement, this Agreement itself (as distinguished from the Executive's employment) may not be terminated by either Party without the written consent of the other Party. Upon the expiration of the term of this Agreement, the respective rights and obligations of the Parties shall survive such expiration to the extent necessary to carry out the intentions of the Parties an embodied in the rights (such as vested rights) and obligations of the Parties under this Agreement.

Article 23. References.

In the event of the Executive's death or a judicial determination of his incompetence, reference in this Agreement to the Executive shall be deemed, where appropriate, to refer to his beneficiary, estate or other legal representative.

Article 24. Governing Law.

This Agreement shall be governed in accordance with the laws of Nevada without reference to principles of conflict of laws.

Article 25. Notices.

All notices and other communications required or permitted hereunder shall be in writing and shall be deemed given when (a) delivered personally, (b) delivered by certified or registered mail, postage prepaid, return receipt requested or (c) delivered by overnight courier (provided that a written acknowledgment of receipt is obtained by the overnight courier) to the Party concerned at the address indicated below or to such changed address as such Party may subsequently give such notice of:

If to the Company:

Eldorado Resorts, Inc.
100 West Liberty Street, Suite 1150
Reno, Nevada 89501

Attention: Chief Executive Officer

If to the Executive:

At the last residential address known by the Company

Article 26. Headings.

The headings of the sections contained in this Agreement are for convenience only and shall not be deemed to control or affect the meaning or construction of any provision of this Agreement.

Article 27. Counterparts.

This Agreement may be executed in two or more counterparts.

Article 28. Code Section 409A Compliance.

To the extent applicable, it is intended that this Agreement comply with the provisions of Section 409A of the Code so as not to result in the assessment of any additional tax or penalty under Section 409A of the Code. This Agreement will be administered in a manner consistent with this intent. References to Section 409A of the Code will include any proposed, temporary or final regulation, or any other formal guidance, promulgated with respect to such section by the U.S. Department of Treasury or the Internal Revenue Service. Each payment or benefit to be made or provided to the Executive under the provisions of this Agreement will be considered to be a separate payment and not one of a series of payments for purposes of Section 409A of the Code. Notwithstanding anything in this Agreement to the contrary, no particular tax result for the Executive is guaranteed, and in no event shall the Company be liable for any taxes, interest or penalties that the Executive may incur under or in connection with Section 409A of the Code or otherwise (including, without limitation, as a result of entering into this Agreement or the Existing Agreement).

Article 29. Code Section 280G Policy.

Notwithstanding anything in this Agreement to the contrary, in the event it shall be determined that any payment or distribution of any type to the Executive, pursuant to this Agreement or otherwise by the Company or any of its Subsidiaries, is or will be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties with respect to such excise tax, such payments shall be reduced (but not below zero) if and to the extent that such reduction would result in the Executive retaining a larger amount,

on an after-tax basis (taking into account federal, state and local income taxes and the imposition of the excise tax), than if the Executive received all of the payments. The Company shall reduce or eliminate the payments, by first reducing or eliminating the portion of the payments which are payable in cash and then by reducing or eliminating non-cash payments, in each case in reverse order beginning with payments or benefits which are to be paid the farthest in time from the determination. All determinations concerning the application of this Article 29 shall be made by a nationally recognized firm of independent accountants or any nationally recognized financial planning and benefits consulting company, selected by the Company and reasonably satisfactory to the Executive, whose determination shall be conclusive and binding on all parties. The fees and expenses of such accountants shall be borne by the Company. The Company shall hold in confidence and not disclose, without the Executive's prior written consent, any information with regard to the Executive's tax position which the Company obtains pursuant to this provision.

Article 30. Resignations.

Following the termination of the Executive's employment for any reason, if and to the extent requested by the Board, the Executive agrees to resign from the Board, all fiduciary positions (including, without limitation, as trustee) and all other offices and positions the Executive holds with the Company or its Subsidiaries; provided, however, that if the Executive refuses to tender the Executive's resignation after the Board has made such request, then the Board will be empowered to tender the Executive's resignation from such offices and positions.

Article 31. Clawback Provisions.

Notwithstanding any other provisions in this Agreement to the contrary, any incentive-based compensation, or any other compensation, paid to the Executive pursuant to this Agreement or any other agreement or arrangement with the Company or its Subsidiaries, which is subject to recovery under any law, government regulation or stock exchange listing requirement, will be subject to such deductions and clawback as may be required to be made pursuant to such law, government regulation or stock exchange listing requirement (or any policy adopted by the Company or its Subsidiaries pursuant to any such law, government regulation or stock exchange listing requirement).

(Signature Page to Follow)

IN WITNESS WHEREOF, the parties have executed this Agreement on the Effective Date.

Executive

/s/ Edmund L. Quatmann, Jr.
Edmund L. Quatmann, Jr.

Eldorado Resorts, Inc.

By: /s/ Gary L. Carano
Name: Gary L. Carano
Title: Chief Executive Officer

Exhibit 12.1

ELDORADO RESORTS, INC.

Ratio of Earnings to Fixed Charges

(dollars in thousands) (unaudited)	Year ended December 31, 2017		2016		2015		2014		2013
Earnings available for fixed charges:									
Pre-tax (loss) income before (loss) income from unconsolidated affiliates and noncontrolling interests	$ (42,963)		$ 38,046		$ 41,143		$ (15,156)		$ 15,542
Add: Fixed charges (from below)	100,262		50,941		61,876		30,752		15,681
Add: Distributions from unconsolidated affiliates	-		-		-		509		1,626
Less: Capitalized interest	-		-		(151)		-		-
Less: Net loss - noncontrolling interest	-		-		-		103		-
Total earnings available for fixed charges	$ 57,299		$ 88,987		$ 102,868		$ 16,208		$ 32,849
Fixed charges:									
Interest expense	100,262		50,941		61,725		30,752		15,681
Capitalized interest	-		-		151		-		-
Total fixed charges	$ 100,262		$ 50,941		$ 61,876		$ 30,752		$ 15,681
Ratio of earnings to fixed charges	-	(a)	1.7x		1.7x		-	(a)	2.1x
(Deficiency) excess of fixed charges over earnings	$ (42,963)		$ 38,046		$ 40,992		$ (14,544)		$ 17,168

(a) Due to our pre-tax loss in 2017 and 2014, the ratio coverage for both years was less than 1:1.

Exhibit 21.1

LIST OF THE REGISTRANT'S SUBSIDIARIES

Name	Jurisdiction of Organization
Eldorado HoldCo LLC	Nevada
Eldorado Resorts LLC	Nevada
Eldorado Limited Liability Company	Nevada
Circus and Eldorado Joint Venture, LLC	Nevada
CC-Reno, LLC	Nevada
Eldorado Shreveport #1, LLC	Nevada
Eldorado Shreveport #2, LLC	Nevada
Eldorado Casino Shreveport Joint Venture	Louisiana
Shreveport Capital Corporation	Louisana
MTR Gaming Group, Inc.	Delaware
Mountaineer Park, Inc.	West Virginia
Presque Isle Downs, Inc.	Pennsylvania
Scioto Downs, Inc.	Ohio
Racelinebet, Inc.	Oregon
Isle of Capri Casinos LLC	Delaware
Black Hawk Holdings, L.L.C.	Colorado
Capri Insurance Company	Hawaii
CCSC/Blackhawk, Inc.	Colorado
IC Holdings Colorado, Inc.	Colorado
IOC-Black Hawk Distribution Company, LLC	Colorado
IOC-Boonville, Inc.	Nevada
IOC-Cape Girardeau LLC	Missouri
IOC-Caruthersville, L.L.C	Missouri
IOC-Kansas City, Inc.	Missouri
IOC-Lula, Inc.	Mississippi
IOC-PA, L.L.C.	Pennsylvania
IOC-Vicksburg, Inc.	Delaware
IOC-Vicksburg, L.L.C.	Delaware
IOC Black Hawk County, Inc.	Iowa
IOC Holdings, L.L.C.	Louisiana
Isle of Capri Bettendorf, L.C.	Iowa
Isle of Capri Black Hawk, L.L.C.	Colorado
PPI, Inc.	Florida
Rainbow Casino-Vicksburg Partnership, L.P.	Mississippi
St. Charles Gaming Company, L.L.C.	Louisiana

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statements on Form S-3 (No.'s 333-218775 and 333-220412) and in the related Prospectuses of Eldorado Resorts Inc., and

(2) Registration Statements on Form S-8 (No's. 333-198830 and 333-203227) of Eldorado Resorts, Inc. of our reports dated February 27, 2018 with respect to the consolidated financial statements and schedule of Eldorado Resorts, Inc. and the effectiveness of internal control over financial reporting of Eldorado Resorts, Inc. included in this Annual Report on Form 10-K for the year ended December 31, 2017.

/s/ Ernst & Young LLP

Roseville, California
February 27, 2018

Exhibit 31.1

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934

I, Gary L. Carano, certify that:

1. I have reviewed this Annual Report on Form 10-K of Eldorado Resorts, Inc.;

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 officer(s) 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 officer(s) 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.

Date: February 27, 2018

/s/ GARY L. CARANO
Gary L. Carano
Chief Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934

I, Thomas R. Reeg, certify that:

1. I have reviewed this Annual Report on Form 10-K of Eldorado Resorts, Inc.;

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 officer(s) 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 we 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 officer(s) 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 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.

Date: February 27, 2018

/s/ THOMAS R. REEG
Thomas R. Reeg
President and Chief Financial Officer

Exhibit 32.1

CERTIFICATION
of
Gary L. Carano
Chief Executive Officer

I, Gary L. Carano, Chief Executive Officer of Eldorado Resorts, Inc. (the "Company"), do hereby certify in accordance with 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Annual Report on Form 10-K of the Company for the fiscal year ended December 31, 2017 (the "Periodic Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

2. The information contained in the Periodic Report fairly represents, in all material respects, the financial condition and results of operations of the Company.

Date: February 27, 2018

/s/ GARY L. CARANO
Gary L. Carano
Chief Executive Officer

Exhibit 32.2

CERTIFICATION
of
Thomas R. Reeg
President and Chief Financial Officer

I, Thomas R. Reeg, President and Chief Financial Officer of Eldorado Resorts, Inc. (the "Company"), do hereby certify in accordance with 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Annual Report on Form 10-K of the Company for the fiscal year ended December 31, 2017 (the "Periodic Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

2. The information contained in the Periodic Report fairly represents, in all material respects, the financial condition and results of operations of the Company.

Date: February 27, 2018

/s/ THOMAS R. REEG
Thomas R. Reeg
President and Chief Financial Officer

Description of Governmental Gaming Regulations

We are subject to extensive regulation under laws, rules and supervisory procedures primarily in the jurisdictions where our facilities are located or docked. If additional gaming regulations are adopted in a jurisdiction in which we operate, such regulations could impose restrictions or costs that could have a significant adverse effect on us. From time to time, various proposals have been introduced in legislatures of jurisdictions in which we have operations that, if enacted, could adversely affect the tax, regulatory, operational or other aspects of the gaming industry and us. We do not know whether or when such legislation will be enacted. Gaming companies are currently subject to significant state and local taxes and fees in addition to normal federal and state corporate income taxes, and such taxes and fees are subject to increase at any time. Any material increase in these taxes or fees could adversely affect us. The adoption or material alteration of gaming regulations in jurisdictions adjacent to those in which we operate could alter the competitive environment where our facilities are located and adversely impact us.

Some jurisdictions, including those in which we are licensed, empower their regulators to investigate participation by licensees in gaming outside their jurisdiction and require access to periodic reports respecting those gaming activities. Violations of laws in one jurisdiction could result in disciplinary action in other jurisdictions.

Under provisions of gaming laws in jurisdictions in which we have operations, and under our organizational documents, certain of our securities are subject to restriction on ownership which may be imposed by specified governmental authorities. The restrictions may require a holder of our securities to dispose of the securities or, if the holder refuses, or is unable, to dispose of the securities, we may be required to repurchase the securities.

The indenture governing our notes provides that if a holder of a note or beneficial owner of a note is required to be licensed, qualified, or found suitable under the applicable gaming laws and such holder or owner is not so licensed, qualified or found suitable within any time period specified by the applicable gaming authority, we would be permitted to require the holder or owner to dispose of its notes within a time period that either we prescribe or such other time period prescribed by the applicable gaming authority. Under such circumstances, the redemption price would be the lesser of the holder's or owner's cost for such notes and the principal amount thereof, or such other amount as is required by applicable gaming authorities

Colorado Regulation and Licensing

The State of Colorado created the Division of Gaming ("Colorado Division") within the Department of Revenue to license, implement, regulate and supervise the conduct of limited gaming under the Colorado Limited Gaming Act. The Director of the Colorado Division ("Colorado Director"), pursuant to regulations promulgated by, and subject to the review of, a five-member Colorado Limited Gaming Control Commission ("Colorado Commission"), has been granted broad power to ensure compliance with the Colorado gaming laws and regulations (collectively, the "Colorado Regulations"). The Colorado Director may inspect without notice, impound or remove any gaming device. The Colorado Director may examine and copy any licensee's records, may investigate the background and conduct of licensees and their employees, and may bring disciplinary actions against licensees and their employees. The Colorado Director may also conduct detailed background investigations of persons who loan money to, or otherwise provide financing to, a licensee.

The Colorado Commission is empowered to issue five types of gaming and gaming-related licenses, and has delegated authority to the Colorado Director to issue certain types of licenses and approve certain changes in ownership. The licenses are revocable and non-transferable. The failure or inability of the Isle of Capri Black Hawk, LLC or CCSC/Blackhawk, Inc. (each, a "Colorado Casino" or collectively, the "Colorado Casinos"), or the failure or inability of others associated with any of the Colorado Casinos, including us, to maintain necessary gaming licenses or approvals would have a material adverse effect on our operations. All persons employed by any of the Colorado Casinos, and involved, directly or indirectly, in gaming operations in Colorado also are required to obtain a Colorado gaming license. All licenses must be renewed every two years. As a general rule, under the Colorado Regulations, no person may have an "ownership interest" in more than three retail gaming licenses in Colorado. The Colorado Commission has ruled that a person does not have an ownership interest in a retail gaming licensee for purposes of the multiple license prohibition if:

- that person has less than a 5% ownership interest in an institutional investor that has an ownership interest in a publicly traded licensee or publicly traded company affiliated with a licensee;

- a person has a 5% or more ownership interest in an institutional investor, but the institutional investor has less than a 5% ownership interest in a publicly traded licensee or publicly traded company affiliated with a licensee;
- an institutional investor has less than a 5% ownership interest in a publicly traded licensee or publicly traded company affiliated with a licensee;
- an institutional investor possesses voting securities in a fiduciary capacity for another person, and does not exercise voting control over 5% or more of the outstanding voting securities of a publicly traded licensee or of a publicly traded company affiliated with a licensee;
- a registered broker or dealer retains possession of voting securities of a publicly traded licensee or of a publicly traded company affiliated with a licensee for its customers and not for its own account, and exercises voting rights for less than 5% of the outstanding voting securities of a publicly traded licensee or publicly traded company affiliated with a licensee;
- a registered broker or dealer acts as a market maker for the stock of a publicly traded licensee or of a publicly traded company affiliated with a licensee and exercises voting rights in less than 5% of the outstanding voting securities of the publicly traded licensee or publicly traded company affiliated with a licensee;
- an underwriter is holding securities of a publicly traded licensee or publicly traded company affiliated with a licensee as part of an underwriting for no more than 90 days after the beginning of such underwriting if it exercises voting rights of less than 5% of the outstanding voting securities of a publicly traded licensee or publicly traded company affiliated with a licensee;
- a book entry transfer facility holds voting securities for third parties, if it exercises voting rights with respect to less than 5% of the outstanding voting securities of a publicly traded licensee or publicly traded company affiliated with a licensee; or
- a person’s sole ownership interest is less than 5% of the outstanding voting securities of the publicly traded licensee or publicly traded company affiliated with a licensee.

Because we own the Colorado Casinos, our business opportunities, and those of persons with an “ownership interest” in us, or any of the Colorado Casinos, are limited to interests that comply with the Colorado Regulations and the Colorado Commission’s rule.

In addition, pursuant to the Colorado Regulations, no manufacturer or distributor of slot machines or associated equipment may, without notification being provided to the Colorado Division within ten days, knowingly have an interest in any casino operator, allow any of its officers or any other person with a substantial interest in such business to have such an interest, employ any person if that person is employed by a casino operator, or allow any casino operator or person with a substantial interest therein to have an interest in a manufacturer’s or distributor’s business. A “substantial interest” means the lesser of (i) as large an interest in an entity as any other person or (ii) any financial or equity interest equal to or greater than 5%. The Colorado Commission has ruled that a person does not have a “substantial interest” if such person’s sole ownership interest in such licensee is through the ownership of less than 5% of the outstanding voting securities of a publicly traded licensee or publicly traded affiliated company of a licensee.

We are a “publicly traded corporation” under the Colorado Regulations.

Under the Colorado Regulations, any person or entity having any direct or indirect interest in a gaming licensee or an applicant for a gaming license, including, but not limited to, us, Black Hawk Holdings, LLC, IC Holdings Colorado, Inc., IOC Black Hawk Distribution Company, LLC or either of the two Colorado Casinos and their security holders, may be required to supply the Colorado Commission with substantial information, including, but not limited to, background information, source of funding information, a sworn statement that such person or entity is not holding his or her interest for any other party, and fingerprints. Such information, investigation and licensing (or finding of suitability) as an “associated person” automatically will be required of all persons (other than certain institutional investors discussed below) which directly or indirectly beneficially own 10% or more of a direct or indirect beneficial ownership or interest in either of the two Colorado Casinos, through their beneficial ownership of any class of voting securities of us, Black Hawk Holdings, LLC, IC Holdings Colorado, Inc., IOC Black Hawk Distribution Company, LLC or either of the two Colorado Casinos. Those persons must report their interest within 10 days (including institutional investors) and file appropriate applications within 45 days after acquiring that interest (other than certain institutional investors discussed below). Persons (including institutional investors) who directly or indirectly beneficially own 5% or more (but less than 10%) of a direct or indirect beneficial ownership or interest in either of the two Colorado Casinos, through their beneficial ownership of any class of voting

securities of us, Black Hawk Holdings, LLC, IC Holdings Colorado, Inc., IOC Black Hawk Distribution Company, LLC or either of the two Colorado Casinos, must report their interest to the Colorado Commission within 10 days after acquiring that interest and may be required to provide additional information and to be found suitable. (It is the current practice of the gaming regulators to require findings of suitability for persons beneficially owning 5% or more of a direct or indirect beneficial ownership or interest, other than certain institutional investors discussed below.) If certain institutional investors provide specified information to the Colorado Commission within 45 days after acquiring their interest (which, under the current practice of the gaming regulators is an interest of 5% or more, directly or indirectly) and are holding for investment purposes only, those investors, in the Colorado Commission's discretion, may be permitted to own up to 19.99% of the Colorado Casinos through their beneficial ownership in any class of voting of securities of us, Black Hawk Holdings, LLC, IC Holdings Colorado, Inc., IOC Black Hawk Distribution Company, LLC or either of the two Colorado Casinos, before being required to be found suitable. All licensing and investigation fees will have to be paid by the person in question.

The Colorado Regulations define a "voting security" to be a security the holder of which is entitled to vote generally for the election of a member or members of the board of directors or board of trustees of a corporation or a comparable person or persons of another form of business organization.

The Colorado Commission also has the right to request information from any person directly or indirectly interested in, or employed by, a licensee, and to investigate the moral character, honesty, integrity, prior activities, criminal record, reputation, habits and associations of: (1) all persons licensed pursuant to the Colorado Limited Gaming Act; (2) all officers, directors and stockholders of a licensed privately held corporation; (3) all officers, directors and stockholders holding either a 5% or greater interest or a controlling interest in a licensed publicly traded corporation; (4) all general partners and all limited partners of a licensed partnership; (5) all persons that have a relationship similar to that of an officer, director or stockholder of a corporation (such as members and managers of a limited liability company); (6) all persons supplying financing or loaning money to any licensee connected with the establishment or operation of limited gaming; (7) all persons having a contract, lease or ongoing financial or business arrangement with any licensee, where such contract, lease or arrangement relates to limited gaming operations, equipment devices or premises; and (8) all persons contracting with or supplying any goods and services to the gaming regulators.

Certain public officials and employees are prohibited from having any direct or indirect interest in a license or limited gaming.

In addition, under the Colorado Regulations, every person who is a party to a "gaming contract" (as defined below) or lease with an applicant for a license, or with a licensee, upon the request of the Colorado Commission or the Colorado Director, must promptly provide the Colorado Commission or Colorado Director all information that may be requested concerning financial history, financial holdings, real and personal property ownership, interests in other companies, criminal history, personal history and associations, character, reputation in the community and all other information that might be relevant to a determination of whether a person would be suitable to be licensed by the Colorado Commission. Failure to provide all information requested constitutes sufficient grounds for the Colorado Director or the Colorado Commission to require a licensee or applicant to terminate its "gaming contract" or lease with any person who failed to provide the information requested. In addition, the Colorado Director or the Colorado Commission may require changes in "gaming contracts" before an application is approved or participation in the contract is allowed. A "gaming contract" is defined as an agreement in which a person does business with or on the premises of a licensed entity.

The Colorado Commission and the Colorado Division have interpreted the Colorado Regulations to permit the Colorado Commission to investigate and find suitable persons or entities providing financing to or acquiring securities from us, Black Hawk Holdings, LLC, IC Holdings Colorado, Inc., IOC Black Hawk Distribution Company, LLC or either of the two Colorado Casinos. As noted above, any person or entity required to file information, be licensed or found suitable would be required to pay the costs thereof and of any investigation. Although the Colorado Regulations do not require the prior approval for the execution of credit facilities or issuance of debt securities, the Colorado regulators reserve the right to approve, require changes to or require the termination of any financing, including if a person or entity is required to be found suitable and is not found suitable. In any event, lenders, note holders, and others providing financing will not be able to exercise certain rights and remedies without the prior approval of the Colorado gaming authorities. Information regarding lenders and holders of securities will be periodically reported to the Colorado gaming authorities.

Except under certain limited circumstances relating to slot machine manufacturers and distributors, every person supplying goods, equipment, devices or services to any licensee in return for payment of a percentage, or calculated upon a percentage, of limited gaming activity or income must obtain an operator license or be listed on the retailer's license where such gaming will take place.

An application for licensure or suitability may be denied for any cause deemed reasonable by the Colorado Commission or the Colorado Director, as appropriate. Specifically, the Colorado Commission and the Colorado Director must deny a license to any applicant who, among other things: (1) fails to prove by clear and convincing evidence that the applicant is qualified; (2) fails to provide information and documentation requested; (3) fails to reveal any fact material to qualification, or supplies information which is untrue or misleading as to a material fact pertaining to qualification; (4) has been convicted of, or has a director, officer, general partner, stockholder, limited partner or other person who has a financial or equity interest in the applicant who has been convicted of, specified crimes, including the service of a sentence upon conviction of a felony in a correctional facility, city or county jail, or community correctional facility or under the state board of parole or any probation department within ten years prior to the date of the application, gambling-related offenses, theft by deception or crimes involving fraud or misrepresentation, is under current prosecution for such crimes (during the pendency of which license determination may be deferred), is a career offender or a member or associate of a career offender cartel, or is a professional gambler; or (5) has refused to cooperate with any state or federal body investigating organized crime, official corruption or gaming offenses. If the Colorado Commission determines that a person or entity is unsuitable to directly or indirectly own interests in us, Black Hawk Holdings, LLC, IC Holdings Colorado, Inc., or either of the two Colorado Casinos, one or more of the Colorado Casinos may be sanctioned, which may include the loss of our approvals and licenses.

The Colorado Commission does not need to approve in advance a public offering of securities but rather requires the filing of notice and additional documents prior to a public offering of (i) voting securities, and (ii) non-voting securities if any of the proceeds will be used to pay for the construction of gaming facilities in Colorado, to directly or indirectly acquire an interest in a gaming facility in Colorado, to finance the operation of a gaming facility in Colorado or to retire or extend obligations for any of the foregoing. The Colorado Commission may, in its discretion, require additional information and prior approval of such public offering.

In addition, the Colorado Regulations prohibit a licensee or affiliated company thereof, such as us Black Hawk Holdings, LLC, IC Holdings Colorado, Inc., IOC Black Hawk Distribution Company, LLC or either of the two Colorado Casinos, from paying any unsuitable person any dividends or interest upon any voting securities or any payments or distributions of any kind (except as set forth below), or paying any unsuitable person any remuneration for services or recognizing the exercise of any voting rights by any unsuitable person. Further, under the Colorado Regulations, each of the Colorado Casinos and IOC Black Hawk Distribution Company, LLC may repurchase its voting securities from anyone found unsuitable at the lesser of the cash equivalent to the original investment in the applicable Colorado Casino or IOC Black Hawk Distribution Company, LLC or the current market price as of the date of the finding of unsuitability unless such voting securities are transferred to a suitable person (as determined by the Colorado Commission) within sixty (60) days after the finding of unsuitability. A licensee or affiliated company must pursue all lawful efforts to require an unsuitable person to relinquish all voting securities, including purchasing such voting securities. The staff of Colorado Division has taken the position that a licensee or affiliated company may not pay any unsuitable person any interest, dividends or other payments with respect to non-voting securities, other than with respect to pursuing all lawful efforts to require an unsuitable person to relinquish non-voting securities, including by purchasing or redeeming such securities. Further, the regulations require anyone with a material involvement with a licensee, including a director or officer of a holding company, such as us, Black Hawk Holdings, LLC, IC Holdings Colorado, Inc., IOC Black Hawk Distribution Company, LLC or either of the two Colorado Casinos, to file for a finding of suitability if required by the Colorado Commission.

Because of their authority to deny an application for a license or suitability, the Colorado Commission and the Colorado Director effectively can disapprove a change in corporate position of a licensee and with respect to any entity which is required to be found suitable, or indirectly can cause us, Black Hawk Holdings, LLC, IC Holdings Colorado, Inc., IOC Black Hawk Distribution Company, LLC or the applicable Colorado Casino to suspend or dismiss managers, officers, directors and other key employees or sever relationships with other persons who refuse to file appropriate applications or who the authorities find unsuitable to act in such capacities.

Generally, a sale, lease, purchase, conveyance or acquisition of any interest in a licensee is prohibited without the Colorado Commission's prior approval. However, because we are a publicly traded corporation, persons may acquire an interest in us (even, under current staff interpretations, a controlling interest) without the Colorado Commission's prior approval, but such persons may be required to file notices with the Colorado Commission and applications for suitability (as discussed above) and the Colorado Commission may, after such acquisition, find such person unsuitable and require them to dispose of their interest. Under some circumstances, we may not sell any interest in our Colorado gaming businesses without the prior approval of the Colorado Commission.

Each Colorado Casino must meet specified architectural requirements, fire safety standards and standards for access for disabled persons. Each Colorado Casino also must not exceed specified gaming square footage limits as a total of each floor and the full building. Each Colorado Casino may permit only individuals 21 or older to gamble in the casino. No Colorado Casino may provide credit to its gaming patrons. Each Colorado Casino must comply with Colorado's Gambling Payment Intercept Act, which governs the collection of unpaid child support costs on certain cash winnings from limited gaming. Each casino in Colorado also must take measures to prevent the use of Electronic Benefits Transfer cards at automated teller machines located on its premises. Further, on November 3, 2015, the Colorado Division issued an industry bulletin explaining that legal and illegal Colorado marijuana operations may be using casinos in Colorado to launder money, and reminding casinos to be diligent in complying with federal anti-money laundering reporting requirements so that unusual financial transactions or suspected incidents of money laundering, particularly by legal and illegal Colorado marijuana operations, may be promptly and sufficiently investigated.

As originally enacted by amendment to the Colorado Constitution, limited stakes gaming in Colorado was limited to slot machines, blackjack and poker, with a maximum single bet of $5.00, and casinos could operate only between 8 a.m. and 2 a.m. On November 4, 2008, however, Colorado voters approved a subsequent amendment to the Colorado Constitution that allowed the towns of Cripple Creek, Black Hawk, and Central City to add table games of craps and roulette, increase the maximum single bet to $100.00, and increase the permitted hours of operation to 24 hours per day effective July 2, 2009. In 2006, a statewide indoor smoking ban went into effect in the State of Colorado, but casinos were exempted from the original legislation. Effective January 1, 2008, the Colorado legislature repealed the exemption and extended the indoor smoking ban to casinos.

A licensee is required to provide information and file periodic reports with the Colorado Division, including identifying those who have a 5% or greater ownership, financial or equity interest in the licensee, or who have the ability to control the licensee, or who have the ability to exercise significant influence over the licensee, or who loan money or other things of value to a licensee, or who have the right to share in revenues of limited gaming, or to whom any interest or share in profits of limited gaming has been pledged as security for a debt or performance of an act. A licensee, and any parent company or subsidiary of a licensee, who has applied to a foreign jurisdiction for licensure or permission to conduct gaming, or who possesses a license to conduct foreign gaming, is required to notify the Colorado Division. Any person licensed by the Colorado Commission and any associated person of a licensee must report criminal convictions and criminal charges to the Colorado Division.

The Colorado Commission has broad authority to sanction, fine, suspend and revoke a license for violations of the Colorado Regulations. Violations of many provisions of the Colorado Regulations also can result in criminal penalties.

The Colorado Constitution currently permits gaming only in a limited number of cities and certain commercial districts in such cities.

The Colorado Constitution permits a gaming tax of up to 40% on adjusted gross gaming proceeds, and authorizes the Colorado Commission to change the rate annually. The current gaming tax rate is 0.25% on adjusted gross gaming proceeds of up to and including $2.0 million, 2% over $2.0 million up to and including $5.0 million, 9% over $5.0 million up to and including $8.0 million, 11% over $8.0 million up to and including $10.0 million, 16% over $10.0 million up to and including $13.0 million and 20% on adjusted gross gaming proceeds in excess of $13.0 million. The City of Black Hawk imposes an annual device fee of $945 per gaming device, which may be revised from time to time and which was increased to the current fee amount in 2014. The City of Black Hawk also has imposed other fees, including a business improvement district fee and transportation fee, calculated based on the number of devices and may revise the same or impose additional such fees.

Colorado participates in multi-state lotteries. The sale of alcoholic beverages is subject to licensing, control and regulation by the Colorado Liquor and Tobacco Enforcement Division and the local liquor licensing authorities for the locations in which the two Colorado Casinos are located ("Colorado Licensing Agencies"). All persons who directly or indirectly hold a 10% or more interest in, or 10% or more of the issued and outstanding capital stock of, any of the Colorado Casinos, through their ownership of us, Black Hawk Holdings, LLC, IC Holdings Colorado, Inc., or either of the two Colorado Casinos, must file applications and possibly be investigated by the Colorado Liquor Agencies. The Colorado Liquor Agencies also may investigate those persons who, directly or indirectly, loan money to or have any financial interest in liquor licensees. In addition, there are restrictions on stockholders, directors and officers of liquor licensees preventing such persons from being a stockholder, director, officer or otherwise interested in some persons lending money to liquor licensees and from making loans to other liquor licensees. All licenses are revocable and transferable only in accordance with all applicable laws. The Colorado Liquor Agencies have the full power to limit, condition, suspend or revoke any liquor

license and any disciplinary action could (and revocation would) have a material adverse effect upon the operations of us, Black Hawk Holdings, LLC, IC Holdings Colorado, Inc., or the applicable Colorado Casino. Each Colorado Casino holds a retail gaming tavern liquor license for its casino, hotel and restaurant operations.

Persons directly or indirectly interested in either of the two Colorado Casinos may be limited in certain other types of liquor licenses in which they may have an interest, and specifically cannot have an interest in a retail liquor license (but may have an interest in a hotel and restaurant liquor license and several other types of liquor licenses). No person can hold more than three retail gaming tavern liquor licenses. The remedies of certain lenders may be limited by applicable liquor laws and regulations.

Florida Regulation and Licensing

In June 1995, the Florida Department of Business and Professional Regulation, Division of Pari-Mutuel Wagering (the "Division"), issued its final order approving the transfer to the company's wholly owned subsidiary, PPI, Inc. ("PPI"), the pari-mutuel wagering permits which authorize the acceptance of pari-mutuel wagers on harness horse and quarter horse races conducted at the Pompano Park Racetrack ("Pompano Park") located in Pompano Beach, Florida. Harness horse racing at Pompano Park has been continuously conducted by PPI since the time it acquired the foregoing described harness horse racing permit through the present. The license to conduct live evening harness racing performances at Pompano Park must be renewed annually and was most recently renewed in September 2017 for the State of Florida's fiscal year of July 1, 2017 to June 30, 2018. PPI also has a quarterhorse racing permit that is not currently active.

The Florida statutes and the applicable rules and regulations of the Division set forth in the Florida Administrative Code (the "Florida Law") establish a regulatory framework for pari-mutuel wagering activities in the State of Florida, including licensing requirements, a taxing structure on pari-mutuel permitholders and requirements for payments to the horsemen, including owners and breeders. Florida Law grants to the Division full regulatory power over all permitholders and licensees, including the power to revoke or suspend any permit or license upon the willful violation of Florida Law by a permitholder or a licensee. The Division must approve any transfer of five percent (5%) or more of the stock or other evidence of ownership or equity in all pari-mutuel racing permitholders such as PPI. In addition to the power to suspend or revoke a permit or license for a willful violation of Florida Law, the Division also is granted the power to impose various civil penalties on the permitholder or licensee. Penalties may not exceed $1,000 for each count or separate offense.

PPI races 126 live performances annually. PPI also is authorized to conduct full-card pari-mutuel wagering on: (1) simulcast harness races from outside of Florida throughout the racing season; and (2) night-time (after 6 p.m.) thoroughbred races conducted outside of Florida. Such races may be simulcast only to a Florida thoroughbred track. If the Florida thoroughbred track accepts wagers on those races, it is required by law to rebroadcast the signal to PPI which will accept pari-mutuel wagers on the races. PPI also has the right under Florida Law to conduct full-card simulcasting of harness racing on days during which no live racing is held at Pompano Park; however, on non-race days, Pompano Park must rebroadcast the simulcast signals to other pari-mutuel facilities that are eligible to conduct intertrack wagering. In addition, Pompano Park may transmit its live harness races into any dog racing or jai alai facility in Florida, including facilities in Miami-Dade and Broward Counties, for intertrack wagering. Pompano Park also receives live races from other Florida pari-mutuel facilities for intertrack wagering. Florida Law establishes the allocation of contributions to the pari-mutuel pools between Pompano Park and the other facilities sharing such signals.

Florida Law authorizes pari-mutuel facilities, including Pompano Park, to operate card rooms in those counties in which card rooms have been approved by a majority vote of the County Commission and a local ordinance adopted. The County Commission of Broward County, where Pompano Park is located, has approved the operation of card rooms in Broward County. Although the provisions of Florida Law regarding card room operations have been amended frequently by the Florida Legislature, the amendments generally have resulted in the regulatory scheme becoming more liberal as opposed to becoming more restrictive. Under amendments which became effective on July 1, 2007, the beneficial changes included permitting daily operations for any twelve (12) hour period without the requirement for live racing, raising the limit on the maximum bet amount from $2.00 to $5.00 with up to three (3) raises allowed per round, providing less restrictive regulations for tournaments and allowing the operator to award prizes and create jackpots not tied to the amount bet.

In November 2004, the voters in the State of Florida amended the Florida State Constitution to allow the voters of Miami-Dade and Broward Counties to decide whether to approve slot machines at existing racetracks and jai alai frontons which had conducted live racing or games in the calendar years 2002 and 2003, in their respective counties. Broward County voters approved that county's local referendum in 2005 and Miami-Dade voters approved that county's local referendum in

2008. Legislation enacted by the Florida Legislature in 2005, and amended in 2007, (the "Florida Slot Law") implemented the constitutional amendment by authorizing Pompano Park and three (3) other pari-mutuel facilities in Broward and the pari-mutuel facilities in Miami-Dade County to offer slot machine gaming to patrons at those facilities. Although there are pari-mutuel facilities in numerous other counties, slot machine gaming presently is authorized only in Broward and Miami-Dade Counties. In April 2007, PPI opened a new casino facility at Pompano Park adjacent to the harness race facility.

Florida slot machine gaming laws require the slot licensee to continue to be in compliance with the pari-mutuel laws and maintain the pari-mutuel license in good standing by, among other things, conducting a full schedule of live racing. The following regulatory provisions also are applicable to slot machine gaming at Pompano Park:

- The facility may be operated 365 days per year, eighteen (18) hours per weekday and twenty-four (24) hours on weekends.
- The maximum number of machines is 2,000 Vegas-style (Class III) slot machines per facility, with a payout percentage of at least eighty-five percent (85%).
- The annual license fee is $2,000,000.00.
- Effective July 1, 2010, the tax payable to the State of Florida is thirty-five percent (35%) of net slot machine revenue.
- The machines will not accept coins or currency, but are ticket in/ticket out.
- The minimum age to play the machines is twenty-one (21) years.
- ATMs are permitted in the facility but not on the gaming floor.
- The Division is the regulatory agency charged with the duty of enforcing the provisions of the Florida Law.

PPI also pays combined county and city taxes of approximately three and one-half percent (3.5%) on the first $250 million of net slot machine revenue and five percent (5%) on net slot machine revenue over $250 million.

In April 2009, legislation was passed which set forth and granted the parameters under which the Governor has authority to enter into an Indian Gaming Compact ("Compact") with the Seminole Indian Tribe of Florida on behalf of the State of Florida for the purpose of authorizing Class III gaming. Additionally, the legislation provided for a reduction of the tax rate on slot machines operated by pari-mutuel facilities from fifty percent (50%) to thirty-five percent (35%) with a guarantee of tax revenue to the state, from all slot facilities, of no less than the amount that was collected in the fiscal year ended June 30, 2009, from all slot facilities. The tax guarantee was easily met. After the proposed effective date of the legislation, two (2) new slot facilities opened in Miami-Dade County. These facilities created enough new tax revenue to ensure that total revenues exceeded revenue collected in the base year. The legislation also reduced the annual license fee from $3 million to $2.5 million for the State of Florida's 2010 Fiscal Year and to $2 million each fiscal year thereafter. It allowed slot machines to be linked using a progressive system and expanded poker operations to allow operation for eighteen (18) hours per day on week days and twenty-four (24) hours per day on weekends. In addition, it authorized no-limit poker games and tournaments.

In 2015, Gov. Rick Scott signed a 20 year renewal of the Compact. The 2010 and 2015 compacts are materially similar, although the 2015 compact guarantees the state $3 billion in payments over the first seven (7) years of the agreement. The legislature has not ratified the new Compact, which must occur for the renewal to be effective.

The act also set forth a method for further expansion of slots at other pari-mutuel facilities throughout the state by authorizing, under certain conditions, a countywide referendum on slots. After several counties attempted to authorize slots by referendum, the Attorney General officially opined that further legislative or constitutional authorization was necessary before any expansion could proceed. The Division has adopted the same position. The Florida Supreme Court considered this issue and agreed, ruling that nothing in state law grants any authority to regulate slot machine gaming to any county. In order for any other county to authorize slot machine gaming, the state constitution must be amended.

In October 2016, a Florida administrative law judge held in a ruling against seven (7) racetracks in Florida, including PPI, that certain designated player games were being played a certain way that constituted banking and were therefore prohibited ("State Ruling"). During the pending appeal of the State Ruling, the games continue to be played throughout the state of Florida. Meanwhile, in November 2016, a federal judge for the Northern District of Florida held that Florida gaming regulators violated the Indian Gaming Compact when they authorized designated player games in non-Seminole casinos

("Federal Ruling"). The State appealed the Federal Ruling, but in July 2017, the State and the Tribe reached a settlement which, among other things, requires the State to prevent competing casinos and card rooms from operating card games and slot machines that mimic the banked card games that the Tribe is entitled to operate exclusively in Florida. Based upon the terms of the settlement, the State will likely continue enforcing the prohibition while the Florida Legislature considers enacting a new statute in response to the settlement. To the extent that legislation does not pass, it is possible that the Seminole Tribe may withhold payment to the state under the terms of the 2010 Compact. The State Ruling remains on appeal.

In litigation in the Second Judicial Circuit of Florida, a judge ruled in June 2017 that "pre-reveal" slot machines violate Florida law. Until the ruling was issued, a large number of unlicensed establishments were offering such games. However, this gaming activity has now been significantly curtailed.

The Florida Legislature currently has broad latitude in authorizing, restricting and regulating gaming activities within the state. However, a proposed amendment to the Florida Constitution (the "Voter Control of Gambling Amendment") is expected to be on the ballot in November which would give voters the exclusive right to authorize casino gaming in Florida. The likely impact of this amendment would be to solidify the status quo.

Iowa Regulation and Licensing

In 1989, the State of Iowa legalized riverboat gaming on the Mississippi River and other navigable waterways located in Iowa. The legislation authorized the granting of licenses to "qualified sponsoring organizations." A "qualified sponsoring organization" is defined as a nonprofit corporation organized under the laws of the State of Iowa, or a person or association that can show to the satisfaction of the Iowa Racing and Gaming Commission (the "Iowa Racing and Gaming Commission") that the person or association is eligible for exemption from federal income taxation under Section 501(c)(3), (4), (5), (6), (7), (8), (10) or (19) of the Internal Revenue Code (hereinafter "not-for-profit corporation"). The not-for-profit corporations can, in turn, enter into operating agreements with qualified persons who actually conduct riverboat gaming operations. Such operators must likewise be approved and licensed by the Iowa Racing and Gaming Commission.

The Isle-Bettendorf's operator's contract with the Scott County Regional Authority, a non-profit corporation organized for the purpose of facilitating riverboat gaming in Bettendorf, Iowa, was amended in March 2015. The amendment extends the term for a period of ten years and provides for automatic renewals for succeeding five-year periods as long as gaming remains approved in Scott County. Isle-Bettendorf moved to a land-based gaming facility on June 24, 2016. Due to its move to a land-based gaming facility, the Isle-Bettendorf pays the Scott County Regional Authority a fee equal to 4.15% of the adjusted gross receipts (as defined in Section 99F.1(1) of the Iowa Code) up to $60 million in adjusted gross receipts; 5.0% of adjusted gross receipts from $60 million to $70 million; and 5.75% of adjusted gross receipts above $70 million. Further, the Isle-Bettendorf pays a fee to the City of Bettendorf equal to 1.65% of adjusted gross receipts.

In November 2004, the Black Hawk County Gaming Association, a not-for-profit corporation organized for the purpose of facilitating riverboat gaming in Waterloo, Iowa entered into an operator's agreement with the Isle-Waterloo to conduct riverboat gaming in Waterloo, Iowa. The operating agreement requires that Isle-Waterloo make weekly payments to the qualified sponsoring organization equal to 4.1% of each week's adjusted gross receipts and an additional fee of 1.65% of each week's adjusted gross receipts in lieu of any admission or docking fee which might otherwise be charged by the county or any city (as defined in Section 99F.1(1) of the Iowa Code). This agreement will remain in effect through March 31, 2021 and may be extended by the Isle-Waterloo for three-year periods so long as it has substantially complied with gaming laws and regulations and holds a license to conduct gaming. In addition, the Isle-Waterloo has agreed to pay a development fee to the City. Pursuant to an admission fee administration and development agreement with the City and Black Hawk County Gaming Association the Isle-Waterloo shall pay a development fee equal to 1% of each week's adjusted gross receipts.

Iowa law permits gaming licensees to offer unlimited stakes gaming on games approved by the Iowa Racing and Gaming Commission on a 24-hour basis. Land-based casino gaming was authorized on July 1, 2007 and the Iowa Racing and Gaming Commission now permits licensees the option to operate on permanently moored vessels, moored barges, or approved gambling structures. The legal age for gaming is 21.

The merger of the Isle of Capri Casinos, Inc. ("IOC"), the previous corporate parent of Isle-Bettendorf and Isle-Waterloo, with and into a wholly-owned subsidiary of ERI was approved at the March 7, 2017 meeting of the Iowa Racing and Gaming Commission. All Iowa licenses were approved for renewal at that same meeting. These licenses are not transferable and will need to be renewed in March 2018 and prior to the commencement of each subsequent annual renewal period.

The ownership and operation of gaming facilities in Iowa are subject to extensive state laws, regulations of the Iowa Racing and Gaming Commission and various county and municipal ordinances (collectively, the "Iowa Gaming Laws"), concerning the responsibility, financial stability and character of gaming operators and persons financially interested or involved in gaming operations. Iowa Gaming Laws seek to: (1) prevent unsavory or unsuitable persons from having direct or indirect involvement with gaming at any time or in any capacity; (2) establish and maintain responsible accounting practices and procedures; (3) maintain effective control over the financial practices of licensees (including the establishment of minimum procedures for internal fiscal affairs, the safeguarding of assets and revenues, the provision of reliable record keeping and the filing of periodic reports with the Iowa Gaming Commission); (4) prevent cheating and fraudulent practices; and (5) provide a source of state and local revenues through taxation and licensing fees. Changes in Iowa Gaming Laws could have a material adverse effect on the Iowa gaming operations.

The Iowa gaming operations must submit detailed financial and operating reports to the Iowa Racing and Gaming Commission. Certain contracts of licensees in excess of $100,000 must be submitted to and approved by the Iowa Racing and Gaming Commission. Certain officers, directors, managers and key employees of the Iowa gaming operations are required to be licensed by the Iowa Racing and Gaming Commission. Gaming licenses granted to individuals must be renewed every three years, and licensing authorities have broad discretion with regard to such renewals. Licenses are not transferable. Employees associated with gaming must obtain occupational licenses that are subject to immediate suspension under specific circumstances. In addition, anyone having a material relationship or involvement with the Iowa gaming operations may be required to be found suitable or to be licensed, in which case those persons would be required to pay the costs and fees of the Iowa Racing and Gaming Commission and Division of Criminal Investigation in connection with the investigation. The Iowa Racing and Gaming Commission may require any person who acquires 5% or more of a licensee's equity securities to submit to a background investigation and be found suitable. The applicant stockholder is required to pay all costs of this investigation. The Iowa Racing and Gaming Commission may deny an application for a license for any cause deemed reasonable. In addition to its authority to deny an application for license, the Iowa Racing and Gaming Commission has jurisdiction to disapprove a change in position by officers or key employees and the power to require the Iowa gaming operations to suspend or dismiss officers, directors or other key employees or sever relationships with other persons who refuse to file appropriate applications or whom the Iowa Racing and Gaming Commission finds unsuitable to act in such capacities.

The Iowa Racing and Gaming Commission may revoke a gaming license if the licensee:

- has been suspended from operating a gaming operation in another jurisdiction by a board or commission of that jurisdiction;
- has failed to demonstrate financial responsibility sufficient to meet adequately the requirements of the gaming enterprise;
- is not the true owner of the enterprise;
- has failed to disclose ownership of other persons in the enterprise;
- is a corporation 10% of the stock of which is subject to a contract or option to purchase at any time during the period for which the license was issued, unless the contract or option was disclosed to the Iowa Racing and Gaming Commission and the Iowa Racing and Gaming Commission approved the sale or transfer during the period of the license;
- knowingly makes a false statement of a material fact to the Iowa Racing and Gaming Commission;
- fails to meet a monetary obligation in connection with an excursion gaming boat;
- pleads guilty to, or is convicted of a felony;
- loans to any person, money or other thing of value for the purpose of permitting that person to wager on any game of chance;

- is delinquent in the payment of property taxes or other taxes or fees or a payment of any other contractual obligation or debt due or owed to a city or county; or
- assigns, grants or turns over to another person the operation of a licensed excursion boat (this provision does not prohibit assignment of a management contract approved by the Iowa Racing and Gaming Commission) or permits another person to have a share of the money received for admission to the excursion boat.

If it were determined that the Iowa Gaming Laws were violated by a licensee, the gaming licenses held by a licensee could be limited, made conditional, suspended or revoked. In addition, the licensee and the persons involved could be subject to substantial fines for each separate violation of the Iowa Gaming Laws in the discretion of the Iowa Racing and Gaming Commission. Limitations, conditioning or suspension of any gaming license could (and revocation of any gaming license would) have a material adverse effect on operations.

Gaming taxes approximating 22% of the adjusted gross receipts will be payable by each licensee on its operations to the State of Iowa. The state of Iowa is also reimbursed by the licensees for all costs associated with monitoring and enforcement by the Iowa Racing and Gaming Commission and the Iowa Department of Criminal Investigation. The Iowa Racing and Gaming Commission may approve a qualifying licensee's debt transactions via a shelf application process. Licensees are eligible to make a shelf application where the parent company of the licensee has (1) a class of securities listed on the New York Stock Exchange, the American Stock Exchange or the National Association of Securities Dealers Automatic Quotation System (NASDAQ) or has stockholders' equity in the amount of $15 million or more as reported in the parent company's most recent report on Form 10-K or Form 10-Q filed with the Securities and Exchange Commission (SEC) immediately preceding application; and (2) filed all reports required by the SEC. The Iowa Racing and Gaming Commission may grant approval of a shelf application for a period not to exceed three years. The Iowa Racing and Gaming Commission representative may rescind a shelf approval without prior written notice, and may lift the rescission upon the satisfaction of any such terms and conditions as required by the Iowa Racing and Gaming Commission. ERI sought and received approval for a shelf application for $2.3 billion of debt financing at the March 7, 2017 meeting of the Iowa Racing and Gaming Commission. At the November 16,2017 meeting of the Iowa Racing and Gaming Commission ERI sought and received approval for an additional $300 million of debt financing bringing the total shelf approval to $2.6 billion.

Louisiana Regulation and Licensing. In the State of Louisiana, ERI owns and operates, through HoldCo's subsidiaries, the Eldorado Shreveport in Shreveport, Louisiana, which operates the riverboat known as the Hollywood Dreams and through Isle of Capri Casinos, LLC, the St. Charles Gaming Company, L.L.C. ("St. Charles Gaming") on the riverboat known as Grand Palais in Calcasieu Parish (collectively, " Eldorado Louisiana").

The operation and management of this riverboat casino operation are subject to extensive state regulation. The Louisiana Riverboat Economic Development and Gaming Control Act, or the Riverboat Act, became effective on July 19, 1991.

The Riverboat Act states, among other things, that certain of the policies of the State of Louisiana are:

- to develop a historic riverboat industry that will assist in the growth of the tourism market;
- to license and supervise the riverboat industry from the period of construction through actual operation;
- to regulate the operators, manufacturers, suppliers and distributors of gaming devices; and
- to license all entities involved in the riverboat gaming industry.

The Riverboat Act provides that no holder of a license or permit possesses any vested interest in such license or permit and that the license or permit may be revoked at any time. In a special session held in April 1996, the Louisiana legislature passed the Louisiana Gaming Control Act, or the Gaming Control Act, which created the Louisiana Gaming Control Board, or the Gaming Control Board. Pursuant to the Gaming Control Act, all of the regulatory authority, control and jurisdiction of licensing for riverboat operations was transferred to the Gaming Control Board. The Gaming Control Board came into existence on May 1, 1996 and is made up of nine members and two ex-officio members (the Secretary of Revenue and Taxation and the superintendent of Louisiana State Police). It is domiciled in Baton Rouge and regulates riverboat gaming, the land-based casino in New Orleans, racetrack slot facilities and video poker. The Louisiana Attorney General acts as legal counsel to the Gaming Control Board. Any material alteration in the method whereby riverboat gaming, slot facilities or video draw poker is regulated in the State of Louisiana could have an adverse effect on the operations of Eldorado Louisiana.

Riverboats. The Riverboat Act approved the conducting of gaming activities on a riverboat, in accordance with the Riverboat Act, on twelve separate waterways in Louisiana. The Riverboat Act allows the Gaming Control Board to issue up to fifteen licenses to operate riverboat gaming projects within the state, with no more than six in any one parish. There are presently fifteen licenses issued and operating.

ERI and certain of our directors and officers and certain of our key personnel have been found suitable to operate riverboat gaming in the State of Louisiana. New directors, officers and certain key employees associated with gaming must also be found suitable by the Gaming Control Board prior to working in gaming-related areas. These approvals may be immediately revoked for a number of causes as determined by the Gaming Control Board. The Gaming Control Board may deny any application for a certificate, permit or license for any cause found to be reasonable by the Gaming Control Board. The Gaming Control Board has the authority to require any riverboat operator to sever its relationships with any persons for any cause deemed reasonable by the Gaming Control Board or for the failure of that person to file necessary applications with the Gaming Control Board. The Company and the subsidiaries, as well as relevant key employees of Eldorado Louisiana, hold all currently required licenses and approvals for operation of the casino. The current Louisiana riverboat gaming license of Eldorado Shreveport is valid for five years and will expire on October 14, 2019. The current Louisiana riverboat gaming license of St. Charles Gaming is valid for five years and will expire on March 29, 2020.

Gaming Control Board. At any time, the Gaming Control Board may investigate and require the finding of suitability of any stockholder, beneficial stockholder, officer or director of ERI or of any of its subsidiaries. The Gaming Control Board requires all holders of more than a 5% interest in the license holder to submit to suitability requirements. Additionally, if a shareholder who must be found suitable is a corporate or partnership entity, then the shareholders or partners of the entity must also submit to investigation. The sale or transfer of more than a 5% interest in any riverboat or slot project is subject to Gaming Control Board approval.

Pursuant to the regulations promulgated by the Gaming Control Board, all licensees are required to inform the Gaming Control Board of all debt, credit, financing and loan transactions, including the identity of debt holders. In addition, the Gaming Control Board, in its sole discretion, may require the holders of such debt securities to file applications and obtain a finding of suitability from the Gaming Control Board. Although the Riverboat Act does not specifically require debt holders to be licensed or to be found suitable, the Gaming Control Board retains the discretion to investigate and require that any holders of debt securities be found suitable under the Riverboat Act. Additionally, if the Gaming Control Board finds that any holder exercises a material influence over the gaming operations, a finding of suitability will be required. If the Gaming Control Board determines that a person is unsuitable to own such a security or to hold such indebtedness, the Gaming Control Board may propose any action which it determines proper and necessary to protect the public interest, including the suspension or revocation of the license. The Gaming Control Board may also, under the penalty of revocation of license, issue a condition of disqualification naming the person(s) and declaring that such person(s) may not:

- receive dividends or interest in debt or securities;
- exercise directly or through a nominee a right conferred by the securities or indebtedness;
- receive any remuneration from the licensee;
- receive any economic benefit from the licensee; and
- continue to hold an ownership or economic interest in a licensee or remain as a manager, director or partner of a licensee.

The Riverboat Act or rules adopted pursuant thereto contain certain restrictions and conditions relating to the operation of riverboat gaming, including the following: (1) agents of the Gaming Control Board are permitted on board at any time during gaming operations; (2) gaming devices, equipment and supplies may only be purchased or leased from permitted suppliers; (3) gaming may only take place in the designated gaming area while the riverboat is upon a designated river or waterway; (4) gaming equipment may not be possessed, maintained or exhibited by any person on a riverboat except in the specifically designated gaming area, or a secure area used for inspection, repair or storage of such equipment; (5) wagers may be received only from a person present on a licensed riverboat; (6) persons under 21 are not permitted on gaming vessels; (7) except for slot machine play, wagers may be made only with chips or electronic cards purchased from the licensee aboard a riverboat; (8) licensees may only use docking facilities for which they are licensed and may only board and discharge passengers at the riverboat's licensed berth; (9) licensees must have adequate protection and indemnity insurance; (10) licensees must have all necessary federal and state licenses, certificates and other regulatory approvals prior to operating a riverboat; and (11) gaming may only be conducted in accordance with the terms of the license, the Riverboat Act and the rules and regulations adopted by the Gaming Control Board.

Fees for conducting gaming activities on a riverboat include (1) $50,000 per riverboat for the first year of operation and $100,000 per year per riverboat thereafter plus (2) a percentage of net gaming proceeds (gross revenue). In March 2001, Louisiana passed Act 3 of the 1st Extraordinary Legislative Session, which allows riverboat gaming licensees to operate dockside. In consideration of this change, the tax on gaming revenues was increased to 21.5%.

The Riverboat Act also authorizes local municipalities to assess a local boarding fee for each patron who enters one of our riverboats in varying amounts. In lieu of the boarding fee, Eldorado Shreveport pays the local municipalities the following amounts: (i) to 3.225% of the gross revenues ("Net Gaming Proceeds") of our riverboat are paid to the City of Shreveport; and (ii) 0.5375% of the Net Gaming Proceeds of our riverboat are paid to the Bossier Parish School Board. In May 2005, our previous owner and the Bossier Parish Police Jury concluded an agreement under which we began paying a percentage of our Net Gaming Proceeds, to the Bossier Parish Police Jury. Such payments were initially in the amount of 0.3% of our Net Gaming Proceeds during 2006, and subsequently increased to 0.4% and 0.5% effective January 1, 2007 and 2008, respectively. These payments to the City of Shreveport are in addition to those required under our ground lease. In lieu of the boarding fee, St. Charles Gaming pays the Calcasieu Parish Police Jury an amount equal to [__%] of Net Gaming Proceeds. The payments to these municipalities are also in lieu of both admission fees and any sales or use tax for complimentary goods or services.

Any violation of the Riverboat Act or the rules promulgated by the Gaming Control Board could result in substantial fines, penalties (including a revocation of the license) and criminal actions. Additionally, all licenses and permits issued by the Gaming Control Board are revocable privileges and may be revoked at any time by the Gaming Control Board.

Mississippi Regulation and Licensing

In June 1990, Mississippi enacted legislation legalizing dockside casino gaming for counties along the Mississippi River, which is the western border for most of the state, and the Gulf Coast, which is the southern border for most of the state. The legislation gave each of those counties the opportunity to hold a referendum on whether to allow dockside casino gaming within its boundaries.

In its 2005 regular session, the legislature amended Mississippi law to allow gaming to be conducted on vessels or cruise vessels placed upon permanent structures located on, in or above the Mississippi River, on, in or above navigable waters in eligible counties along the Mississippi River or on, in or above the waters lying south of the counties along the Mississippi Gulf Coast. Later, after Hurricane Katrina, the Mississippi legislature again amended the law to allow land-based gaming along the Gulf Coast in very limited circumstances. Mississippi law permits unlimited stakes gaming on a 24-hour basis and does not restrict the percentage of space that may be utilized for gaming. There are no limitations on the number of gaming licenses that may be issued in Mississippi.

The ownership and operation of gaming facilities in Mississippi are subject to extensive state and local regulation intended to:

- prevent unsavory or unsuitable persons from having any direct or indirect involvement with gaming at any time or in any capacity;
- establish and maintain responsible accounting practices and procedures for gaming operations;
- maintain effective control over the financial practices of licensees, including establishing minimum procedures for internal fiscal affairs and safeguarding of assets and revenues, providing reliable record keeping and making periodic reports;
- provide a source of state and local revenues through taxation and licensing fees;
- prevent cheating and fraudulent practices; and
- ensure that gaming licensees, to the extent practicable, employ Mississippi residents.

State gaming regulations are subject to amendment and interpretation by the Mississippi Gaming Commission. Changes in Mississippi laws or regulations may limit or otherwise materially affect the types of gaming that may be conducted in Mississippi and such changes, if enacted, could have an adverse effect on us and our Mississippi gaming operations.

We are registered as a publicly traded corporation under the Mississippi Gaming Control Act. Our gaming operations in Mississippi are subject to regulatory control by the Mississippi Gaming Commission, the Mississippi Department of Revenue and various other local, city and county regulatory agencies (collectively referred to as the "Mississippi Gaming Authorities"). Our subsidiaries have obtained gaming licenses from the Mississippi Gaming Authorities. We must obtain a waiver from the Mississippi Gaming Commission before beginning certain proposed gaming operations outside of Mississippi, and we must notify the Mississippi Gaming Commission in writing within 30 days after commencing certain gaming operations outside the state. The licenses held by our Mississippi gaming operations have terms of three years and are not transferable. The Isle-Lula and the Lady Luck Casino Vicksburg property hold licenses effective from May 23, 2015, through May 22, 2018. In addition, our wholly-owned subsidiary, IOC Manufacturing, Inc., holds a manufacturer and distributor's license, so that we may perform certain upgrades to our Mississippi player tracking system. This license has a term of three years effective June 16, 2014 through June 15, 2017. The license is not transferable. There is no assurance that new licenses can be obtained at the end of each three-year period of a license. Moreover, the Mississippi Gaming Commission may, at any time, and for any cause it deems reasonable, revoke, suspend, condition, limit or restrict a license or approval to own shares of stock in our subsidiaries that operate in Mississippi.

Mississippi Gaming Authorities may levy substantial penalties for a violation of Mississippi's laws or regulations, including fines or a revocation or suspension of our licenses to operate, or the suitability of the person or persons involved in such violation. Disciplinary action against us or one of our subsidiary gaming licensees in any jurisdiction may lead to disciplinary action against us or any of our subsidiary licensees in Mississippi, including, but not limited to, the revocation or suspension of any such subsidiary gaming license.

We, along with each of our Mississippi gaming subsidiaries, must periodically submit detailed financial, operating and other reports to the Mississippi Gaming Commission and/or the Mississippi Department of Revenue. Numerous transactions, including but not limited to substantially all loans, leases, sales of securities and similar financing transactions entered into by any of our Mississippi gaming subsidiaries must be reported to or approved by the Mississippi Gaming Commission. In addition, the Mississippi Gaming Commission may, at its discretion, require additional information about our operations.

Certain of our officers and employees and the officers, directors and certain key employees of our Mississippi gaming subsidiaries must be found suitable or be licensed by the Mississippi Gaming Commission. We believe that all required findings of suitability related to all of our Mississippi properties have been applied for or obtained, although the Mississippi Gaming Commission at its discretion may require additional persons to file applications for findings of suitability. In addition, any person having a material relationship or involvement with us may be required to be found suitable or licensed, in which case those persons must pay the costs and fees associated with such investigation. The Mississippi Gaming Commission may deny an application for a finding of suitability for any cause that it deems reasonable. Changes in certain licensed positions must be reported to the Mississippi Gaming Commission. In addition to its authority to deny an application for a finding of suitability, the Mississippi Gaming Commission has jurisdiction to disapprove a change in a licensed position. The Mississippi Gaming Commission has the power to require us and any of our Mississippi gaming subsidiaries to suspend or dismiss officers, directors and other key employees or to sever relationships with other persons who refuse to file appropriate applications or who the authorities find unsuitable to act in such capacities.

Employees associated with gaming must obtain work permits that are subject to immediate suspension under certain circumstances. The Mississippi Gaming Commission will refuse to issue a work permit to a person who has been convicted of a felony, committed certain misdemeanors or knowingly violated the Mississippi Gaming Control Act, and it may refuse to issue a work permit to a gaming employee for any other reasonable cause.

At any time, the Mississippi Gaming Commission has the power to investigate and require the finding of suitability of any record or beneficial stockholder of ours. The Mississippi Gaming Control Act requires any person who individually or in association with others acquires, directly or indirectly, beneficial ownership of more than 5% of our common stock to report the acquisition to the Mississippi Gaming Commission, and such person may be required to be found suitable. In addition, the Mississippi Gaming Control Act requires any person who, individually or in association with others, becomes, directly or indirectly, a beneficial owner of more than 10% of our common stock, as reported to the U.S. Securities and Exchange Commission, to apply for a finding of suitability by the Mississippi Gaming Commission and pay the costs and fees that the Mississippi Gaming Commission incurs in conducting the investigation.

The Mississippi Gaming Commission has generally exercised its discretion to require a finding of suitability of any beneficial owner of 5% or more of a registered publicly traded corporation's stock. However, the Mississippi Gaming Commission has adopted a regulation that may permit certain "institutional" investors to obtain waivers that allow them to

beneficially own, directly or indirectly, up to 25% (29% in certain specific instances) of the voting securities of a registered publicly traded corporation without a finding of suitability if such securities are held for investment purposes only. If a stockholder who must be found suitable is a corporation, partnership or trust, it must submit detailed business and financial information, including a list of beneficial owners.

Any person who fails or refuses to apply for a finding of suitability or a license within 30 days after being ordered to do so by the Mississippi Gaming Commission may be found unsuitable. We believe that compliance by us with the licensing procedures and regulatory requirements of the Mississippi Gaming Commission will not affect the marketability of our securities. Any person found unsuitable who holds, directly or indirectly, any beneficial ownership of our securities beyond such time as the Mississippi Gaming Commission prescribes may be guilty of a misdemeanor. We are subject to disciplinary action if, after receiving notice that a person is unsuitable to be a stockholder or to have any other relationship with us or our subsidiaries operating casinos in Mississippi, we:

- pay the unsuitable person any dividend or other distribution upon its voting securities;
- recognize the exercise, directly or indirectly, of any voting rights conferred by its securities;
- pay the unsuitable person any remuneration in any form for services rendered or otherwise, except in certain limited and specific circumstances; or
- fail to pursue all lawful efforts to require the unsuitable person to divest itself of the securities, including, if necessary, our immediate purchase of the securities for cash at a fair market value.

We may be required to disclose to the Mississippi Gaming Commission upon request the identities of the holders of any of our debt securities. In addition, under the Mississippi Gaming Control Act, the Mississippi Gaming Commission may, in its discretion, (1) require holders of our securities, including our notes, to file applications, (2) investigate such holders and (3) require such holders to be found suitable to own such securities. Although the Mississippi Gaming Commission generally does not require the individual holders of obligations such as our notes to be investigated and found suitable, the Mississippi Gaming Commission retains the discretion to do so for any reason, including but not limited to a default, or where the holder of the debt instrument exercises a material influence over the gaming operations of the entity in question. Any holder of debt securities required to apply for a finding of suitability must pay all investigative fees and costs of the Mississippi Gaming Commission in connection with such an investigation.

The Mississippi regulations provide that a change in control of us may not occur without the prior approval of the Mississippi Gaming Commission. Mississippi law prohibits us from making a public offering of our securities without the approval of the Mississippi Gaming Commission if any part of the proceeds of the offering is to be used to finance the construction, acquisition or operation of gaming facilities in Mississippi, or to retire or extend obligations incurred for one or more such purposes. The Mississippi Gaming Commission has the authority to grant a continuous approval of securities offerings and has granted such approval to us, subject to renewal every three years.

Regulations of the Mississippi Gaming Commission prohibit certain repurchases of securities of publicly traded corporations registered with the Mississippi Gaming Commission, including holding companies such as ours, without prior approval of the Mississippi Gaming Commission. Transactions covered by these regulations are generally aimed at discouraging repurchases of securities at a premium over market price from certain holders of greater than 3% of the outstanding securities of the registered publicly traded corporation. The regulations of the Mississippi Gaming Commission also require prior approval for a “plan of recapitalization” as defined in such regulations.

We must maintain in the State of Mississippi current stock ledgers, which may be examined by the Mississippi Gaming Authorities at any time. If any securities are held in trust by an agent or by a nominee, the record holder may be required to disclose the identity of the beneficial owner to the Mississippi Gaming Authorities. A failure to make such disclosure may be grounds for finding the record holder unsuitable. We must render maximum assistance in determining the identity of the beneficial owner.

Mississippi law requires that certificates representing shares of our common stock bear a legend to the general effect that the securities are subject to the Mississippi Gaming Control Act and regulations of the Mississippi Gaming Commission. The Mississippi Gaming Commission has the authority to grant a waiver from the legend requirement, which we have obtained. The Mississippi Gaming Commission, through the power to regulate licenses, has the power to impose additional restrictions on the holders of our securities at any time.

The Mississippi Gaming Commission enacted a regulation in 1994 requiring that, as a condition to licensure, an applicant must provide a plan to develop "infrastructure" amounting to 25% of the cost of the casino and a parking facility capable of accommodating 500 cars. The regulation was amended in 1999 to increase the infrastructure requirement from 25% to 100% for new casinos (or upon acquisition of a closed casino) but grandfathered existing licensees and development plans approved prior to the effective date of the new regulation. In 2003, 2006, 2007, 2013 and 2014 the Mississippi Gaming Commission made additional changes to this regulation.

The 2014 amendment removed the 100% reference and, among other things, specifies that a proposed gaming development must include the following:

- A 500-car or larger parking facility in close proximity to the casino complex;
- A 300-room or larger hotel of at least a three diamond rating as defined by an acceptable travel publication to be determined by the Mississippi Gaming Commission;
- A 200-seat or larger restaurant;
- A 75-seat or larger fine dining facility; and
- A 40,000-square foot or larger casino floor.

The proposed gaming development must also have or support an amenity that is unique to the market and encourages economic development and promotes tourism. The Mississippi Gaming Commission may, in its discretion, reduce these requirements or allow an amenity of high value to the overall tourism market to supplant the requisite hotel and dining facilities. This 2014 amendment applies only to new applicants for gaming licenses and to acquisitions / purchases of existing licensees or gaming facilities that have ceased gaming operations prior to the acquisition / purchase; it does not apply to licensees licensed by the Mississippi Gaming Commission, or to persons receiving Approval to Proceed with Development from the Mississippi Gaming Commission, before December 31, 2013.

License fees and taxes are payable to the State of Mississippi and to the counties and cities in which a Mississippi gaming subsidiary's respective operations will be conducted. The license fee payable to the state of Mississippi is based upon gross revenue of the licensee (generally defined as gaming receipts less payout to customers as winnings) and equals 4% of gross revenue of $50,000 or less per month, 6% of gross revenue in excess of $50,000 but less than $134,000 per calendar month, and 8% of gross revenue in excess of $134,000 per calendar month. The foregoing license fees are allowed as a credit against the licensee's Mississippi income tax liability for the year paid. Additionally, a licensee who is licensed to conduct gaming aboard a vessel or cruise vessel must pay a $5,000 annual license fee and an annual fee based upon the number of games it operates. The gross revenue tax imposed by the Mississippi municipalities and counties in which our casino operations are located equals 0.4% of gross revenue of $50,000 or less per calendar month, 0.6% of gross revenue over $50,000 and less than $134,000 per calendar month and 0.8% of gross revenue greater than $134,000 per calendar month. These fees have been imposed in, among other cities and counties, Biloxi and Coahoma County. Certain local and private laws of the state of Mississippi may impose fees or taxes on the Mississippi gaming subsidiaries in addition to the fees described above.

In May 2013, the Mississippi Gaming Commission adopted a regulation amendment that imposes a flat annual fee on each casino operator licensee, covering all investigative fees for that year associated with an operator licensee, any entity registered as a holding company or publicly traded corporation of that licensee, and any person required to be found suitable in connection with that licensee or any holding company or publicly traded corporation of that licensee. The particular fee is based on the average number of gaming devices operated by the licensee during a twelve (12) month period, as reported to the Mississippi Gaming Commission. The investigative fee is $300,000 for licensees with 1500 or more gaming devices, $225,000 for licensees with 1000 to 1499 gaming devices, and $125,000 for licensees with less than 1000 gaming devices. The fee is payable in four (4) equal quarterly installments. The amendment provides that should such total investigative fees collected by the Mississippi Gaming Commission exceed the amount allowed by Mississippi statute, then the excess fees will be credited to the licensees for the following year. The amended regulation also provides a schedule of various fees applicable to licensees and persons not covered by the annual investigative fee.

The sale of food or alcoholic beverages at our Mississippi gaming locations is subject to licensing, control and regulation by the applicable state and local authorities. The agencies involved have full power to limit, condition, suspend or revoke any such license, and any such disciplinary action could (and revocation would) have a material adverse effect upon the operations of the affected casino or casinos. Certain of our officers and managers and our Mississippi gaming subsidiaries must be investigated by the Alcoholic Beverage Control Division of the Mississippi Department of Revenue in connection

with liquor permits that have been issued. The Alcoholic Beverage Control Division of the Mississippi Department of Revenue must approve all changes in licensed positions.

On three separate occasions since 1998, certain anti-gaming groups have proposed referenda that, if adopted, would have banned gaming in Mississippi and required that gaming entities cease operations within two years after the ban. All three referenda were declared invalid by Mississippi courts because each lacked a required government revenue impact statement.

Missouri Regulation and Licensing

Conducting gambling activities and operating a riverboat gaming facility in Missouri are subject to extensive regulation under Missouri's Riverboat Gambling Act and the rules and regulations promulgated thereunder. The Missouri Gaming Commission (the "Commission") was created by the Missouri Riverboat Gambling Act and is charged with regulatory authority over riverboat gaming operations in Missouri, including the issuance of gaming licenses to owners, operators, suppliers and certain affiliates of riverboat gaming facilities. In June 2000, IOC-Kansas City, Inc., a subsidiary of our predecessor by merger, was issued a riverboat gaming license in connection with our Kansas City operation. In December 2001, IOC-Boonville, Inc., a subsidiary of our predecessor by merger, was issued a riverboat gaming license for our Boonville operation. In June of 2007, IOC-Caruthersville, LLC f/k/a Aztar Missouri Riverboat Gaming Company, L.L.C. was acquired by our predecessor by merger and began operations as a subsidiary of ours under a Missouri riverboat gaming license. In October 2012, IOC-Cape Girardeau LLC, a subsidiary of our predecessor by merger, was issued a riverboat gaming license for our Cape Girardeau operation.

In order to obtain a license to operate a riverboat gaming facility, the proposed operating business entity must complete a Riverboat Gaming Application form requesting a Class B License. In order to obtain a license to own and/or control a Class B Licensee as its ultimate holding company, a company must complete a Riverboat Gaming Application form requesting a Class A License. The Riverboat Gaming Application form is comprised of comprehensive questions regarding the nature and suitability of the applicant. Applicants who submit the Riverboat Gaming Application form requesting either a Class A or Class B License undergo an extensive background investigation by the Commission. In addition, each key person associated with the applicant (including directors, officers, managers and owners of a significant direct or indirect interest in the Class A or Class B License applicant) must complete a Key Person and Level 1 Application (Personal Disclosure Form 1) and undergo a substantial background investigation. Certain key business entities closely related to the applicant must undergo a similar application process and background check. An applicant for a Class A or Class B License will not receive a license if the applicant and its key persons, including key business entities, have not established good repute and moral character, and no licensee shall either employ or contract with any person who has pled guilty to, or been convicted of, a felony, to perform any duties directly connected with the licensee's privileges under a license granted by the Commission.

Each Class B License granted entitles a licensee to conduct gambling activities at a specific riverboat gaming operation. Each Class A License granted entitles the licensee to develop and operate a Class B licensee or, if authorized, multiple Class B licensees. The duration of both the Class A and Class B License initially runs for two one-year terms; thereafter, for four-year terms. In conjunction with the renewal of each license, the Commission requires the filing of a Riverboat Gaming Renewal Application form and renewal fees. In conjunction with each renewal, the Commission may conduct an additional investigation of the licensee with specific emphasis on new information provided in the Riverboat Gaming Renewal Application form. The Commission also possesses the right to periodically conduct a comprehensive investigation on any Class A, Class B, supplier or key person licensee since the date on which the last comprehensive investigation was conducted. The Commission also licenses the serving of alcoholic beverages on riverboats and related facilities operated by the Class A or Class B.

In determining whether to grant and allow the continued possession of a gaming license, the Commission considers the following factors, among others: (i) the integrity of the applicant; (ii) the types and variety of games the applicant may offer; (iii) the quality of the physical facility, together with improvements and equipment; (iv) the financial ability of the applicant to develop and operate the facility successfully; (v) the status of governmental actions required by the facility; (vi) the management ability of the applicant; (vii) compliance with applicable statutes, rules, charters and ordinances; (viii) the economic, ecological and social impact of the facility as well as the cost of public improvements; (ix) the extent of public support or opposition; (x) the plan adopted by the home dock city or county; and (xi) effects on competition.

A licensee is subject to the imposition of penalties, suspension or revocation of its license for any act that is injurious to the public health, safety, morals, good order and general welfare of the people of the State of Missouri, or that would

discredit or tend to discredit the Missouri gaming industry or the State of Missouri, including without limitation: (i) failing to comply with or make provision for compliance with the legislation, the rules promulgated thereunder or any federal, state or local law or regulation; (ii) failing to comply with any rules, order or ruling of the Commission or its agents pertaining to gaming; (iii) receiving goods or services from a person or business entity who does not hold a supplier's license but who is required to hold such license by the legislation or the rules; (iv) being suspended or ruled ineligible or having a license revoked or suspended in any state or gaming jurisdiction; (v) associating with, either socially or in business affairs, or employing persons of notorious or unsavory reputation or who have extensive police records, or who have failed to cooperate with any officially constituted investigatory or administrative body and would adversely affect public confidence and trust in gaming; (vi) employing in any Missouri gaming operation any person known to have been found guilty of cheating or using any improper device in connection with any gambling game; (vii) use of fraud, deception, misrepresentation or bribery in securing any license or permit issued pursuant to the legislation; (viii) obtaining any fee, charge or other compensation by fraud, deception or misrepresentation; and (ix) incompetence, misconduct, gross negligence, fraud, misrepresentation or dishonesty in the performance of the functions or duties regulated by the Missouri Riverboat Gambling Act.

Any transfer or issuance of ownership interests in a publicly held gaming licensee or its holding company that results in an entity or group of entities acting in concert owning, directly or indirectly, an aggregate ownership interest of 5% or more in the gaming licensee must be reported to the Commission within seven days. Further, any pledge or hypothecation of, or grant of a security interest in, 5% or more of the ownership interest in a publicly held gaming licensee or its holding company must be reported to the Commission within seven days. The Commission will impose certain licensing requirements upon a holder of an aggregate ownership interest of 5% or more in a publicly-traded Missouri Class A or Class B licensee, unless such holder applies for and obtains an institutional investor exemption in accordance with the Missouri gaming regulations. The Executive Director of the Commission may grant a waiver to an institutional investor that holds up to 10% of the outstanding equity of the Missouri licensee. The Commission itself may grant a waiver to an institutional investor that holds up to 20% of the outstanding equity of the Missouri licensee. No investor may increase holdings above 25% without triggering a change in control that requires prior approval by the Commission. The Commission may grant a petition to approve a change in control if the petitioner proves that (i) the transfer is in the best interest of the state of Missouri and would have no potential to affect suitability of the gaming operation; (ii) the transfer is not injurious to the public health, safety, morals, good order, or general welfare of the state; (iii) it would have no material negative competitive impact; and (iv) it would not potentially result in any significant negative changes in the financial condition of the licensee. In addition, any sale, transfer or lease of the Class B's real estate (outside of the normal course of business) shall trigger a change in control that requires prior approval by the Commission. The petition to approve a change in control in such an instance will be considered by the Commission using the same criteria set forth above for an ownership interest change in control.

Every employee participating in a riverboat gaming operation must hold an occupational license. In addition, the Commission issues supplier's licenses, which authorize the supplier licensee to sell or lease gaming equipment and supplies to any licensee involved in the operation of gaming activities. Class A and Class B licensees may not be licensed as suppliers.

Riverboat gaming activities may only be conducted on, or within 1,000 feet of the main channel of, the Missouri River or Mississippi River. Minimum and maximum wagers on games are set by the licensee, and wagering may be conducted only with a cashless wagering system, whereby money is converted to tokens, electronic cards or chips that can only be used for wagering. No person under the age of 21 is permitted to wager, and wagers may only be taken from a person present on a licensed excursion gambling boat.

The Missouri Riverboat Gambling Act imposes a 21% wagering tax on adjusted gross receipts (generally defined as gross receipts less winnings paid to wagerers) from gambling games. The tax imposed is to be paid by the licensee to the Commission on the day after the day when the wagers were made. Of the proceeds of the wagering tax, 10% of such proceeds go to the local government where the home dock is located, and the remainder goes to the State of Missouri.

The Missouri Riverboat Gambling Act also requires that licensees pay a two dollar admission tax to the Commission for each person admitted to a gaming cruise. One dollar of the admission fee goes to the State of Missouri, and one dollar goes to the home dock city in which the licensee operates. The licensee is required to maintain public books and records clearly showing amounts received from admission fees, the total amount of gross receipts and the total amount of adjusted gross receipts. In addition, all local income, earnings, use, property and sales taxes are applicable to licensees. From time to time, there have been several proposed bills pending before the Missouri General Assembly which, individually or in combination, if adopted, would (1) allow gaming credits to be used in food and beverage purchases, (2) adjust the amount of wagering tax imposed on adjusted gross receipts of licensees and/or (3) adjust the amount of admission tax paid by the licensee for each person admitted for a gaming cruise. Currently, there are two bills pending before the Missouri General Assembly for the expansion of gaming in the state. The Missouri sports betting bill would allow Class B gaming licensees

and daily fantasy sports licensees to conduct sports wagering. The Missouri VLT bill would allow the state lottery to operate video gaming terminals, similar to slot machines, at various bars, restaurants, veterans and fraternal organizations and convenience stores throughout the state. Each of these bills are in the early stages of the law making process. Consequently, it is unclear whether there will be effective support in the Missouri General Assembly to move the bills forward.

Nevada Regulation and Licensing. The ownership and operation of casino gaming facilities in the State of Nevada are subject to the Nevada Gaming Control Act (the "Nevada Act") and regulations promulgated under the Nevada Act and various local regulations. ERI's Nevada gaming operations are subject to the licensing and regulatory control of the Nevada Gaming Commission, the Nevada State Gaming Control Board and the City of Reno, which we refer to collectively as the "Nevada Gaming Authorities."

The laws, regulations and supervisory procedures of the Nevada Gaming Authorities are based upon declarations of public policy that are concerned with, among other things:

- the prevention of unsavory or unsuitable persons from having a direct or indirect involvement with gaming at any time or in any capacity;
- the establishment and maintenance of responsible accounting practices and procedures;
- the maintenance of effective controls over the financial practices of licensees, including the establishment of minimum procedures for internal fiscal affairs and the safeguarding of assets and revenues;
- providing reliable record keeping and requiring the filing of periodic reports with the Nevada Gaming Authorities;
- the prevention of cheating and fraudulent practices;
- the maintenance of a Gaming Compliance and Reporting Plan, including the establishment of a Gaming Compliance Committee and the retention of a Corporate Compliance Officer; and
- the provision of a source of state and local revenues through taxation and licensing fees.

Changes in such laws, regulations and procedures could have an adverse effect on ERI's gaming operations and its related businesses, financial condition, and results of operations.

Business organizations that operate casinos in Nevada are required to be licensed by the Nevada Gaming Authorities. A gaming license requires the periodic payment of fees and taxes and is not transferable. ERI is registered by the Nevada Commission as a publicly traded corporation (a "Registered Corporation") that is authorized to own all of the membership interests of Eldorado Holdco, LLC ("Holdco") which, in turn, owns all of the membership interests in CC-Reno LLC, the licensed operator of Circus Circus Reno; Eldorado Resorts, LLC, the licensed operator of the Eldorado Hotel & Casino; and the owner of all of the membership interests in Circus and Eldorado Joint Venture, LLC, the licensed owner of the Silver Legacy Resort Casino (the foregoing are collectively referred to as the "Nevada Licensed Subsidiaries"). As a Registered Corporation, ERI is required to submit periodic detailed financial and operating reports to the Nevada Commission and to furnish any other information which the Nevada Commission may require. HoldCo is approved and registered as a private holding company authorized to own and control all of the membership interests in the Nevada Licensed Subsidiaries through various subsidiaries. Holdco also owns and operates the Louisiana Partnership, the operator of the Eldorado Shreveport in Shreveport, Louisiana.

No person may become a more than 5% stockholder or holder of more than a 5% interest in, or receive any percentage of profits from, any of the Nevada Licensed Subsidiaries without first obtaining licenses and approvals from the Nevada Gaming Authorities. ERI, Holdco, and all of the Nevada Licensed Subsidiaries have obtained from the Nevada Gaming Authorities all of the various registrations, approvals, permits and licenses required in order to continue gaming activities in Nevada.

The Nevada Gaming Authorities may investigate any individual who has a material relationship to, or material involvement with, ERI, Holdco, and any of Nevada Licensed Subsidiaries in order to determine whether such individual is suitable or should be licensed as a business associate of a gaming licensee. Certain officers, directors, and certain key employees of ERI, Holdco, and the Licensed Nevada Subsidiaries must file applications with the Nevada Gaming Authorities and may be required to be licensed or found suitable by the Nevada Gaming Authorities. The Nevada Gaming Authorities may deny an application for licensing for any cause which they deem reasonable. A finding of suitability is comparable to licensing, and both require submission of detailed personal and financial information followed by a thorough investigation.

The applicant for licensing or a finding of suitability must pay all the costs of the investigation. Changes in licensed positions must be reported to the Nevada Gaming Authorities within 30 days as prescribed by law and, in addition to their authority to deny an application for a finding of suitability or licensure, the Nevada Gaming Authorities have jurisdiction to disapprove a change in a corporate position.

If the Nevada Gaming Authorities were to find an officer, director or key employee unsuitable for licensing or unsuitable to continue having a relationship with ERI, Holdco, or any of the Nevada Licensed Subsidiaries, the companies involved would have to sever all relationships with such person. In addition, the Nevada Commission may require ERI or any of its subsidiaries to terminate the employment of any person who refuses to file appropriate applications. Determinations of suitability or questions pertaining to licensing are not subject to judicial review in Nevada.

ERI and its Nevada Licensed Subsidiaries are required to submit detailed financial and operating reports to the Nevada Commission. Substantially all material loans, leases, sales of securities and similar financing transactions by the Nevada Licensed Subsidiaries must be reported to, and/or approved by, the Nevada Commission.

If it were determined that the Nevada Gaming Control Act was violated by any of the Nevada Licensed Subsidiaries, the gaming licenses they hold could be limited, conditioned, suspended or revoked, subject to compliance with certain statutory and regulatory procedures. In addition, ERI and the persons involved could be subject to substantial fines for each separate violation of the Nevada Gaming Control Act or the regulations adopted thereunder at the discretion of the Nevada Commission. Further, a supervisor could be nominated by the Nevada Commission for court appointment to operate our gaming properties and, under certain circumstances, earnings generated during the supervisor's appointment (except for reasonable rental value of our gaming properties) could be forfeited to the State of Nevada. Supervisors appointed under such provisions of law have powers similar to those of court appointed receivers. Limitation, conditioning or suspension of any gaming license or the appointment of a supervisor could (and revocation of any gaming license would) materially adversely affect ERI's gaming operations and its related businesses, financial condition and results of operations.

Any beneficial holder of ERI's voting securities, regardless of the number of shares owned, may be required to file an application, be investigated, and have his suitability reviewed as a beneficial holder of ERI's voting securities if the Nevada Commission has reason to believe that such ownership would otherwise be inconsistent with the declared policies of the State of Nevada. The applicant must pay all costs of investigation incurred by the Nevada Gaming Authorities in conducting any such investigation. Refusal to comply with such requirements can result in the person being found unsuitable to be involved with any licensed Nevada gaming operation including all businesses affiliated therewith.

The Nevada Gaming Control Act requires any person who acquires more than 5% of the voting securities of a Registered Corporation to report the acquisition to the Nevada Commission. The Nevada Gaming Control Act requires that beneficial owners of more than 10% of the voting securities of a Registered Corporation to apply to the Nevada Commission for a finding of suitability within 30 days after the Chair of the Nevada Board mails the written notice requiring such filing. Under certain circumstances, an "institutional investor," as defined in the Nevada Act, which acquires more than 10%, but not more than 25%, of a Registered Corporation's voting securities may apply to the Nevada Commission for a waiver of such finding of suitability if such institutional investor holds the voting securities for investment purposes only. An institutional investor that has obtained such a waiver may, in certain circumstances, hold up to 29% of a Registered Corporation's voting securities and maintain its waiver for a limited period of time. An institutional investor shall not be deemed to hold voting securities for investment purposes unless the voting securities were acquired and are held in the ordinary course of business as an institutional investor and not for the purpose of causing, directly or indirectly, the election of a majority of the members of the Registered Corporation's board of directors, any change in the Registered Corporation's corporate charter, bylaws, management, policies or operations, or of any of its Nevada Licensed Subsidiaries' charters, bylaws, operating agreements operations, or any other action which the Nevada Commission finds to be inconsistent with holding the Registered Corporation's voting securities for investment purposes only. Activities that are not deemed to be inconsistent with holding voting securities for investment purposes include only:

- voting on all matters voted on by stockholders;
- making financial and other inquiries of management of the type normally made by securities analysts for informational purposes and not to cause a change in our management, policies or operations; and
- such other activities as the Nevada Commission may determine to be consistent with such investment intent.

If the beneficial holder of voting securities who must be found suitable is a corporation, partnership or trust, it must submit detailed business and financial information including a list of beneficial owners. The applicant is required to pay all costs of investigation.

Any person who fails or refuses to apply for a finding of suitability or a license within 30 days after being ordered to do so by the Nevada Commission or the Chair of the Nevada Board, may be found unsuitable. The same restrictions apply to a record owner if the record owner, after request, fails to identify the beneficial owner. Any stockholder found unsuitable and who holds, directly or indirectly, any beneficial ownership of the common stock of a Registered Corporation beyond such period of time as may be prescribed by the Nevada Commission may be guilty of a criminal offense. ERI may be subject to disciplinary action if, after it receives notice that a person is unsuitable to be a stockholder or to have any other relationship with ERI, or any of its Nevada Licensed Subsidiaries, ERI:

- pays the unsuitable person any dividend or interest upon voting securities of ERI;
- allows the unsuitable person to exercise, directly or indirectly, any voting right conferred through securities held by the person;
- pays remuneration in any form to the unsuitable person for services rendered or otherwise; or
- fails to pursue all lawful efforts to require such unsuitable person to relinquish his voting securities for cash at fair market value.

Further, the Nevada Commission may, at its discretion, require the holder of any debt security of a Registered Corporation or any of the Nevada Licensed Subsidiaries to file applications, be investigated and be found suitable to own the debt security of the issuer. If the Nevada Commission determines that a person is unsuitable to own such security, then pursuant to the Nevada Gaming Control Act, the Registered Corporation and its Licensed Subsidiaries that are involved can be sanctioned, including the loss of approvals and licenses, if without the prior approval of the Nevada Commission, it or they:

- pay to the unsuitable person any dividend, interest, or any distribution whatsoever;
- recognize any voting right by such unsuitable person in connection with such securities;
- pay the unsuitable person remuneration in any form; or
- make any payment to the unsuitable person by way of principal, redemption, conversion, exchange, liquidation, or similar transaction.

ERI is required to maintain a current stock ledger in Nevada which may be examined by the Nevada Gaming Authorities at any time. If any securities are held in trust by an agent or by a nominee, the record holder may be required to disclose the identity of the beneficial owner to the Nevada Gaming Authorities. A failure to make such disclosure may be grounds for finding the record holder unsuitable. ERI will also be required to render maximum assistance in determining the identity of the beneficial owner.

ERI is not be permitted to make a public offering of its securities without the prior approval of the Nevada Commission if the securities or the proceeds derived therefrom are intended to be used to construct, acquire or finance gaming facilities in Nevada, or to retire or extend obligations incurred for such purposes. Any representation to the contrary is unlawful. In July 2015, the Nevada Commission granted us approval for three years, the maximum time permitted, in which to make public offerings of debt or equity, which approval was amended in May 2016 to include CC-Reno LLC and Silver Legacy Joint Venture. This three-year approval or continuous or delayed public offering approval, also known as a shelf approval, is subject to certain conditions and expires in July 2018, at which time we will seek to renew the approval. Any approval granted by the Nevada Commission for such offerings may be rescinded for good cause without prior notice upon the issuance of an interlocutory stop order by the Chair of the Nevada Board.

Changes in control of a Registered Corporation through merger, consolidation, stock or asset acquisitions, management or consulting agreements, or any act or conduct by a person whereby he obtains control, may not occur without the prior approval of the Nevada Commission. Persons seeking to acquire control of a Registered Corporation must satisfy the Nevada Gaming Authorities in a variety of stringent standards prior to assuming control of such Registered Corporation. The Nevada Commission may also require controlling stockholders, officers, directors and other persons having a material relationship or involvement with any entity proposing to acquire control, to be investigated, and be licensed or found suitable as part of the approval process relating to the transaction.

The Nevada legislature has declared that some corporate acquisitions opposed by management, repurchase of voting securities and corporate defense tactics affecting Nevada gaming licensees and Registered Corporations that are affiliated with those licensees, may be injurious to stable and productive corporate gaming. The Nevada Commission has established a regulatory scheme to ameliorate the potentially adverse effects of these business practices upon Nevada's gaming industry and to further Nevada's policy to:

- assure the financial stability of corporate gaming operators and their affiliates;
- preserve the beneficial aspects of conducting business in the corporate form; and
- promote a neutral environment for the orderly governance of corporate affairs.

Approvals are, in certain circumstances, required from the Nevada Commission before a Registered Corporation can make exceptional repurchases of voting securities above the current market price thereof and before a corporate acquisition opposed by management can be consummated. Registered Corporations are also required under the Nevada Gaming Control Act to apply for and obtain the prior approval of the Gaming Commission of any plan of recapitalization proposed by its board of directors in response to a tender offer made directly to its stockholders for the purposes of acquiring control of the Registered Corporation.

License fees and taxes, computed in various ways depending on the type of gaming or activity involved, are payable to the State of Nevada and the City of Reno. Depending upon the particular fee or tax involved, these fees and taxes are payable monthly, quarterly or annually and are based upon:

- a percentage of the gross revenues received;
- the number of gaming devices operated; and
- the number of table games operated.

An excise tax is also paid by casino operations upon the amount of consideration collected in connection with admission to certain indoor or outdoor premises or areas where live entertainment is provided, subject to certain exclusions.

Any person who is licensed, required to be licensed, registered, required to be registered, or is under common control with such persons, which we refer to as Licensees, and who proposes to become involved in a gaming venture outside of Nevada is required to deposit with the Nevada Board, and thereafter maintain, a revolving fund in the amount of $10,000 to pay the expenses of investigation of the Nevada Board of their participation in such foreign gaming. The revolving fund is subject to increase or decrease in the discretion of the Nevada Commission. Thereafter, Licensees are required to comply with certain reporting requirements imposed by the Nevada Act. Licensees are also subject to disciplinary action by the Nevada Commission if they knowingly violate any laws of the foreign jurisdiction pertaining to the foreign gaming operation, fail to conduct the foreign gaming operation in accordance with the standards of honesty and integrity required of Nevada gaming operations, engage in activities that are harmful to the State of Nevada or its ability to collect gaming taxes and fees, or employ a person in the foreign operation who has been denied a license or finding of suitability in Nevada on the ground of personal unsuitability.

The sale of food or alcoholic beverages at our Nevada casinos is subject to licensing, control and regulation by the applicable local authorities. All licenses are revocable and are not transferable. The agencies involved have full power to limit, condition, suspend or revoke any such license, and any such disciplinary action could, and a revocation would, have a significant adverse effect upon the operations of the affected casino or casinos.

Ohio Regulation and Licensing. In the state of Ohio, ERI owns and operates, through MTR and its wholly owned subsidiary, Scioto Downs, Inc. (together with its own wholly owned subsidiaries, "SDI"), the Scioto Downs Racino in Columbus, Ohio. Scioto Downs offers live harness racing, onsite pari-mutuel wagering, and thoroughbred, harness and greyhound race simulcast and wagering (collectively, "Live Racing"), and VLTs.

The operation and management of Scioto Downs are subject to extensive state regulation. Live Racing and VLT gaming are each regulated by statute, regulation and rule. SDI's VLT gaming operations are also regulated by the terms and conditions of SDI's Video Lottery Sales Agent License ("VLT Gaming License") from the Ohio Lottery Commission ("OLC").

Live Racing. The Ohio State Racing Commission ("OSRC"), which is comprised of 5 members appointed by the Governor of the State of Ohio, has regulatory oversight of Live Racing in Ohio. The OSRC establishes the rules and

conditions for Live Racing and the forms of wagering that are permitted, and issues permits for Live Racing. SDI must maintain a permit with OSRC in order to lawfully offer Live Racing. Such permits are issued for one year and are renewable. OSRC shall renew Live Racing permits unless OSRC rejects the application for renewal for good cause.

In connection with obtaining and maintaining its Live Racing permit, SDI must disclose substantial information to OSRC, including the following:

- the names and addresses of all SDI directors and stockholders;
- the dates and locations of race meetings;
- the hours of operation on each racing day;
- a list of names of all required race officials;
- current accurate financial statements of SDI prepared and certified by an independent certified public accountant; and
- other information as OSRC requires.

SDI's Live Racing permit is neither assignable nor transferrable.

OSRC may suspend, diminish or revoke SDI's Live Racing permit in the event that SDI violates the rules or conditions prescribed and promulgated by OSRC.

OSRC has broad authority to regulate Live Racing. OSRC regulation of SDI's Live Racing includes regulating the days and hours that SDI may conduct live harness racing, the number of live races conducted by SDI, the number of days each year that SDI provides simulcast wagering, the races for which SDI may provide simulcast wagering and the equipment and facility requirements for Live Racing.

OSRC has broad powers to investigate, monitor and police Live Racing. OSRC has the right of full and complete entry to any and all parts of the grounds of SDI. OSRC may at any time engage auditors to examine the books and records of SDI. Upon demand from OSRC, SDI must furnish OSRC a full and complete statement of receipts, expenditures, attendance and such other information as OSRC may require.

If OSRC were to suspend, diminish, revoke or refuse to renew SDI's Live Racing permit, SDI would have to stop providing Live Racing and VLT gaming (see below).

Ohio law assesses special taxes on money wagered on Live Racing and sets the limit on the amount of money wagered on Live Racing that SDI may retain. Changes in these laws could have a significant impact on the profitability of SDI's Live Racing business.

Additionally, by rule of OSRC or by agreement between SDI and the horseman's association, a percentage of SDI's VLT Gaming commission shall be paid to OSRC for the benefit of horse breeding and racing in Ohio. Accordingly, pursuant to an agreement with the relevant horseman's association, effective January 1, 2014, 10.5% of SDI's VLT Gaming commission will be paid to OSRC for the benefit of the horseman's association.

SDI employees and other persons ("Live Racing Personnel") involved in providing Live Racing at SDI facilities must have licenses issued by OSRC prior to such employment or involvement. It is SDI's responsibility to have all Racing Personnel fingerprinted before gaining access to SDI's racing premises. OSRC may issue, deny, suspend or revoke licenses to Live Racing Personnel as is in the public interest for the purpose of maintaining a proper control over horse racing. OSRC, as is in the public interest for the purpose of maintaining proper control over horse racing, also may rule any person off SDI's Live Racing premises.

VLT Gaming. VLT gaming is regulated by OLC, which is comprised of 9 members appointed by the Governor of the State of Ohio. The executive officer of OLC is a director ("Ohio Director") who is appointed by the Governor of the State of Ohio. OLC has the authority to promulgate rules under which VLT gaming may be conducted, and issues and oversees VLT gaming licenses.

Under Ohio law, SDI's VLT Gaming License is not transferrable for five years after its initial issuance. Any ownership interest in SDI, directly or indirectly, through the immediate holding company of SDI, that is acquired after the

date that SDI's VLT Gaming License was issued by a person or entity not previously holding an ownership interest in SDI, which would result in such person or entity obtaining control of SDI is considered a "transfer." In this context, "control" means any of the following:

- holding fifty per cent or more of the outstanding voting securities of SDI;
- having the right in the event of dissolution to fifty per cent or more of the assets of SDI; or
- having the contractual power presently to designate fifty percent or more of the directors of SDI.

SDI's VLT Gaming License was issued on or about May 22, 2012. Any strategic transaction involving SDI that constitutes a "transfer" of SDI, within the meaning discussed above, before the fifth anniversary of the issuance of SDI's VLT Gaming License may result in the suspension, modification or revocation of SDI's VLT Gaming License. A suspension or revocation of SDI's VLT Gaming License would necessitate the cessation of SDI's VLT gaming operations.

In order to lawfully conduct VLT Gaming, SDI must maintain a Live Racing permit from OSRC and a VLT Gaming License from OLC. Only the holder of a Live Racing permit from OSRC is authorized to hold a VLT Gaming License.

In order to maintain its VLT Gaming License, SDI is required to keep its VLT Gaming License application updated and complete. Updates may be required because of changes to SDI's ownership (direct or indirect), management or business, or because the Ohio Director updates the application requirements. SDI must annually make application to renew its VLT Gaming License and every three years SDI must resubmit a complete VLT Gaming License application.

The amount of information SDI is required to disclose and keep updated on its VLT Gaming License application is extensive. SDI's VLT Gaming License application includes information about SDI and SDI's Principals (defined below), including, but not limited to:

- information about all holding companies, intermediaries, subsidiaries and affiliates of SDI;
- any criminal charges or convictions of SDI;
- name, address, employer identification number or social security number, date of birth, compensation and any criminal charges or convictions for each of SDI's officers, directors, and shareholders having directly or indirectly an ownership interest of five percent or more in SDI (collectively, "SDI's Principals");
- a description of all bonus, profit sharing, pension, retirement, deferred compensation and similar plans of SDI;
- a description the stock of SDI, and of all holding companies, intermediaries, subsidiaries and affiliates of SDI;
- proof that SDI holds a Live Racing permit;
- a description of all debt of SDI, and of all holding companies, intermediaries, subsidiaries and affiliates of SDI;
- a list of the holders of debt of SDI, and all holding companies, intermediaries, subsidiaries and affiliates of SDI;
- a description of any securities options of SDI and the identification of persons holding such options;
- information regarding the banks, savings and loan associations and other financial institutions of SDI;
- information about all the stock that SDI holds in other entities;
- a description of any civil litigation to which SDI, or any holding company, subsidiary or affiliate of SDI, is or was a party;
- information about any judgment, order, consent decree or consent order pertaining to a violation of federal antitrust, trade regulation or securities laws, or of similar laws of any state province or country, entered against SDI;
- information regarding any bankruptcy or insolvency proceedings of SDI or certain SDI Principals;
- information regarding the licensing history of SDI and SDI Principals;
- information relating to contributions and disbursements of SDI and SDI Principals;
- a business plan for the Scioto Downs Racino;
- SDI's security and surveillance plan;

- consent to background checks for SDI and SDI's Principals;
- a commitment to deliver acceptable forms of credit (e.g., surety bond) and evidence of insurance, meeting the requirements of the Ohio Director;
- a schedule of all fixtures and equipment, upon request of the OLC;
- a commitment to maintain and timely repair video lottery terminals;
- a commitment to purchase or lease video lottery terminals only from technology providers approved by the Ohio Director;
- an agreement to clearly separate between the Live Racing wagering and the VLT gaming areas at the Scioto Downs Racino;
- an agreement to a capital improvement plan in accordance with the Ohio Director's standards and timetable; and
- disclosure of all employees of SDI who earn over $150,000 in annual compensation.

Each time SDI submits additional information of OLC in connection with SDI's VLT Gaming License, the Ohio Director maintains discretion to suspend, revoke or reconsider the application or otherwise modify the conditions of the issuance of SDI's VLT Gaming License. If SDI's VLT Gaming License is suspended, revoked or not renewed, SDI would have to cease its VLT Gaming business.

SDI's VLT Gaming License is subject to suspension, modification, revocation or fines as authorized by statute, rule, regulation, policy order or directive of OLC or the Ohio Director.

The Ohio Director may suspend or revoke SDI's VLT Gaming License in the event that SDI does any of the following:

- fails to meet the requirements and standards for the issuance of a VLT Gaming License;
- fails to pay any required licensing fee;
- fails to maintain any required surety bond, letter of credit, or other form of credit authorized or required by the Ohio Director;
- fails to maintain any insurance required by the Ohio Director;
- makes a fraudulent representation in connection with an application relating to the VLT Gaming License or SDI's conduct;
- fails to promptly and accurately settle the accounts of VLT transactions and/or pay to the OLC the amounts due from VLT sales due the OLC;
- fails to credit or pay a winning VLT participant as required by the OLC's rules, regulations, policies, orders or directives;
- allows an individual under the age of twenty-one to play video lottery games or to be paid a VLT prize payment;
- fails to maintain adequate and sufficient security at SDI's licensed facility;
- offers a VLT game that has not been approved by the director or commission, as applicable;
- maintains, installs or operates devices for the sale of VLT at the facility approved for a VLT Gaming License other than VLT terminals authorized and approved by the Ohio Director;
- fails to purchase, lease, maintain or timely repair the minimum number of VLT terminals as required by the Ohio Director or purchases, leases or maintains an amount of VLT terminals in excess of a maximum number authorized by the lottery act, all rules, terms and conditions, policies, orders and directives adopted, promulgated or issued by the OLC or the Ohio Director;
- fails to comply with the terms and conditions of The Americans with Disabilities Act of 1990;
- fails to provide any required notice or failure to obtain any required approval prior to relocation or transportation of a VLT terminal;

- fails to make capital improvements as required by an OLC rule, regulation, policy, order or directive, and/or fails to meet financial obligations necessary for the continued operation of VLT;
- acts in a manner that impacts or has the likelihood of impacting the efficient operation or integrity of VLT; or
- fails to adhere to all the terms and conditions set forth in SDI's VLT Gaming License.

The Ohio Director may also suspend or revoke SDI's VLT Gaming License if SDI or any SDI Principal is convicted of criminal violations that may negatively impact the integrity of the lottery, or if any of them have experience, character or general fitness that the Ohio Director believes would be inconsistent with the public interest, convenience or trust.

As necessary for reasons related to public safety, convenience or trust which require immediate action, the Ohio Director may order the immediate and indefinite disabling of all or a portion of SDI's VLT Gaming operations and removal of video lottery equipment at SDI's VLT Gaming facility. In the event of such action, the Ohio Director must give SDI a subsequent opportunity for an adjudication hearing.

OLC and the Auditor of the State of Ohio have broad powers under Ohio law to investigate and monitor VLT Gaming operations. They may at any time examine, inspect, test or access for any purposes all records, files, equipment, other documents, video lottery terminals, and hardware and software used in connection with video lottery. SDI must allow inspections of its licensed premises at any time as authorized by the Ohio Director.

Under the terms and conditions of SDI's VLT Gaming License, SDI has also consented to OLC having the power and authority with good cause shown, without notice and without warrant at any time, to do any of the following:

- inspect any video lottery terminals, central monitoring system, or associated equipment and software about, on or around SDI's facilities;
- inspect and examine all premises in which SDI conducts VLT gaming or any authorized video lottery terminals, central monitoring system, or associated equipment and software designed, built, constructed, assembled, manufactured, sold, distributed, or serviced, or in which records of those activities are prepared or maintained;
- seize summarily and remove from SDI's premises and impound, assume physical control of, or disable any video lottery terminals, central monitoring system, or associated equipment and software for the purposes of examination and inspection;
- inspect, examine and audit books, records, and documents concerning SDI's VLT gaming activities, including financial records of parent corporations, subsidiary corporations, affiliate corporations or similar business entities related to SDI's VLT gaming activities; and
- seize, impound, or assume physical control of books, records, ledgers, cash boxes and their contents, a counting room or its equipment, or other physical objects relating to VLT Gaming.

Pursuant to paragraph (A) of rule 3770:2-3-08 of the Ohio Administrative Code and the terms of SDI's VLT Gaming License, OLC will pay SDI a commission in the amount of 66.5% of the video lottery terminal income generated by SDI. "Video lottery terminal income" is defined as credits played, minus approved video lottery terminal promotional gaming credits, minus video lottery prize awards.

A change to these regulations could have a significant impact on the profitability of SDI's VLT Gaming business.

SDI employees involved with VLT gaming are also required to obtain and maintain a license from OLC prior to being involved in video lottery licensed activities. An application for a VLT gaming employee license may be denied if the applicant has been convicted of certain offenses involving moral turpitude, illegal gambling, fraud or misrepresentation.

Pennsylvania Regulation and Licensing. In the State of Pennsylvania, ERI owns and operates, through MTR and its wholly owned subsidiary, Presque Isle Downs, Inc., the Presque Isle Downs & Casino in Erie, Pennsylvania. Presque Isle Downs is subject to rules and regulations promulgated the Pennsylvania Gaming Control Board ("PGCB"), the Pennsylvania Horse Racing Commission and the requirements of other agencies. ERI also operates, through Isle of Capri Casinos, LLC and its wholly owned subsidiary, IOC-PA, LLC ("IOC-PA") a casino facility known as Lady Luck Casino - Nemacolin. IOC-PA entered in to a Management Agreement with Nemacolin Woodlands Resort ("Nemacolin") and Woodlands Fayette, LLC ("Woodlands Fayette") to develop and manage a Category 3 slot license casino at Nemacolin in Fayette County, Pennsylvania. IOC PA is also subject to the rules and regulations of the PGCB.

Pennsylvania Gaming Control Board. The PGCB was created in 2004 by the Pennsylvania Race Horse Development and Gaming Act ("Gaming Act"). The Gaming Act approved slot machine casinos to operate in Pennsylvania under a comprehensive regulatory scheme. In January 2010, the Pennsylvania legislature amended the Gaming Act to permit licensees to operate table games, including poker, blackjack, baccarat, roulette, and craps ("Table Game Amendment.). The most recent amendment to the Gaming Act was of the passage of Act 42 of 2017 (House Bill 271), and signed in to law by the Governor on October 30, 2017 (the Gaming Act, Table Game Amendment and Act 42 shall collectively be referred to as the "Amended Gaming Act"). The Amended Gaming Act expanded gaming in Pennsylvania in a variety of ways, and permits interactive gaming, airport gaming, fantasy sports, and a new category of casino known as a Category 4 slot license to complement the existing Category 1, 2, and 3 slot licenses.

The PGCB consists of seven voting members, three are appointed by the Governor of the Commonwealth of Pennsylvania and one by each of the four legislative caucuses. A supermajority vote consisting of each of the legislative commissioners and at least one gubernatorial commissioner is required for PGCB decisions. The Secretary of Revenue, the Secretary of Agriculture, and the Treasurer of the Commonwealth serve as ex officio members of the PGCB. Generally, the PGCB is mandated to protect the public through the regulation and policing of all activities involving gaming.

Presque Isle Downs. Under the Amended Gaming Act, the PGCB is authorized to issue casino licenses to four categories of operators. Presque Isle Downs is a "Category 1" licensee, which is reserved for owners and operators of horse race tracks. Category 1 licensees are permitted up to 5,000 slot machines and may petition the PGCB for permission to operate up to 250 table games. Presque Isle Downs currently has 1,593 slot machines, 30 table games, 2 electronic table games, and 7 poker tables.

Category 1 licensees, like Presque Isle, are assessed an initial license fee of $50,000,000. The license fee for the Table Games Certificate was $16,500,000, but for any Category 1 or Category 2 licensee licensed after June 1, 2010, the fee is $24,500,000. Under the Amended Gaming Act Licensees also must pay taxes on slot machine "gross terminal revenues" (the difference between wagers and pay-outs) in the following amounts:

- 34% to the Commonwealth of Pennsylvania;
- 2% to the local county in which the gaming facility is located;
- 6% to the Pennsylvania Gaming Economic Development Tourism Fund; and
- 11% to support the horse race industry.

The following tax rates apply to table games and are based on "daily gross table games revenue" (calculated in essentially the same manner as "gross terminal revenue"):

- 14% to the Commonwealth of Pennsylvania on non-electronic table games;
- 34% to the Commonwealth of Pennsylvania on fully electronic table games; and
- 2% to the local municipalities in which the gaming facility is located on all games.

In addition to the above, Category 1, 2, and 3 licensees are required to pay a 1.8% administrative fee on gross gaming revenues that covers the cost of regulation by the PGCB, the State Police, and the Department of Revenue.

Further, under the Amended Gaming Act, Category 1 and Category 2 slot licensees, must pay an annual slot machine supplemental assessment fee of $10 million, which is to be placed into a Casino Marketing and Capital Development Account (CMCD). The Amended Gaming Act then authorizes the PGCB to re-distribute the amounts in the CMCD to certain slot machine licensees based upon their annual revenues. The PGCB distribution is set forth under a formula based on Gross Terminal Revenue. For example, the PGCB is required to distribute $4 million per year to Category 1 and Category 2 casinos that have less than $150 million in gross terminal revenue. The provision sunsets after 10 years or when all Category 1 and Category 2 casinos exceed $200 million in gross terminal revenue. This provision of the Amended Gaming Act is being challenged by Sands Bethworks Gaming LLC as unconstitutional in a lawsuit against the Pennsylvania Department of Revenue and the PGCB in the Supreme Court of Pennsylvania. This lawsuit was filed in December of 2017, and is currently pending.

There is an additional requirement imposed on all Category 1, 2, and 3 casino operators to repay a loan obtained from the Commonwealth of Pennsylvania to cover the initial regulatory start-up costs before any of Pennsylvania's casinos began operations. The repayment amount of $63.8 million is a ten-year requirement assessed against each property's gross terminal

revenue according to a formula established per a pronouncement of the PGCB dated July 11, 2011. The formula averages the property's percentage annual gross terminal revenue of the total from all properties each year with its cumulative percentage of all gross terminal revenue generated since gaming commenced in the Commonwealth of Pennsylvania. The average obtained is applied against the $6.38 million payment to be made each year, the final payment to be due on January 1, 2021. Under the Amended Gaming Act, the legislature enacted a provision to expedite the repayment of a portion ($36.1 million) of the loans provided to the PGCB, the Department of Revenue, and the State Police to cover their initial costs of start-up and operation. Under the new formula, each Category 1, Category 2, and Category 3 licensed facility must pay a pro rata share of the $36.1 million by June 30, 2019. The PGCB has set a payment schedule calling for payments by licensees on a quarterly basis until June 30, 2019. The quarterly payment due from Presque Isle Downs starting January 2018, is $247,247. The quarterly payment due from IOC PA under its agreement with Woodlands Fayette starting January 2018, is $66,601.

Any person who acquires beneficial ownership of 5% or more of the publicly traded voting securities of the licensee or an entity that controls the licensee will be required to apply to the PGCB for licensure, obtain licensure and remain licensed. Licensure requires, among other things, that the applicant establish by clear and convincing evidence the applicant's good character, honesty and integrity. Additionally, any trust that holds 5% or more of the voting securities of a licensee or any entity that controls the licensee is required to be licensed by the PGCB and each individual who is a grantor, trustee or beneficiary of the trust is also required to be licensed by the PGCB. Under certain circumstances and under the regulations of the PGCB, an "institutional investor" as defined under the regulations of the PGCB, which acquires beneficial ownership of 5% or more, but less than 10%, of the voting securities of a licensee or of any entity that controls the licensee, may be waived from licensure by the PGCB provided the institutional investor files an Institutional Notice of Ownership Form with the PGCB Bureau of Licensing and has filed, and remains eligible to file, a statement of beneficial ownership on Schedule 13G with the SEC as a result of this ownership interest. In addition, any beneficial owner of our voting securities, regardless of the number of shares beneficially owned, may be required at the discretion of the PGCB to file an application for licensure.

In the event a security holder is required to be found qualified and is not found qualified, the security holder may be required by the PGCB to divest its interest at a price not exceeding the value of the interest. Key employees, gaming related vendors, suppliers, slot machine manufacturers and management companies are also required to be licensed. The PGCB reserves the right to require any investor or person associated with a licensee to be licensed. Licensees are prohibited from making any political contributions to Pennsylvania candidates or Pennsylvania political parties under the Amended Gaming Act.

The Amended Gaming Act also requires that a slot machine licensee shall notify the PGCB and receive the PGCB's consent prior to any "change in control" of the slot machine licensee. A change in control is defined as the acquisition by a person or group of persons acting in concert of more than twenty percent of the slot machine licensee's securities or other ownership interests or the purchaser of the assets, other than in the ordinary course of business, of any slot machine licensee. The person or entity purchasing the assets which results in a change of control is required to: (1) independently qualify for a license in accordance with the licensing requirements of the Amended Gaming Act and (2) for a Category 1 or Category 2 slot licensee pay a license fee of up to $50,000,000. The Amended Gaming Act provides that the PGCB may in its discretion reduce, but not eliminate the requirement that a license fee of $50,000,000 be paid. On December 18, 2007, the PGCB approved a presumptive fee for a change of control of $2.5 million, unless special circumstances would dictate otherwise. The guidance from 2007 is discretionary and the PGCB may modify this fee as it deems appropriate. The PGCB may provide up to 120 days for any person who is required to apply for a license and who is found not qualified to completely divest the person's ownership interest.

Pennsylvania State Horse Racing Commission. Under the Race Horse Industry Reform Act and Act 7 (collectively the "Racing Act"), the Pennsylvania State Horse Racing Commission ("Racing Commission") is mandated to supervise thoroughbred horse race meetings, and standardbred horse race meetings in Pennsylvania at which pari-mutuel betting is conducted. The Racing Commission is also charged with licensing operators of thoroughbred horse race tracks and other persons involved in the thoroughbred horse race industry in Pennsylvania. The Racing Act authorizes the Racing Commission to issue up to six operator licenses for thoroughbred racing tracks and up to five licenses to operate harness racing tracks.

The Racing Act and regulations promulgated by the Racing Commission provide detailed regulations relating to such things as licensing, wagering, simulcasting, sale of liquor, maintenance of grounds and facilities, and operation of races. The Racing Act provides that persons and/or entities that operate racing facilities must be licensed, including owners, trainers, jockeys, veterinarians, and all track employees. The Racing Commission is prohibited from issuing a license to any owner, officer, director or manager of the applicant who has been convicted of:

(i) A felony in any jurisdiction.

(ii) A misdemeanor gambling offense in any jurisdiction, unless 15 years has elapsed from the date of conviction.

(iii) Fraud or misrepresentation in any jurisdiction related to horse racing or horse breeding, unless 15 years has elapsed from the date of conviction.

(iv) An offense relating to cruelty to animals.

(v) An offense related to fixing or rigging horse races.

Prospective licensees are required to file an application on forms prescribed by the Racing Commission, agree to be fingerprinted as required by the Racing Commission, and agree to full disclosure and investigation of criminal and employment records. The Racing Commission also requires payment of application fees and licensing fees for each person and entity licensed. A licensed racing entity may not transfer a license without the approval of the PA Racing Commission. A "transfer" is defined as a sale, transfer or exchange of stock or the creation of a beneficial, legal or equitable interest therein.

As a matter of practice, the Racing Commission typically requires applications to be filed by entities and individuals that are also required to file applications and be licensed with the PGCB under the Gaming Act. Additionally, the PA Racing Commission typically does not conduct its own background investigation into applicants if the PGCB is conducting background investigations regarding those applicants. Rather, the Racing Commission will consult with, and consider the investigation conducted by the PGCB when deciding whether to grant a license.

As the holder of a Category 1 license, Presque Isle Downs has the obligation to create a fund to be used for the capital improvements and maintenance of the backside area of its racetrack with an amount of not less than $250,000 or more than $1.0 million annually for a five-year period beginning in 2017.

Lady Luck Casino – Nemacolin. IOC-PA operates under a Management Company License issued by the PGCB and is party to a management agreement with Woodlands Fayette which permits it to manage and operate the Category 3 slot license casino at Nemacolin Resort in Fayette County, Pennsylvania. In April 2011, Woodlands Fayette was awarded the Category 3 license after a competitive process and on August 20, 2012, the Pennsylvania Supreme Court affirmed the award. On January 9, 2013, the PGCB approved IOC-PA as the manager of Lady Luck Casino Nemacolin, and approved the Management Agreement with Nemacolin and Woodlands Fayette. In addition, a table game operation certificate was awarded on February 20, 2013. All final regulatory approvals were received and the casino opened on July 1, 2013. IOC PA currently operates 600 slot machines and 27 table games.

The license fee for a Category 3 slot machine license is $5 million. The license fee for a Category 3 table game operation certificate was $7.5 million for a petition submitted on or before June 1, 2010 and $11.25 million thereafter. The current license fee for a Category 3 Management Company license is $250,000. Under the Amended Act, the licenses to be issued to slot machine licensees and management companies are valid for five years from the date the license or renewal is approved by the PGCB.

Any amendments to the management agreement between IOC PA and Woodlands Fayette must be submitted to the PGCB 30 days prior to the effective date of the proposed amendment and shall not become effective until the PGCB has reviewed and approved the terms and conditions thereof. As the management company, IOC-PA, may be jointly and severally liable for any act or omission by Woodlands Fayette as the slot machine licensee for any violation of the Amended Gaming Act or the regulations, regardless of actual knowledge by IOC-PA of the act or omission.

Unlike the Category 1 and 2 licensed facilities which are open to the general public, the holder of a Category 3 license may only permit entry into the gaming area of the facility by the following:

(1) A registered overnight guest of the resort.

(2) A patron of one or more of the amenities of the resort. A patron of an amenity is any individual who is a registered attendee of a convention, meeting or banquet event or participant in a sport or recreational event or any other social, cultural or business event held at a resort hotel or who participates in one or more of the amenities provided to registered guests of the hotel in return for non-de minimis consideration, currently defined by the PGCB as $10.00. A patron of an amenity at the resort may be permitted unlimited access to the gaming floor for one 24 hour period within 72 hours of use of the amenity.

(3) An authorized employee of the licensee or gaming service provider, of the PGCB or any regulatory, emergency response or law enforcement agency while engaged in the performance of the employee's duties.

(4) An individual holding a valid membership approved by the PGCB or a guest of such individual. The PGCB may approve seasonal or year-round memberships that allow an individual to use one or more of the amenities provided by the resort, based upon the duration of the membership, the amenity covered by the membership and whether the fee charged represents the fair market value for the use of the amenity.

Under the Amended Gaming Act, a Category 3 licensee may eliminate the above entry requirements to the gaming floor upon payment of a one-time fee of $1 million. In addition, a Category 3 slot licensee may petition the PGCB to add up to 250 additional slot machines for a payment of $2.5 million.

The gaming tax structure for a Category 3 slot licensee is the same as the Category 1 slot licensee structure, however the Category 3 slot licensee is not required to pay the annual slot machine supplemental assessment fee for the CMCD. Consistent with the requirements for a Category 1 slot licensee noted above, under a Management Company license certain persons affiliated with IOC-PA, including ERI's directors, key employees, and any person who acquires a 5% or greater beneficial interest of our voting securities, will be required to apply to the PGCB for licensure, obtain licensure and remain licensed. The same licensing and suitability standards that apply to a Category 1 license holder apply to a Management Company licensee.

Similar to the requirements for change of control imposed on Category 1 licensees, a Management Company licensee must notify the PGCB immediately upon becoming aware of any proposed or contemplated change in the ownership of ERI or IOC-PA by a person or a group of persons acting in concert which involves any of the following:

(1) more than 5% percent of our securities or other ownership interest;

(2) more than 5% of the securities or other ownership interests of a corporation or other form of business entity that owns, directly or indirectly, at least 20% of our voting or other securities or ownership interests;

(3) the sale, other than the normal course of business, of ERI's or IOC-PA's assets; and

(4) other transactions or occurrences deemed by the PGCB to be relevant to license qualification.

PGCB approval is required prior to the completion of any proposed change of ownership that meets the above criteria. There is no change of control fee associated with the change of control of a Management Company. Upon a change of control of the Category 3 license holder, Woodlands Fayette, the acquirer of the ownership interest would be required to qualify for licensure and pay a new license fee of $5 million. The PGCB retains the discretion to eliminate the need for qualification of certain persons and entities and the discretion to modify the license fee required upon a change of control.

Both IOC-PA, and Presque Isle Downs are required to notify the PGCB of any proposed appointment, appointment, proposed nomination, nomination, election, hiring, tender of resignation, resignation, removal, firing, incapacitation or death of any person required to be licensed as a principal or key employee under the PA Gaming Law or the regulations promulgated thereunder. IOC-PA and Presque Isle Downs are also required to notify the PGCB as soon as they become aware that either entity intends to enter into a transaction which may result in any new financial backers.

It is the continuing duty of all holders of licenses, permits, certifications or registrations to fully cooperate with the PGCB in the conduct of any inquiry or investigation and to provide supplementary information requested by the PGCB. The PGCB has broad authority to sanction, fine, suspend and revoke a license for violations of the Amended Gaming Act and regulations of the PGCB.

Category 3 slot machine operators in Pennsylvania are also required to reimburse the PGCB, Pennsylvania State Police, the Department of Revenue of the Commonwealth and the Office of the Attorney General for the costs and expenses as well as for the repayment of loans associated with carrying out its responsibilities under the Amended Gaming Act.

Under the Amended Gaming Act, Category 1, 2, and 3 licensees are permitted to obtain an Interactive Gaming Certificate to operate online gaming in Pennsylvania upon meeting the requirements set forth by the PGCB. These standards

and regulations are still being formulated, and are anticipated to result in online gaming in the upcoming year. Further, the PGCB has been authorized to auction and issue up to 10 Category 4 slot machine licenses to eligible existing slot machine licensees and other authorized gaming entities. A Category 4 license entitles the holder to develop and operate a slot machine facility with up to 750 slot machines, and up to 30 table games upon payment of the minimum fee of $7,500,000 for slots, and $2,500,000 for table games. A Category 4 license facility may not be located within 25 miles of another licensed casino, but may be within 25 miles of the winning bidder's licensed casino. An existing casino licensee may only receive one Category 4 license. The tax structure for Category 4 licensees is 14% on table games, plus 2% to the local share for the community, and on slots it is 50% plus 4% to the local share for the community. The PGCB has begun the process of auctioning sites for Category 4 facilities, but the precise number and location of these facilities is still being determined.

West Virginia Regulation and Licensing. In the State of West Virginia, ERI owns and operates, through MTR and its wholly owned subsidiary, Mountaineer Park, Inc., Mountaineer Casino, Racetrack & Resort in Chester, West Virginia, which offers live thoroughbred racing with pari-mutuel wagering, simulcast racing with pari-mutuel wagering, televised racing with pari-mutuel wagering, racetrack video lottery games and lottery racetrack table games. The operation and management of Mountaineer are subject to extensive regulation by the West Virginia Racing Commission (the "WV Racing Commission") and the West Virginia Lottery Commission (the "WVLC"). The racing and pari-mutuel wagering activities are licensed and regulated by the WV Racing Commission. Racetrack video lottery games and lottery racetrack table games are licensed and regulated by the WVLC. Holding a valid racing license is required in order to be issued and hold a racetrack video lottery license and a lottery racetrack table games license cannot be issued unless the applicant for the license holds a racetrack video lottery license.

Horse Racing and Pari-Mutuel Wagering. The WV Racing Commission, which is comprised of three members appointed by the Governor of West Virginia, regulates live racing, simulcast racing, televised racing and pari-mutuel wagering. Racing and pari-mutuel wagering are governed by the applicable West Virginia statutes and legislative rules promulgated by the WV Racing Commission. Mountaineer is licensed by the WV Racing Commission, which license is renewed annually unless the WV Racing Commission rejects the application for renewal for good cause. The licensee pays an annual license tax as well as daily license taxes and pari-mutuel wagering taxes to the WV Racing Commission. The racing statutes including the taxes are subject to change by the West Virginia legislature. The legislative rules promulgated by the WV Racing Commission are subject to amendment by the WV Racing Commission, but changes to the rules need to be approved by the West Virginia legislature. Licenses are not transferable.

As part of its application for renewal of its license, Mountaineer must disclose substantial information to the WV Racing Commission and notify the WV Racing Commission of changes in material information during the license year. This information includes the following:

- the names and addresses of all Mountaineer directors and stockholders;
- the names and addresses of key employees of Mountaineer;
- the dates and locations of race meetings;
- the hours of operation on each race day;
- a list of names of all required race officials;
- a current and accurate financial statement of Mountaineer certified by an independent certified public accountant; and
- any other information required by the WV Racing Commission.

Employees of Mountaineer engaged in racing and/or pari-mutuel wagering must have permits issued by the WV Racing Commission before they engage in employment in a racing or pari-mutuel wagering occupation. The WV Racing Commission charges each applicant for a permit, or for renewal of a permit, a permit fee that may be paid by the licensee.

The WV Racing Commission may suspend, revoke or not renew licenses and permits in the event the licensee or permit holder violates the racing statutes or rules promulgated by the WV Racing Commission.

The WV Racing Commission may require fingerprints and background checks from all applicants for a permit as well as from officers, board members and key employees of Mountaineer.

The WV Racing Commission approves live racing days as well as simulcast and televised racing. The WV Racing Commission has broad powers to investigate, monitor and oversee all aspects of racing and pari-mutuel wagering. The WV Racing Commission and its personnel have the right of access to any and all parts of the grounds of Mountaineer, and the WV Racing Commission may audit or examine the books and records of Mountaineer.

If the WV Racing Commission were to suspend, revoke or not renew Mountaineer's racing license, Mountaineer would have to stop offering racetrack video lottery games for play and stop offering lottery racetrack table games.

West Virginia levies various taxes and fees on racing and pari-mutuel wagering activities, imposes limits on the commissions Mountaineer may receive from these activities and specifies how some portions of these commissions must be expended by the licensee. Changes in these laws could have a significant impact on the profitability of Mountaineer.

Racetrack Video Lottery. Racetrack video lottery is regulated by the WVLC, which is comprised of seven members appointed by the Governor of West Virginia including the executive director of the WVLC (the "WV Executive Director"). The WVLC has promulgated rules approved by the West Virginia legislature under which racetrack video lottery games are played and conducted.

Under West Virginia law, Mountaineer's racetrack video lottery license is not transferrable. Additionally, the transfer of more than five percent of the equity interest, or voting interest, in Mountaineer or any other licensee must be approved by the WVLC before the transfer is finalized.

In order to lawfully conduct racetrack video lottery, Mountaineer must maintain its racing license issued by the WV Racing Commission as well as it racetrack video lottery license. Only the holder of a racing license is authorized to hold a racetrack video lottery license. In applying for a video lottery license, Mountaineer must present WVLC evidence of agreements, regarding the proceeds from video lottery terminals, between Mountaineer and the representative of a majority of the horse owners and trainers, the representative of a majority of the pari-mutuel clerks, and the representative of a majority of the breeders at the racetrack.

In order to maintain its racetrack video lottery license, Mountaineer is required to inform the WVLC when information provided in its last renewal application changes. Updating may be required because of changes in Mountaineer's direct or indirect ownership, changes in management including members of the board of directors or changes in key personnel. Mountaineer must also request commission approval of any change in financing or lease arrangements at least thirty days before the effective date of the change. Mountaineer must annually apply to renew its race track video lottery license. This information includes but is not limited to:

- information about all holding companies, intermediaries, subsidiaries and affiliates of Mountaineer;
- any criminal charges or convictions of Mountaineer and employees engaged in gaming related activity;
- name, address, employer identification number or social security number, date of birth, compensation, any criminal charges or convictions and fingerprints for each of Mountaineer's officers and directors as well as key employees having the ability to control or influence gaming activity. This requirement extends to officers, directors and key employees of a parent corporation;
- a description of the stock of Mountaineer, and of all holding companies, intermediaries, subsidiaries and affiliates of Mountaineer;
- proof that Mountaineer holds a racing license issued by the WV Racing Commission;
- audited financial statements for Mountaineer and for any parent or holding company;
- information about all of the stock or equity interests Mountaineer holds in other entities;
- a description of any civil litigation to which Mountaineer, or any holding company, subsidiary or affiliate of Mountaineer, is or was a party;
- information about any judgment, order or consent order pertaining to a violation of federal antitrust, trade regulation or securities laws, or of similar laws of any state, province or country, entered against Mountaineer or any holding company of Mountaineer;
- information regarding any bankruptcy or insolvency proceedings of Mountaineer or any director, officer or key employee of Mountaineer or of any parent corporation or other holding company;

- information regarding the licensing history of Mountaineer, any director, officer or key employee of Mountaineer or of any parent or other holding company;
- Mountaineer's security and surveillance plan;
- consent to background checks for Mountaineer officers, directors and key employees and similar personnel of any parent corporation or holding company having directly or indirectly the power to control or influence gaming decisions by Mountaineer or any of its employees, which includes furnishing fingerprints;
- a commitment to deliver acceptable forms of credit (e.g., surety bond) and evidence of insurance, meeting the requirements of the WVLC;
- a commitment to purchase only authorized video lottery terminals and to maintain and timely repair such terminals using authorized technicians and parts;
- a commitment to acquire video lottery terminals only from technology providers approved by the WVLC; and
- any other information or agreement the WVLC may require.

Each time Mountaineer submits additional information to the WVLC in connection with Mountaineer's racetrack video lottery license, or fails to timely submit such information, the WVLC and the WV Executive Director have discretion to suspend, revoke or reconsider the application for Mountaineer's racetrack video lottery license. If the racetrack video lottery license is suspended, revoked or not renewed, Mountaineer would have to cease operation of its racetrack video lottery games, as well as its lottery racetrack table games.

Mountaineer's racetrack video lottery license is subject to suspension, revocation or nonrenewal as provided for in the racetrack video lottery statutes and rules of the WVLC. Civil money penalties and criminal penalties may be imposed for certain violations of the lottery statutes and rules of the WVLC.

The racetrack video lottery license may be suspended or revoked or not renewed in the event Mountaineer does any of the following:

- fails to comply with West Virginia's racetrack video lottery statutes;
- fails to comply with the rules, terms and conditions, policies, orders and directives of the WVLC or of the WV Executive Director;
- fails to maintain any required surety bond, insurance, or insurance coverage required by the WVLC;
- makes a false or fraudulent statement or representation in connection with its application for renewal of its racetrack video lottery license or in any other document reasonably required by the WVLC or the WV Executive Director;
- fails to promptly and accurately settle accounts of racetrack video lottery transactions and pay the WVLC amounts due to the WVLC from racetrack video lottery transactions;
- fails to credit or pay a winning racetrack video lottery participant;
- allows an underage person to play racetrack video lottery games, or pays an underage person a video lottery prize payment;
- fails to maintain adequate and sufficient security;
- offers a video lottery game that has not been approved by the WV Executive Director or the WVLC;
- allows a video lottery terminal to be repaired by an unauthorized person;
- uses a video lottery terminal that has not been authorized and approved by the WV Executive Director;
- fails to comply with the Americans with Disabilities Act of 1990;
- fails to provide required notice or to obtain required approval prior to relocating or transporting a video lottery terminal;
- fails to make capital improvements as required by the WVLC by rule, policy, order or directive;
- fails to meet financial obligations necessary for the continued operation of racetrack video lottery;

- acts in a manner that impacts or has the likelihood of impacting the efficient operation or integrity of video lottery; or
- fails to adhere to any terms and conditions set forth in the order of the WVLC approving Mountaineer's application for a license or for renewal thereof.

The WV Executive Director or the WVLC may also suspend or revoke Mountaineers racetrack video lottery license if Mountaineer or any officer or director or any employee engaged in gaming activity, or any officer or director or key employee of any parent corporation or holding company is convicted of criminal violations that may negatively impact the integrity of the lottery, or if any of them have experience, character or general fitness that the WV Executive Director believes would be inconsistent with the public interest, convenience or trust.

As necessary for reasons related to public safety, convenience or trust which require immediate action, the WV Executive Director may order the immediate and indefinite disabling of all or a portion of Mountaineer's racetrack video lottery terminals in accordance with rules of the WVLC.

The WVLC and the WV Executive Director have broad powers under the racetrack video lottery statutes to investigate and monitor racetrack video lottery operations. All racetrack video lottery terminals in operation for play must be connected to the WVLC's computer system. The WV Executive Director and employees of the Commission may at any time examine, inspect, test or access for any purposes all records, files, equipment, other documents, video lottery terminals, and hardware and software used in connection with video lottery. Mountaineer must allow inspections of its licensed premises at any time as authorized by the WV Executive Director.

The WVLC also has the power and authority, for good cause and without notice or a warrant, at any time, to do any of the following:

- inspect any racetrack video lottery terminals, central monitoring system, or associated equipment and software about, on or around Mountaineer's facilities;
- inspect and examine all premises in which Mountaineer conducts racetrack video lottery gaming or has any authorized video lottery terminals, central monitoring system, or associated equipment and software designed, built, constructed, assembled, manufactured, sold, distributed, or serviced, or in which records of those activities are prepared or maintained;
- seize summarily and remove from Mountaineer's premises and impound, assume physical control of, or disable any video lottery terminals, central monitoring system, or associated equipment and software for the purposes of examination and inspection;
- inspect, examine and audit books, records, and documents concerning Mountaineer's racetrack video lottery gaming activities, including financial records of parent corporations, subsidiary corporations, affiliate corporations or similar business entities related to Mountaineer's racetrack video lottery gaming activities; and
- seize, impound, or assume physical control of books, records, ledgers, cash boxes and their contents, a counting room or its equipment, or other physical objects relating to racetrack video lottery gaming.

Pursuant to the racetrack video lottery statues, Mountaineer receives a commission equal to 46.5% of the net terminal income from the play of racetrack video lottery games. "Net terminal income" is generally defined as credits played less video lottery prize winnings, less an amount deducted by the WVLC to reimburse the WVLC for its actual costs for administering racetrack video lottery at the licensed racetrack.

Additionally, the West Virginia Legislature has established a fund for modernization of racetrack video lottery terminals into which the WVLC annually deposits a portion of the amount it retains for administration of racetrack video lottery games. An account is established for Mountaineer and for each of the other racetracks. Mountaineer may draw annually from its account matching dollars to help pay the expense of upgrading and modernizing its racetrack video lottery terminals. For every two dollars a licensee spends on certain equipment, it is authorized to receive one dollar in recoupment from the fund. In the event there remains a balance unspent by a licensee at the end of the year, that amount may be carried forward for one year, after which such amount reverts to the West Virginia State Lottery Fund. The West Virginia Licensed Racetrack Modernization Fund is currently authorized to be funded through the fiscal year ending June 30, 2020.

A change to these statutes could have a significant impact on the profitability of Mountaineer's racetrack video lottery gaming business and revenues.

Mountaineer employees involved with racetrack video lottery gaming are also required to obtain and maintain a license from the WVLC prior to being involved in racetrack video lottery gaming. An application for a racetrack video lottery gaming employee license may be denied if the applicant has been convicted of certain offenses involving moral turpitude, illegal gambling, fraud or misrepresentation or if the person is not qualified for the position for which the application for a license is submitted.

Lottery Racetrack Table Games. Lottery racetrack table games are regulated by the WVLC. The WVLC has promulgated rules approved by the West Virginia legislature under which lottery racetrack table games are played.

Under West Virginia law, Mountaineer's lottery racetrack table games license is not transferrable. Additionally, the transfer of more than five percent of the equity interest or voting interest in Mountaineer or any parent corporation or holding company must be approved by the WVLC before the transfer is finalized.

In order to lawfully conduct lottery racetrack table games, Mountaineer must maintain its racing license issued by the WV Racing Commission and its racetrack video lottery license issued by the WVLC as well as its lottery table games license. Only the holder of a racing license and a racetrack video lottery license is authorized to hold a lottery racetrack table games license.

In order to maintain its lottery racetrack table games license, Mountaineer is required to inform the WVLC when information provided in its last renewal application changes. Updating may be required because of changes in Mountaineer's direct or indirect ownership, changes in management including members of the board of directors or changes in key personnel. Mountaineer must also request commission approval of any change in financing or lease arrangements at least thirty days before the effective date of the change. Mountaineer must annually apply to renew its lottery racetrack table games license. The information required for this license is similar to that previously discussed for renewal of a racetrack video lottery license.

Each time Mountaineer submits additional information to the WVLC in connection with Mountaineer's lottery racetrack table games license, or fails to timely submit such information, the WVLC and the WV Executive Director have discretion to suspend, revoke or reconsider Mountaineers lottery racetrack table games license.

Mountaineer's lottery racetrack table games license is subject to suspension, revocation or nonrenewal as provided for in the lottery racetrack table games statutes and rules of the WVLC. Civil money penalties and criminal penalties may be imposed for certain violations of the lottery statutes and rules of the WVLC.

The lottery racetrack table games license may be suspended or revoked or not renewed for the same reasons previously discussed for suspension, revocation or nonrenewal of a racetrack video lottery license.

The WV Executive Director or the WVLC may also suspend or revoke Mountaineers lottery racetrack table games license if Mountaineer or any officer or director or any employee engaged in gaming activity, or any officer or director or key employee of any parent corporation or holding company is convicted of criminal violations that may negatively impact the integrity of the West Virginia Lottery, or if any of them have experience, character or general fitness that the WV Executive Director believes would be inconsistent with the public interest, convenience or trust.

The WVLC and the WV Executive Director have broad powers under the lottery racetrack table game statutes to investigate and monitor racetrack table game operations. The WV Executive Director and employees of the WVLC may at any time examine, inspect, test or access for any purposes all records, files, equipment, and other documents used in connection with lottery racetrack tables games operation and play. Mountaineer must allow inspections of its licensed premises at any time as authorized by the WV Executive Director.

The WVLC also has the power and authority, for good cause and without notice or a warrant, to at any time, to do any of the following:

- inspect any racetrack table games or related equipment on or around Mountaineer's facilities;
- inspect and examine all premises in which Mountaineer conducts lottery racetrack table games or stores related equipment;
- seize summarily and remove from Mountaineer's premises and impound, assume physical control of, any lottery racetrack table games or associated equipment for the purposes of examination and inspection;

- inspect, examine and audit books, records, and documents concerning Mountaineers lottery racetrack table games activities, including financial records of parent corporations, subsidiary corporations, affiliate corporations or similar business entities related to Mountaineers racetrack lottery table gaming activities; and
- seize, impound, or assume physical control of books, records, ledgers, cash boxes and their contents, a counting room or its equipment, or other physical objects relating to lottery racetrack table gaming activity.

Pursuant to the lottery racetrack table games statute, Mountaineer must annually pay to the WVLC a lottery racetrack table games license fee of $2.5 million that is due when the application for renewal is filed with the WVLC. Additionally, Mountaineer pays a weekly tax equal to 35% of the adjusted gross receipts from table game activity during the preceding week.

A change to these statutes could have a significant impact on the profitability of Mountaineer's lottery racetrack table game gaming business and revenues.

Mountaineer employees involved with lottery racetrack table games are also required to obtain and maintain a license from the WVLC prior to being involved in racetrack table gaming activity. An application for a racetrack video lottery gaming employee license may be denied if the applicant has been convicted of certain offenses involving moral turpitude, illegal gambling, fraud or misrepresentation or if the person is not qualified for the position for which the application for a license is submitted.