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

FORM 8-K/A
(Amendment No. 1)

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 7, 2018

Eldorado Resorts, Inc.
(Exact name of registrant as specified in its charter)

Nevada	001-36629	47-3657681
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

100 West Liberty Street, Suite 1150 Reno, NV	89501
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (775) 328-0100

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company ☐

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

Explanatory Note

On August 7, 2018, Eldorado Resorts, Inc., a Nevada corporation (the "Company"), filed a Current Report on Form 8-K (the "Original 8-K") to report the completion of its previously announced acquisition outstanding partnership interests of Elgin Riverboat Resort – Riverboat Casino d/b/a Grand Victoria Casino, an Illinois partnership ("Elgin"), the owner of Grand Victoria Casino, located in Elgin, Illinois (the "Acquisition"). The Acquisition was made pursuant to the Interest Purchase Agreement, dated as of April 15, 2018, by and among the Company, Elgin Holdings I LLC, a Delaware limited liability company and a direct wholly owned subsidiary of the Company, Elgin Holdings II LLC, a Delaware limited liability company and an indirect wholly owned subsidiary of the Company, MGM Elgin Sub, Inc., a Nevada corporation, Illinois RBG, L.L.C., a Delaware limited liability company and Elgin. The Company is filing this amendment on Form 8-K/A, to (i) amend the Original 8-K, to include the financial information required by Item 9.01(a) and Item 9.01(b) of Form 8-K that was not included in the Original 8-K and (ii) file a consent of independent auditors as an exhibit to the Original 8-K. No other changes have been made to the Original 8-K.

Item 9.01 Financial Statements and Exhibits.

(a) Financial Statements of businesses acquired

The audited financial statements as of December 31, 2017 and 2016 and for the three years in the period ended December 31, 2017 and the unaudited financial statements as of June 30, 2018 and for the six month periods ended June 30, 2018 and 2017 are attached hereto as Exhibit 99.2

(b) Pro forma financial information

The selected unaudited pro forma condensed combined financial data for the year ended December 31, 2017 and as of and for the six months ended June 30, 2018 are attached hereto as Exhibit 99.3.

(d) Exhibits

The following exhibits are filed with this report:

Exhibit No.	Description
23.1	Consent of Deloitte & Touche LLP (as filed herewith).
99.2	Audited financial statements as of December 31, 2017 and 2016 and for the three years in the period ended December 31, 2017 and the unaudited financial statements as of June 30, 2018 and for the six month periods ended June 30, 2018 and 2017.
99.3	Selected unaudited pro forma condensed combined financial data for the year ended December 31, 2017 and as of and for the six months ended June 30, 2018.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ELDORADO RESORTS, INC.,
a Nevada corporation

Date: September 5, 2018

By: /s/ Gary L. Carano
Name: Gary L. Carano
Title: Chief Executive Officer

Exhibit 23.1

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in Registration Statement No.'s (333-218775 and 333-220412) on Form S-3 and Registration Statement No's (333-198830 and 333-203227) on Form S-8 of Eldorado Resorts, Inc. of our report dated February 13, 2018, relating to the financial statements of Elgin Riverboat Resort-Riverboat Casino (d/b/a Grand Victoria Casino) as of December 31, 2017 and 2016 and for the three years in the period ended December 31, 2017, appearing in this Current Report on Form 8-K/A of Eldorado Resorts, Inc. dated September 5, 2018.

/s/ DELOITTE & TOUCHE LLP
Indianapolis, Indiana
September 5, 2018

Elgin Riverboat Resort—Riverboat Casino

Financial Statements as of December 31, 2017 and 2016 and for the Three Years in the Period Ended December 31, 2017, and Independent Auditors' Report

ELGIN RIVERBOAT RESORT—RIVERBOAT CASINO

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INDEPENDENT AUDITORS' REPORT

To the Partners of the
Elgin Riverboat Resort—Riverboat Casino
Elgin, Illinois

We have audited the accompanying financial statements of Elgin Riverboat Resort—Riverboat Casino (the "Joint Venture"), which comprise the balance sheets as of December 31, 2017 and 2016, and the related statements of income, partners' equity, and cash flows for the three years in the period ended December 31, 2017, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Joint Venture's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Joint Venture's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Elgin Riverboat Resort—Riverboat Casino as of December 31, 2017 and 2016, and the results of its operations and its cash flows for the three years in the period ended December 31, 2017 in accordance with accounting principles generally accepted in the United States of America.

/s/ DELOITTE & TOUCHE LLP

Indianapolis, Indiana

February 13, 2018

ELGIN RIVERBOAT RESORT—RIVERBOAT CASINO

BALANCE SHEETS
AS OF DECEMBER 31, 2017 AND 2016

	2017	2016
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$27,963,886	$27,817,301
Accounts receivable—net of allowance for doubtful accounts of $15,000 and $10,000, respectively	17,300	11,500
Inventories	258,541	249,587
Prepaid expenses	876,361	890,259
Total current assets	29,116,088	28,968,647
PROPERTY AND EQUIPMENT—Net	37,824,681	37,783,528
OTHER ASSETS	1,106,901	815,471
TOTAL	$68,047,670	$67,567,646
LIABILITIES AND PARTNERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 1,485,540	$ 2,547,861
Accrued liabilities	15,979,827	16,238,566
Due to affiliates	126,293	125,710
Total current liabilities	17,591,660	18,912,137
OTHER LIABILITIES	1,013,920	727,491
Total liabilities	18,605,580	19,639,628
COMMITMENTS AND CONTINGENCIES (Note 5 and 6)		
PARTNERS' EQUITY	49,442,090	47,928,018
TOTAL	$68,047,670	$67,567,646

See notes to financial statements.

ELGIN RIVERBOAT RESORT—RIVERBOAT CASINO

STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2017, 2016 AND 2015

	2017	2016	2015
REVENUES:			
Casino	$156,971,760	$153,286,887	$161,788,497
Food and beverage	12,522,053	12,761,669	13,349,104
Admissions and other	6,391,097	6,231,450	7,375,416
Total revenues	175,884,910	172,280,006	182,513,017
Less casino promotional allowances	(11,775,461)	(11,777,098)	(12,695,760)
Revenues—net	164,109,449	160,502,908	169,817,257
OPERATING EXPENSES:			
Casino	89,614,688	86,930,730	91,617,079
Food and beverage	4,499,429	4,400,335	4,532,953
General and administrative	11,436,103	10,205,071	10,715,562
Charitable donations	7,449,357	7,186,157	8,596,141
Depreciation and amortization	7,103,894	6,647,814	7,041,841
Preferred distribution	1,684,312	1,636,342	1,715,020
Other operating expenses	14,709,480	13,466,621	15,124,859
Total operating expenses	136,497,263	130,473,070	139,343,455
OPERATING INCOME	27,612,186	30,029,838	30,473,802
OTHER INCOME—Net	1,886	639,168	1,644
NET INCOME	$ 27,614,072	$ 30,669,006	$ 30,475,446

See notes to financial statements.

ELGIN RIVERBOAT RESORT—RIVERBOAT CASINO

STATEMENTS OF PARTNERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2017, 2016 AND 2015

	Nevada Landing Partnership	RBG, L.P.	Total
BALANCE—January 1, 2015	$ 24,491,783	$ 24,491,783	$ 48,983,566
Net income	15,237,723	15,237,723	30,475,446
Distributions to partners	(16,850,000)	(16,850,000)	(33,700,000)
BALANCE—December 31, 2015	$ 22,879,506	$ 22,879,506	$ 45,759,012
Net income	15,334,503	15,334,503	30,669,006
Distributions to partners	(14,250,000)	(14,250,000)	(28,500,000)
BALANCE—December 31, 2016	23,964,009	23,964,009	47,928,018
Net income	13,807,036	13,807,036	27,614,072
Distributions to partners	(13,050,000)	(13,050,000)	(26,100,000)
BALANCE—December 31, 2017	$ 24,721,045	$ 24,721,045	$ 49,442,090

See notes to financial statements.

ELGIN RIVERBOAT RESORT—RIVERBOAT CASINO

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017, 2016 AND 2015

	2017	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 27,614,072	$ 30,669,006	$ 30,475,446
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	7,103,894	6,647,814	7,041,841
Loss on disposal of assets	—	(909)	(386)
Changes in assets and liabilities:			
Accounts receivable	(5,800)	(21,414)	103,141
Inventories	(8,954)	88,745	13,673
Prepaid expenses	13,898	(80,408)	(117,657)
Other assets	(291,430)	(206,050)	(77,245)
Accounts payable	(87,498)	(418,442)	112,791
Accrued liabilities	(258,739)	(1,369,635)	823,539
Due to affiliates	583	(22,370)	8,142
Other liabilities	286,429	231,050	87,162
Net cash provided by operating activities	34,366,455	35,517,387	38,470,447
CASH FLOWS USED IN INVESTING ACTIVITIES:			
Capital expenditures	(7,876,738)	(8,271,614)	(4,912,148)
Construction in progress	(243,132)	49,390	30,716
Net cash used in investing activities	(8,119,870)	(8,222,224)	(4,881,432)
CASH FLOWS USED IN FINANCING ACTIVITY—Distributions to partners	(26,100,000)	(28,500,000)	(33,700,000)
Net cash used in financing activities	(26,100,000)	(28,500,000)	(33,700,000)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	146,585	(1,204,837)	(110,985)
CASH AND CASH EQUIVALENTS:			
Beginning of year	27,817,301	29,022,138	29,133,123
End of year	$ 27,963,886	$ 27,817,301	$ 29,022,138
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION—Capital expenditures incurred but not yet paid	$ 615,640	$ 1,590,463	$ 127,452

See notes to financial statements.

1. BUSINESS

Elgin Riverboat Resort—Riverboat Casino (the "Joint Venture"), doing business as the Grand Victoria Casino, was formed in December 1992, as a partnership under the Joint Venture Agreement between RBG, L.P. ("Managing Partner") and Nevada Landing Partnership, in which each owns a 50% interest.

The Joint Venture is licensed by the Illinois Gaming Board ("IGB") to own and operate a riverboat casino on the Fox River in Elgin, Illinois. The original license was issued on October 6, 1994. On October 7, 2016, the IGB approved the renewal of the license for another term of four years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents—Cash and cash equivalents include investments and interest-bearing instruments with an original maturity of three months or less. Such investments are recorded at the lower of cost or market value. The Joint Venture maintains cash balances at a financial institution in excess of federally insured limits. Included in cash and cash equivalents is $300,000 of restricted cash related to the certificate of deposit used as collateral (refer to Note 9).

Inventories—Inventories, consisting of food, beverage and gift shop items, are stated at the lower of cost or market value. Cost is determined by the first-in, first-out method.

Property and Equipment—Property and equipment are stated at cost. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets. The estimated useful lives are as follows:

Buildings	39 years
Riverboat	20 years
Leasehold improvements	15 years
Furniture, fixtures and equipment, and gaming equipment	2–5 years

Long-Lived Assets—The Joint Venture reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. If undiscounted expected future cash flows are less than the carrying value, an impairment loss would be recognized equal to an amount by which the carrying value exceeds the fair value of the asset. The factors considered by the Joint Venture in performing this assessment include current operating results, trends and prospects, as well as the effect of obsolescence, demand, competition and other economic factors. No impairment of long-lived assets was recognized by the Joint Venture during 2017, 2016, or 2015.

Reserve for Players' Club—The Joint Venture's players' club allows customers to earn "points" based on the volume of slot play. Points are redeemable for cash back incentives.

The Joint Venture has accrued a liability for all points earned but not yet redeemed by active slot club members. This average cost has been determined to be 33.51% of the retail value.

Revenue Recognition—Casino revenues are recorded as the net win from gaming activities, which is the difference between gaming wins and losses, with liabilities recognized for funds deposited by customers before gaming play occurs and for chips in the customers' possession. Jackpots, other than the incremental amount of progressive jackpots, are recognized at the time they are won by customers. The Joint Venture accrues the incremental amount of progressive jackpots as the progressive machine is played and the progressive jackpot amount increases, with a corresponding reduction of casino revenue. Food, beverage, admissions and other revenues are recorded as services are rendered.

Promotional Allowances—The retail value of food, beverage, admissions and other complimentary items furnished to customers without charge is included in gross revenue and then deducted as promotional allowances. The estimated costs of providing such promotional allowances have been included in casino expenses for the years ended December 31, 2017, 2016, and 2015, and are as follows:

	2017	2016	2015
Food and beverage	$ 7,989,205	$ 7,741,972	8,080,458
Admissions and other	4,255,556	4,210,739	4,792,750
	$12,244,761	$11,952,711	$12,873,208

Advertising Expenses— Advertising expenses are expensed as incurred and included in other operating expenses. Advertising expense for the years ended December 31, 2017, 2016, and 2015 was $7,183,307, $6,335,420, and $7,107,142, respectively.

Income Taxes—The Joint Venture is taxed as a partnership for federal and state income tax purposes. The financial statements do not include a provision for income taxes, since any income or losses allocated to the Members are reportable for income tax purposes by each Member. The Joint Venture's income tax returns and the amount of allocable income are subject to examination by federal and state taxing authorities. If an examination results in a change to the Joint Venture's income, the Members' taxes may also change.

Use of Estimates—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) 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. Actual results could differ from those estimates.

Gaming and Admission Taxes—The gaming tax payable to the State of Illinois is based on annual graduated rates ranging from 15% to 50% of adjusted gross receipts (as defined). In addition to the gaming tax, an admission tax of $3 per person entering the casino is assessed on the Joint Venture. Taxes are payable throughout the year in accordance with the schedule below:

Adjusted Gross Receipts		Tax Rate
$ —	$ 25,000,000	15.0%
25,000,001	50,000,000	22.5
50,000,001	75,000,000	27.5
75,000,001	100,000,000	32.5
100,000,001	150,000,000	37.5
150,000,001	200,000,000	45.0
200,000,001	And above	50.0

Gaming and admission taxes were approximately $55.47 million, $53.18 million, and $56.88 million for the years ended December 31, 2017, 2016, and 2015, respectively, and are included in casino expenses in the accompanying statements of income.

3. PROPERTY AND EQUIPMENT

A summary of property and equipment as of December 31, 2017 and 2016 is as follows:

	2017	2016
Buildings	$ 46,911,579	$ 45,771,410
Riverboat	52,699,655	52,699,655
Leasehold improvements	5,020,886	5,020,886
Furniture, fixtures and equipment, gaming equipment, and automotve	64,525,064	60,753,063
Construction in progress	243,132	—
Total property and equipment	169,400,316	164,245,014
Less accumulated depreciation and amortization	(131,575,635)	(126,461,486)
Property and equipment - net	$ 37,824,681	$ 37,783,528

4. ACCRUED LIABILITIES

A summary of accrued liabilities at December 31, 2017 and 2016 is as follows:

	2017	2016
Accrued commitment to Grand Victoria Foundation and County of Kane	$ 7,375,091	$ 7,144,360
Accrued payroll, vacation, benefits and related taxes	3,359,094	3,491,674
Reserve for progressive jackpots	1,579,416	1,456,860
Accrued taxes	823,076	1,070,559
Reserve for slot club redemptions	885,164	1,003,395
Unredeemed chip/token liability	676,504	737,841
Accrued ground lease	250,000	250,000
Other	1,031,482	1,083,877
Total accrued liabilities	$15,979,827	$16,238,566

5. LEASES

In accordance with the Ground Lease and Development Agreement, as amended, (the "Agreement"), the Joint Venture leased land for a term of 10 years, commencing with the initial issuance of the IGB license. The initial lease term expired in October 2004 and the third successive five-year term was renewed on October 31, 2014 until October 31, 2019. Effective January 1, 2015 the terms "Basic Rent" and "Percentage Rent" used throughout the Lease Agreement shall mean and be construed as the lesser of the Basic Rent or the Percentage Rent. Therefore, the annual lease payment is equal to the lesser of (i) $1,000,000 or (ii) 3% of the Joint Venture's annual net operating income, as defined in the Agreement.

The Joint Venture leases certain electronic gaming devices from various approved manufacturers. The leases range from $15 to $100 per day and allow for either party to terminate the lease within 60 days of execution.

Rent expense for all operating leases for the years ended December 31, 2017, 2016, and 2015 was $3,203,675, $3,261,861, and $3,274,092, respectively.

6. COMMITMENTS AND CONTINGENCIES

The Joint Venture has agreed to contribute to both the County of Kane and the Grand Victoria Foundation, a foundation established for the benefit of educational, environmental and economic development programs in the region. The total commitment is equal to 20% of adjusted net operating income, as defined. This commitment must be paid within 120 days of the end of the fiscal year for which it has been calculated. Combined donation expense for the County of Kane and the Grand Victoria Foundation for the years ended December 31, 2017, 2016, and 2015 was $7,375,091, $7,144,360, and $8,547,078, respectively.

7. RELATED-PARTY TRANSACTIONS

The Joint Venture employs the legal services of a firm that is affiliated with a member of the Joint Venture's Executive Committee.

The Joint Venture is reimbursed for certain allocated employment expenses for a key Joint Venture employee that provides oversight and management to an affiliated entity of the Managing Partner.

Under Amendment No. 1 to the Amended and Restated Joint Venture Agreement dated April 25, 2005, the Managing Partner is allowed to receive one percent (1%) of adjusted gross receipts, as defined by the Illinois Riverboat Gambling Act, as a preferred distribution. The preferred distribution for the years ended December 31, 2017, 2016, and 2015 was $1,684,312, $1,636,342, and $1,715,020, respectively.

8. RETIREMENT PLANS

The Joint Venture maintains a defined contribution plan under section 401(k) of the Internal Revenue Code for all employees with certain eligibility requirement as outlined in the plan document. The plan allows employees to defer a portion of their income on a pretax basis. The Joint Venture matches a portion of employee contributions in accordance with a safe harbor provision adopted in January 2007. Matching contribution expenses for the years ended December 31, 2017, 2016, and 2015 were $880,758, $903,698, and $885,127, respectively.

On January 1, 2010, the Joint Venture started a nonqualified deferred retirement plan for certain key employees. The plan allows these employees to defer a portion of their salary and/or bonus on a pre-tax basis. The Joint Venture voluntarily matches a portion of employee contributions up to a maximum amount on a three-year cliff vesting schedule. Matching contribution expenses for the years ended December 31, 2017, 2016, and 2015 were $0, $56,000, and $59,900, respectively. Subsequently, on January 1, 2016, the Joint Venture started a new deferred retirement plan for certain key employees. Under the new plan the Joint Venture voluntarily matches a portion of employee contributions up to a maximum amount on each pay period. The matching contribution expense for the year ended December 31, 2017 was $64,976.

9. LETTER OF CREDIT

The Joint Venture has an irrevocable and unconditional letter of credit of $300,000, bearing no interest, for the benefit of Zurich American Insurance Company and American Zurich Insurance Company (collectively, "Zurich"). The letter of credit is being maintained as security for the reimbursement of deductibles or retention payments made on the Joint Venture's behalf by Zurich. The letter of credit renews annually on September 30, and is extended for one year, unless prior written notice is provided to Zurich. The letter of credit is secured with a certificate of deposit equal to the amount of the letter of credit.

10. RECENT ACCOUNTING PRONOUNCEMENTS

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*. This ASU clarifies the principles for recognizing revenue and to develop a common revenue standard for US GAAP and IFRS. The amendments in this guidance state 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. This new guidance requires improved disclosures to help users of financial statements better understand the nature, amount, timing, and uncertainty of revenue that is recognized. In August 2015, FASB issued new guidance to defer the effective date of the pronouncement to annual reporting periods beginning after December 15, 2018. An entity should apply the amendments in this update retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying this update recognized at the date of initial application. The Joint Venture is currently evaluating the standard to understand the overall impact it will have on the financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842),* which amends the FASB Accounting Standards Codification. The objective of the update is to improve financial reporting by increasing transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. It is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early application of the amendments is permitted for all entities. The Joint Venture is currently evaluating the impact that this amended guidance will have on its financial statements and related disclosures.

11. SUBSEQUENT EVENTS

No events have occurred after December 31, 2017, but before February 13, 2018, the date the financial statements were available to be issued that require consideration as adjustments to or disclosures in the financial statements.

* * * * * *

Elgin Riverboat Resort—Riverboat Casino

Unaudited Condensed Financial Statements as of June 30, 2018 and December 31, 2017 and for the six-months ended June 30, 2018 and June 30, 2017

ELGIN RIVERBOAT RESORT—RIVERBOAT CASINO

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ELGIN RIVERBOAT RESORT—RIVERBOAT CASINO

UNAUDITED CONDENSED BALANCE SHEETS
AS OF JUNE 30, 2018 AND DECEMBER 31, 2017

	June 30, 2018	December 31, 2017
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$28,261,016	$27,963,886
Accounts receivable—net of allowance for doubtful accounts of $23,566 and $15,000, respectively	124,507	17,300
Inventories	393,419	258,541
Prepaid expenses	1,157,219	876,361
Total current assets	29,936,161	29,116,088
PROPERTY AND EQUIPMENT—Net	35,226,964	37,824,681
OTHER ASSETS	960,885	1,106,901
TOTAL	$66,124,010	$68,047,670
LIABILITIES AND PARTNERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 914,482	$ 1,485,540
Accrued liabilities	19,280,933	15,979,827
Due to affiliates	130,158	126,293
Total current liabilities	20,325,573	17,591,660
OTHER LIABILITIES	867,905	1,013,920
Total liabilities	21,193,478	18,605,580
COMMITMENTS AND CONTINGENCIES (Notes 5 and 6)		
PARTNERS' EQUITY	44,930,532	49,442,090
TOTAL	$66,124,010	$68,047,670

See notes to unaudited condensed financial statements.

ELGIN RIVERBOAT RESORT—RIVERBOAT CASINO

UNAUDITED CONDENSED STATEMENTS OF INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2018 AND 2017

	June 30, 2018	June 30, 2017
REVENUES:		
Casino	$76,892,541	$80,455,807
Food and beverage	5,985,267	6,231,929
Admissions and other	2,665,900	2,877,425
Total revenues	85,543,708	89,565,161
Less casino promotional allowances	(5,296,233)	(5,811,126)
Revenues—net	80,247,475	83,754,035
OPERATING EXPENSES:		
Casino	41,971,574	45,549,816
Food and beverage	2,393,496	2,221,234
General and administrative	6,266,419	5,534,473
Charitable donations	4,596,876	4,668,843
Depreciation and amortization	3,692,946	3,550,677
Preferred distribution	807,569	863,799
Other operating expenses	5,733,195	6,649,421
Total operating expenses	65,462,075	69,038,263
OPERATING INCOME	14,785,400	14,715,772
OTHER INCOME—net	3,042	1,886
NET INCOME	$14,788,442	$14,717,658

See notes to unaudited condensed financial statements.

ELGIN RIVERBOAT RESORT—RIVERBOAT CASINO

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2018 AND 2017

	June 30, 2018	June 30, 2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 14,788,442	$ 14,717,658
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,692,946	3,550,677
Changes in assets and liabilities:		
Accounts receivable	(107,207)	(15,346)
Inventories	(134,878)	17,432
Prepaid expenses	(280,858)	(382,215)
Other assets	146,016	(135,016)
Accounts payable	(218,710)	(1,364,503)
Accrued liabilities	3,301,106	2,007,385
Due to affiliates	3,865	17,715
Other liabilities	(146,015)	130,016
Net cash provided by operating activities	21,044,707	18,543,803
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Capital expenditures	(1,427,417)	(852,824)
Construction in progress	(20,160)	(1,333,883)
Net cash used in investing activities	(1,447,577)	(2,186,707)
CASH FLOWS USED IN FINANCING ACTIVITY—Distributions to partners	(19,300,000)	(14,200,000)
Net cash used in financing activities	(19,300,000)	(14,200,000)
NET INCREASE IN CASH AND CASH EQUIVALENTS	297,130	2,157,096
CASH AND CASH EQUIVALENTS:		
Beginning of period	27,963,886	27,817,301
End of period	$ 28,261,016	$ 29,974,397
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION—Capital expenditures incurred but not yet paid	$ 263,292	$ 1,333,883

See notes to unaudited condensed financial statements.

1. BUSINESS

Elgin Riverboat Resort—Riverboat Casino (the "Joint Venture"), doing business as the Grand Victoria Casino, was formed in December 1992, as a partnership under the Joint Venture Agreement between RBG, L.P. ("Managing Partner") and Nevada Landing Partnership, in which each owns a 50% interest.

The Joint Venture is licensed by the Illinois Gaming Board ("IGB") to own and operate a riverboat casino on the Fox River in Elgin, Illinois. The original license was issued on October 6, 1994. On October 7, 2016, the IGB approved the renewal of the license for another term of four years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation—The condensed financial statements are unaudited, but in our opinion include all adjustments (consisting of normal recurring adjustments) necessary for a fair statement of the results for the interim period. The interim financial results are not necessarily indicative of results that may be expected for any other interim period or the fiscal year.

Cash and Cash Equivalents—Cash and cash equivalents include investments and interest-bearing instruments with an original maturity of three months or less. Such investments are recorded at the lower of cost or market value. The Joint Venture maintains cash balances at a financial institution in excess of federally insured limits. Included in cash and cash equivalents as of June 30, 2018 and December 31, 2017 is $300,000 of restricted cash related to the certificate of deposit used as collateral (refer to Note 9).

Inventories—Inventories, consisting of food, beverage and gift shop items, are stated at the lower of cost or market value. Cost is determined by the first-in, first-out method.

Property and Equipment—Property and equipment are stated at cost. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets. The estimated useful lives are as follows:

Buildings	39 years
Riverboat	20 years
Leasehold improvements	15 years
Furniture, fixtures and equipment, and gaming equipment	2–5 years

Long-Lived Assets—The Joint Venture reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. If undiscounted expected future cash flows are less than the carrying value, an impairment loss would be recognized equal to an amount by which the carrying value exceeds the fair value of the asset. The factors considered by the Joint Venture in performing this assessment include current operating results, trends and prospects, as well as the effect of obsolescence, demand, competition and other economic factors. No impairment of long-lived assets was recognized by the Joint Venture for the six-months ended June 30, 2018 or 2017.

Reserve for Players' Club—The Joint Venture's players' club allows customers to earn "points" based on the volume of slot play. Points are redeemable for cash back incentives. The Joint Venture has accrued a liability for all points earned but not yet redeemed by active slot club members.

Revenue Recognition—Casino revenues are recorded as the net win from gaming activities, which is the difference between gaming wins and losses, with liabilities recognized for funds deposited by customers before gaming play occurs and for chips in the customers' possession. Jackpots, other than the incremental amount of progressive jackpots, are recognized at the time they are won by customers. The Joint Venture accrues the incremental amount of progressive jackpots as the progressive machine is played and the progressive jackpot amount increases, with a corresponding reduction of casino revenue. Food, beverage, admissions and other revenues are recorded as services are rendered.

Promotional Allowances—The retail value of food, beverage, admissions and other complimentary items furnished to customers without charge is included in gross revenue and then deducted as promotional allowances. The estimated costs of providing such promotional allowances have been included in casino expenses, and are as follows for the six-months ended June 30:

	2018	2017
Food and beverage	$3,619,653	$3,881,652
Admissions and other	1,821,765	2,026,224
	$5,441,418	$5,907,876

Advertising Expenses—Advertising expenses are expensed as incurred and included in general and administrative. Advertising expenses for the six-months ended June 30, 2018 and 2017 were $2,322,970 and $3,500,180, respectively.

Income Taxes—The Joint Venture is taxed as a partnership for federal and state income tax purposes. The unaudited condensed financial statements do not include a provision for income taxes, since any income or losses allocated to the Members are reportable for income tax purposes by each Member. The Joint Venture's income tax returns and the amount of allocable income are subject to examination by federal and state taxing authorities. If an examination results in a change to the Joint Venture's income, the Members' taxes may also change.

Use of Estimates—The preparation of unaudited condensed financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) 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 unaudited condensed financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Gaming and Admission Taxes—The gaming tax payable to the State of Illinois is based on annual graduated rates ranging from 15% to 50% of adjusted gross receipts (as defined). In addition to the gaming tax, an admission tax of $3 per person entering the casino is assessed on the Joint Venture. Taxes are payable throughout the year in accordance with the schedule below:

Adjusted Gross Receipts		Tax Rate
$ —	$ 25,000,000	15.0%
25,000,001	50,000,000	22.5
50,000,001	75,000,000	27.5
75,000,001	100,000,000	32.5
100,000,001	150,000,000	37.5
150,000,001	200,000,000	45.0
200,000,001	And above	50.0

In the state of Illinois, gaming taxes are based on graduated rates. The Joint Venture records gaming tax expense at the Joint Venture's estimated effective gaming tax rate on an annual basis, considering estimated taxable gaming revenue and the applicable rates. Such estimates are adjusted each interim period.

Gaming and admission taxes were approximately $26.01 million and $28.63 million for the six-months ended June 30, 2018 and 2017, respectively, and are included in casino expenses in the accompanying unaudited condensed statements of income.

3. PROPERTY AND EQUIPMENT

A summary of property and equipment as of June 30, 2018 and December 31, 2017 is as follows:

	June 30, 2018	December 31, 2017
Buildings	$ 46,911,579	$ 46,911,579
Riverboat	52,699,655	52,699,655
Leasehold improvements	5,020,886	5,020,886
Furniture, fixtures and equipment, gaming equipment, and automotive	65,600,133	64,525,064
Construction in progress	263,292	243,132
Total property and equipment	170,495,545	169,400,316
Less accumulated depreciation and amortization	(135,268,581)	(131,575,635)
Property and equipment—net	$ 35,226,964	$ 37,824,681

4. ACCRUED LIABILITIES

A summary of accrued liabilities as of June 30, 2018 and December 31, 2017 is as follows:

	June 30, 2018	December 31, 2017
Deferred gaming taxes	$ 6,061,901	$ —
Accrued commitment to Grand Victoria Foundation and County of Kane	4,553,320	7,375,091
Accrued payroll, vacation, benefits and related taxes	3,061,043	3,359,094
Reserve for progressive jackpots	1,632,383	1,579,416
Reserve for slot club redemptions	814,093	885,164
Unredeemed chip/token liability	663,047	676,504
Accrued taxes	853,445	823,076
Accrued ground lease	250,000	250,000
Other	1,391,701	1,031,482
Total accrued liabilities	$19,280,933	$15,979,827

5. LEASES

In accordance with the Ground Lease and Development Agreement, as amended, (the "Agreement"), the Joint Venture leased land for a term of 10 years, commencing with the initial issuance of the IGB license. The initial lease term expired in October 2004 and the third successive five-year term was renewed on October 31, 2014 until October 31, 2019. Effective January 1, 2015 the terms "Basic Rent" and "Percentage Rent" used throughout the Agreement shall mean and be construed as the lesser of the Basic Rent or the Percentage Rent. Therefore, the annual lease payment is equal to the lesser of (i) $1,000,000, as increased by the CPI index adjustment, or (ii) 3% of the Joint Venture's annual net operating income, as defined in the Agreement.

The Joint Venture leases certain electronic gaming devices from various approved manufacturers. The leases range from $15 to $100 per day and allow for either party to terminate the lease within 60 days of execution.

Rent expense for all operating leases for the six-months ended June 30, 2018 and 2017, was $1,506,934 and $1,591,543, respectively.

6. COMMITMENTS AND CONTINGENCIES

The Joint Venture has agreed to contribute to both the County of Kane and the Grand Victoria Foundation, a foundation established for the benefit of educational, environmental and economic development programs in the region. The total commitment is equal to 20% of adjusted net operating income, as defined in the agreements. This commitment must be paid within 120 days of the end of the fiscal year for which it has been calculated. Combined donation expense for the County of Kane and the Grand Victoria Foundation for the six-months ended June 30, 2018 and 2017, was $4,553,320 and $4,633,972, respectively.

7. RELATED-PARTY TRANSACTIONS

The Joint Venture employs the legal services of a firm that is affiliated with a member of the Joint Venture's Executive Committee. Related party legal expense for the six-months ended June 30, 2018 and 2017 was $662,508 and 148,762, respectively. These expenses are included in general and administrative expense.

The Joint Venture is reimbursed for certain allocated employment expenses for a key Joint Venture employee that provides oversight and management to an affiliated entity of the Managing Partner.

Under Amendment No. 1 to the Amended and Restated Joint Venture Agreement dated April 25, 2005, the Managing Partner is allowed to receive one percent (1%) of adjusted gross receipts, as defined by the Illinois Riverboat Gambling Act, as a preferred distribution. The preferred distribution for the six-months ended June 30, 2018 and 2017 was $807,569 and $863,799, respectively.

8. RETIREMENT PLANS

The Joint Venture maintains a defined contribution plan under section 401(k) of the Internal Revenue Code for all employees with certain eligibility requirement as outlined in the plan document. The plan allows employees to defer a portion of their income on a pretax basis. The Joint Venture matches a portion of employee contributions in accordance with a safe harbor provision adopted in January 2007. Matching contribution expenses for the six-months ended June 30, 2018 and 2017, were $446,655 and $443,274, respectively.

On January 1, 2016, the Joint Venture started a new deferred retirement plan for certain key employees. Under the new plan the Joint Venture voluntarily matches a portion of employee contribution up to a maximum amount on each pay period. The matching contribution expenses for the six-months ended June 30, 2018 and 2017 were $37,440 and $39,280, respectively.

9. LETTER OF CREDIT

The Joint Venture has an irrevocable and unconditional letter of credit of $300,000, bearing no interest, for the benefit of Zurich American Insurance Company and American Zurich Insurance Company (collectively, "Zurich"). The letter of credit is being maintained as security for the reimbursement of deductibles or retention payments made on the Joint Venture's behalf by Zurich. The letter of credit renews annually on September 30, and is extended for one year, unless prior written notice is provided to Zurich. The letter of credit is secured with the certificate of deposit held with Zurich.

10. RECENT ACCOUNTING PRONOUNCEMENTS

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*. This ASU clarifies the principles for recognizing revenue and to develop a common revenue standard for US GAAP and IFRS. The amendments in this guidance state 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. This new guidance requires improved disclosures to help users of financial statements better understand the nature, amount, timing, and uncertainty of revenue that is recognized. In August 2015, FASB issued new guidance to defer the effective date of the pronouncement to annual reporting periods beginning after December 15, 2018. An entity should apply the amendments in this update retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying this update recognized at the date of initial application. The Joint Venture is currently evaluating the standard to understand the overall impact it will have on the unaudited condensed financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842),* which amends the FASB Accounting Standards Codification. The objective of the update is to improve financial reporting by increasing transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. It is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early application of the amendments is permitted for all entities. The Joint Venture is currently evaluating the impact that this amended guidance will have on the unaudited condensed financial statements and related disclosures.

11. SUBSEQUENT EVENTS

On August 7, 2018, Eldorado Resorts, Inc., a Nevada corporation ("Eldorado") completed its previously announced acquisition of the Joint Venture (the "Acquisition"). The Acquisition was made pursuant to the Interest Purchase Agreement (the "Purchase Agreement"), dated as of April 15, 2018. As a result of the Acquisition, the Joint Venture will be an indirect wholly-owned subsidiary of Eldorado. Eldorado purchased the Joint Venture for $327.5 million, subject to a post-closing working capital adjustment.

In preparing these unaudited condensed financial statements, the Joint Venture has evaluated events and transactions for potential recognition or disclosure through August 24, 2018, the date the Joint Venture's unaudited condensed financial statements were available to be issued.

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UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

The following unaudited pro forma condensed combined financial information included herein presents the unaudited pro forma condensed combined balance sheet and the unaudited pro forma condensed combined statements of operations based upon the combined audited and unaudited historical financial statements of Eldorado Resorts, Inc., a Nevada corporation (“ERI” or the “Company”), Isle of Capri Casinos, Inc. (“Isle”) acquired on May 1, 2017 (the “Isle Acquisition”) and Elgin Riverboat Resort-Riverboat Casino, an Illinois general partnership (“Elgin”) after giving effect to the acquisitions, the sale of Presque Isle Downs and Lady Luck Nemacolin (the “Dispositions”), the Isle Transaction (consummated May 1, 2017) (together the “Combined Transactions”), and the adjustments described in the accompanying notes.

The Elgin Acquisition

On April 15, 2018, the Company entered into a definitive agreement to acquire the Grand Victoria Casino in Elgin, Illinois (the “Elgin Acquisition”) for $327.5 million in cash, as adjusted pursuant to a customary working capital adjustment. The transaction closed on August 7, 2018 and was funded using cash from the Company’s ongoing operations and borrowings under ERI’s revolving credit facility. As a result of the Elgin Acquisition, Elgin became a wholly-owned subsidiary of the Company. The Grand Victoria Casino Elgin is a riverboat casino located about forty miles west of Chicago, with an approximate 29,850 square feet facility consisting of approximately 1,100 slot machines and 36 table games.

The Dispositions

On February 28, 2018, ERI entered into an agreement to sell substantially all of the assets and liabilities of Presque Isle Downs and Lady Luck Vicksburg, subsidiaries of the Company, to Churchill Downs Incorporated (“CDI”). Under the terms of the agreements, CDI agreed to purchase Presque Isle Downs for cash consideration of approximately $178.9 million and Lady Luck Vicksburg for cash consideration of approximately $50.6 million, in each case subject to a customary working capital adjustment.

The definitive agreements provided that the transactions were subject to receipt of required regulatory approvals, termination of the waiting period under the Hart-Scott-Rodino Act and other customary closing conditions, including, in the case of Presque Isle Downs, the prior closing of the sale of Lady Luck Vicksburg or the entry into an agreement to acquire another asset of the Company. On May 7, 2018, the Company and CDI each received a Request for Additional Information and Documentary Materials, often referred to as a “Second Request,” from the Federal Trade Commission in connection with its review of the Lady Luck Vicksburg acquisition. Following receipt of, and in consideration of the time and expense needed to reply to, the Second Request, pursuant to a termination agreement and release, dated as of July 6, 2018, by and among CDI, ERI and a wholly-owned subsidiary of ERI, the Company and CDI mutually agreed to terminate the asset purchase agreement with respect to the Lady Luck Vicksburg transaction.

In connection with the termination of the Lady Luck Vicksburg acquisition, CDI agreed to pay the Company a $5.0 million termination fee, subject to the parties’ execution of a definitive agreement to acquire and assume the Company’s rights and obligations to operate Lady Luck Nemacolin. On August 13, 2018, ERI entered into an agreement pursuant to which CDI will acquire Nemacolin for cash consideration of $100,000, subject to a customary working capital adjustment. Substantially concurrent with the execution of the purchase agreement for the Nemacolin Transaction, CDI paid the Company the $5.0 million termination fee related Lady Luck Vicksburg.

The Isle Acquisition

On May 1, 2017, ERI completed the Isle Acquisition for a total purchase consideration of $1.93 billion and Isle became a wholly-owned subsidiary of ERI.

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 6.0% senior unsecured notes.

Basis for Historical Information

The Unaudited Pro Forma Financial Statements have been prepared by management for illustrative purposes only and do not purport to represent what the results of operations, balance sheet data or other financial information of ERI would have been if the Combined Transactions had occurred as of the dates indicated or what such results will be for any future periods. The pro forma adjustments are based on the preliminary assumptions and information available at the time of the preparation of this report. The historical financial information has been adjusted to give effect to pro forma events that are: (1) directly attributable to the Combined Transactions, (2) factually supportable, and (3) with respect to the Unaudited Pro Forma Income Statements, expected to have a continuing impact on the combined results of ERI. As such, the Unaudited Pro Forma Income Statements for the six months ended June 30, 2018 and for the year ended December 31, 2017 do not reflect non-recurring charges that will be incurred in connection with the Combined Transactions. The Unaudited Pro Forma Income Statements also do not reflect any cost savings from potential operating efficiencies or associated costs to achieve such savings or synergies that are expected to result from the Combined Transactions nor does it include any costs associated with severance, restructuring or integration activities resulting from the Combined Transactions, as they are currently not known, and, to the extent they arise, they are expected to be non-recurring and will not have been incurred at the closing date of the Combined Transactions. However, such costs could affect the combined company following the Combined Transactions in the period the costs are incurred. Further, the Unaudited Pro Forma Financial Statements do not reflect the effect of any regulatory actions that may impact the results of the combined company following the Combined Transactions.

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
AS OF JUNE 30, 2018
(Dollars in Thousands)

	Historical As of June 30, 2018		Pro Forma Adjustments As of June 30, 2018				As of June 30, 2018
	ERI	Elgin	ERI Dispositions (Note 3(i))	Vicksburg Reclassification (Note 3(j))	Elgin Reclassification Adjustments (Note 4)	Pro Forma Adjustments (Note 3)	Pro Forma Combined
ASSETS							
CURRENT ASSETS:							
Cash and cash equivalents	$ 202,016	$28,261	$ 170,617	$ —	$ —	$ (196,058) (a)	$ 204,836
Restricted cash	4,683	—	—	—	—	—	4,683
Marketable securities	17,066	—	—	—	—	—	17,066
Accounts receivable, net	34,808	125	—	100	—	—	35,033
Due from affiliates	125	—	—	—	—	—	125
Inventories	14,847	393	—	252	—	—	15,492
Prepaid income taxes	187	—	—	—	—	—	187
Prepaid expenses and other	30,469	1,157	—	275	868	—	32,769
Assets held for sale	201,202	—	(153,197)	(48,005)	—	—	—
Total current assets	505,403	29,936	17,420	(47,378)	868	(196,058)	310,191
Property and equipment, net	1,400,088	35,227	(5,041)	35,852	—	23,753 (b)	1,489,879
Goodwill	719,254	—	—	8,806	—	54,952 (c)	783,012
Non-operating real property	14,030	—	—	—	—	—	14,030
Intangible asset, net	915,936	—	—	2,720	—	205,000 (c)	1,123,656
Other assets, net	45,035	961	—	—	(868)	—	45,128
Total assets	$3,599,746	$66,124	$ 12,379	$ —	$ —	$ 87,647	$ 3,765,896
LIABILITIES AND STOCKHOLDERS' EQUITY							
CURRENT LIABILITIES:							
Current portion of long-term debt	$ 486	$ —	$ —	$ —	$ —	$ —	$ 486
Accounts payable	28,949	914	—	175	61	—	30,099
Due to affiliates	20	130	—	—	—	—	150
Accrued property, gaming and other taxes	35,133	—	—	—	6,915	—	42,048
Accrued payroll and related	50,936	—	—	300	3,268	—	54,504
Accrued interest	26,788	—	—	—	—	—	26,788
Income tax payable	222	—	—	—	—	—	222
Accrued other liabilities	69,341	19,281	725	379	(9,376)	(250) (d)	80,100
Liabilities related to assets held for sale	5,817	—	(4,963)	(854)	—	—	—
Total current liabilities	217,692	20,325	(4,238)	—	868	(250)	234,397
Long-term debt, less current portion	2,190,749	—	—	—	—	128,358 (e)	2,319,107
Deferred income taxes	176,607	—	—	—	—	—	176,607
Other long-term liabilities	17,975	868	(2,780)	—	(868)	—	15,195
Total liabilities	2,603,023	21,193	(7,018)	—	—	128,108	2,745,306
COMMITMENTS AND CONTINGENCIES							
STOCKHOLDERS' EQUITY:							
Common stock	1	—	—	—	—	—	1
Paid-in capital	744,020	—	—	—	—	—	744,020
Retained earnings / partners' equity	252,623	44,931	19,397	—	—	(40,461) (f)	276,490
Accumulated other comprehensive income	79	—	—	—	—	—	79
Total stockholders' / partners' equity	996,723	44,931	19,397	—	—	(40,461)	1,020,590
Total liabilities and stockholders' / partners' equity	$3,599,746	$66,124	$ 12,379	$ —	$ —	$ 87,647	$ 3,765,896

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2017
(Dollars in Thousands, Except Share and Per Share Data)

	Pro Forma	Historical	Pro Forma Adjustments			Pro Forma
	Fiscal Year Ended December 31, 2017	Twelve Months Ended December 31, 2017	Twelve Months Ended December 31, 2017			Fiscal Year Ended December 31, 2017
	ERI (Adjusted for acquisition of Isle) (Note 3(l))	Elgin	ERI Dispositions (Note 3(i))	Elgin Reclassification Adjustments (Note 4)	Pro Forma Adjustments (Note 3)	Pro Forma Combined
REVENUES:						
Casino	$ 1,356,764	$ 156,972	$ (143,806)	$ (7,794)	$ —	$ 1,362,136
Pari-mutuel commissions	18,442	—	(2,630)	—	—	15,812
Food and beverage	231,001	12,522	(11,089)	189	—	232,623
Hotel	147,895	—	—	—	—	147,895
Other	55,265	6,391	(2,785)	(4,171)	—	54,700
Total revenues	1,809,367	175,885	(160,310)	(11,776)	—	1,813,166
Less: promotional allowances	—	(11,776)	—	11,776	—	—
Net operating revenues	1,809,367	164,109	(160,310)	—	—	1,813,166
EXPENSES:						
Casino	685,187	89,615	(97,484)	(17,328)	—	659,990
Pari-mutuel commissions	17,177	—	(3,259)	—	—	13,918
Food and beverage	185,335	4,499	(9,894)	7,384	—	187,324
Hotel	53,413	—	—	—	—	53,413
Other	34,214	14,710	(1,778)	(9,028)	—	38,118
Marketing and promotions	103,008	—	(7,627)	10,104	—	105,485
General and administrative	297,355	11,436	(20,953)	18,001	—	305,839
Corporate	39,186	—	—	—	—	39,186
Impairment charges	38,016	—	—	—	—	38,016
Depreciation and amortization	125,066	7,104	(7,898)	—	5,249 (b), (c)	129,521
Charitable donations	—	7,449	—	(7,449)	—	—
Preferred distribution	—	1,684	—	(1,684)	—	—
Total operating expenses	1,577,957	136,497	(148,893)	—	5,249	1,570,810
Gain (loss) on sale of disposal of property and equipment	(470)	—	120	—	—	(350)
Proceeds from terminated sale	20,000	—	—	—	—	20,000
Transaction expenses	(92,777)	—	—	—	—	(92,777)
Equity loss of unconsolidated affiliates	(367)	—	—	—	—	(367)
Operating income (loss)	157,796	27,612	(11,297)	—	(5,249)	168,862
OTHER INCOME (EXPENSE):						
Interest expense, net	(119,324)	2	5,573	—	(6,572)(e)	(120,321)
Loss from extinguishment of debt	(40,220)	—	—	—	—	(40,220)
Total other expense	(159,544)	2	5,573	—	(6,572)	(160,541)
NET INCOME (LOSS) BEFORE INCOME TAXES	(1,748)	27,614	(5,724)	—	(11,821)	8,321
(Provision) benefit for income taxes	104,787	—	3,866	—	(6,318)(k)	102,335
NET INCOME	$ 103,039	$ 27,614	$ (1,858)	$ —	$ (18,139)	$ 110,656
Net Income per share of Common Stock:						
Basic	$ 1.53					$ 1.65
Diluted	$ 1.51					$ 1.62
Weighted Average Basic Shares Outstanding	67,133,531					67,133,531
Weighted Average Diluted Shares Outstanding	68,102,814					68,102,814

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS FOR THE SIX MONTHS ENDED JUNE 30, 2018
(Dollars in Thousands, Except Share and Per Share Data)

	Historical		Pro Forma Adjustments				Six Months Ended June 30, 2018
		Six Months Ended June 30, 2018	Six Months Ended June 30, 2018				
	ERI	Elgin	ERI Dispositions (Note 3(i))	Elgin Reclassification Adjustments (Note 4)	Pro Forma Adjustments (Note 3)		Pro Forma Combined
REVENUES:							
Casino	$ 683,133	$ 76,892	$ (78,667)	$ (3,456)	$ —		$ 677,902
Pari-mutuel commissions	9,115	—	(1,005)	—	—		8,110
Food and beverage	106,491	5,985	(5,750)	—	—		106,726
Hotel	69,667	—	—	—	—		69,667
Other	28,588	2,666	(1,565)	(1,840)	—		27,849
Total revenues	896,994	85,543	(86,987)	(5,296)	—		890,254
Less: promotional allowances	—	(5,296)	—	5,296	—		—
Net operating revenues	896,994	80,247	(86,987)	—	—		890,254
EXPENSES:							
Casino	331,203	41,972	(53,893)	(7,568)	—		311,714
Pari-mutuel commissions	8,293	—	(1,373)	—	—		6,920
Food and beverage	89,546	2,393	(4,970)	3,256	—		90,225
Hotel	26,201	—	—	—	—		26,201
Other	15,715	5,733	(746)	(3,711)	—		16,991
Marketing and promotions	43,133	—	(3,226)	3,399	—		43,306
General and administrative	147,947	6,266	(12,190)	10,029	(380)	(g)	151,672
Corporate	23,801	—	—	—	—		23,801
Impairment charges	9,815	—	—	—	—		9,815
Charitable donations	—	4,597	—	(4,597)	—		—
Depreciation and amortization	63,444	3,693	(1,577)	—	2,483	(b), (c)	68,043
Preferred distribution	—	808	—	(808)	—		—
Total operating expenses	759,098	65,462	(77,975)	—	2,103		748,688
Loss sale of disposal of property and equipment	(283)	—	(16)	—	—		(299)
Transaction expenses	(5,952)	—	—	—	1,316	(h)	(4,636)
Equity loss of unconsolidated affiliates	(53)	—	—	—	—		(53)
OPERATING INCOME	131,608	14,785	(9,028)	—	(787)		136,578
OTHER INCOME (EXPENSE):							
Interest expense, net	(62,494)	3	3,287	—	(3,286)	(e)	(62,490)
Loss on extinguishment of debt	(162)	—	—	—	—		(162)
Total other expense	(62,656)	3	3,287	—	(3,286)		(62,652)
NET INCOME (LOSS) BEFORE INCOME TAXES	68,952	14,788	(5,741)	—	(4,073)		73,926
(Provision) benefit for income taxes	(11,301)	—	1,040	—	(2,678)	(k)	(12,939)
NET INCOME	$ 57,651	$ 14,788	$ (4,701)	$ —	$ (6,751)		$ 60,987
Net Income per share of Common Stock:							
Basic	$ 0.74						$ 0.79
Diluted	$ 0.74						$ 0.78
Weighted Average Basic Shares Outstanding	77,406,447						77,406,447
Weighted Average Diluted Shares Outstanding	78,169,629						78,169,629

Note 1—BASIS OF PRESENTATION

The following unaudited pro forma condensed combined financial information presents the pro forma effects of the following transactions:

- the Elgin Acquisition;
- the Dispositions; and
- the Isle Acquisition.

The unaudited pro forma condensed combined financial information is prepared in accordance with Article 11 of Regulation S-X. The historical financial information has been adjusted to give effect to transactions that are (i) directly attributable to the Combined Transactions, (ii) factually supportable and (iii) with respect to the unaudited pro forma condensed combined statement of operations, expected to have a continuing impact on the operating results of the combined company. The historical information of ERI (including Isle) and Elgin is presented in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

The unaudited pro forma condensed combined balance sheet (the "Unaudited Pro Forma Balance Sheet") as of June 30, 2018 was prepared using the historical unaudited consolidated balance sheets of ERI and Elgin as of June 30, 2018, respectively, and shows the combined financial position of ERI and Elgin as if the Elgin Acquisition and the Dispositions had occurred on June 30, 2018. The Isle Acquisition is already reflected in ERI's historical unaudited consolidated balance sheet as of June 30, 2018. Therefore, no pro forma balance sheet adjustments are necessary to show the pro forma impact of the Isle Acquisition.

The unaudited pro forma condensed combined statements of operations (the "Unaudited Pro Forma Income Statements") for the six months ended June 30, 2018 and the year ended December 31, 2017, give effect to the Elgin Acquisition, the Dispositions, and the Isle Acquisition as if they had occurred on January 1, 2017 and reflect pro forma adjustments that are expected to have a continuing impact on the results of operations. The Isle Acquisition was consummated on May 1, 2017, and as such, is already reflected in ERI's historical audited consolidated statement of operations for the period from May 1, 2017 to December 31, 2017 and historical unaudited consolidated statement of operations for the six months ended June 30, 2018. Accordingly, the effect of the Isle Acquisition for the period January 1, 2017 to April 30, 2017 is included in ERI's unaudited pro forma condensed statement of operations for the fiscal year ended December 31, 2017 (see Note 3(l) for additional discussion).

ERI's historical financial and operating data for the year ended December 31, 2017 and the six months ended June 30, 2018 is derived from the financial data in its audited consolidated financial statements for the year ended December 31, 2017 and from its unaudited consolidated financial statements for the six months ended June 30, 2018. The historical financial and operating data for Elgin for the year ended December 31, 2017 and the six months ended June 30, 2018 is derived from the financial data in its audited consolidated financial statements for the year ended December 31, 2017 and from its unaudited consolidated financial statements for the six months ended June 30, 2018.

Note that certain reclassifications have been made to the historical financial statements of Elgin to align their presentation in the Unaudited Pro Forma Financial Statements. Additionally, in May 2014 (amended January 2017), the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") No. 2014-09, "Revenue from Contracts with Customers," (ASC 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. Public entities were required to adopt ASC Topic 606 effective for interim and annual periods beginning after December 15, 2017. ERI adopted this standard effective January 1, 2018, and elected to apply the full retrospective adoption method. Elgin had not adopted this standard prior to the acquisition by ERI.

The Unaudited Pro Forma Financial Statements have been prepared using the acquisition method of accounting in accordance with ASC Topic 805, *Business Combinations*, with ERI treated as the accounting acquirer of the Elgin Acquisition and the Isle Acquisition, and reflect the preliminary allocation of the purchase price to the acquired assets and liabilities based upon a preliminary estimate of fair values, using the assumptions set forth in the notes to the unaudited pro forma condensed combined financial information.

Note 2—CALCULATION OF ESTIMATED PURCHASE CONSIDERATION

The total estimated purchase consideration for the purpose of this pro forma financial information is $328.9 million. The purchase consideration in the acquisition was determined with reference to its acquisition date fair value.

Purchase Price Calculation

Purchase consideration calculation (dollars in thousands)	
Cash consideration paid	$327,500
Estimated working capital and other adjustments	1,386
Estimated purchase consideration	$328,886

For pro forma purposes, the fair value of consideration given and thus the estimated purchase price was determined based upon the gross purchase of $327.5 million, and estimated working capital and other adjustments of $1.4 million. The working capital adjustment is subject to finalization within 100 days of the Elgin Acquisition date pursuant to the terms of the purchase agreement; however, no material adjustments are anticipated.

Preliminary Purchase Price Accounting

Under the acquisition method of accounting, the identifiable assets acquired and liabilities assumed of Elgin are recorded at the acquisition date fair values and added to those of ERI. The pro forma adjustments on the condensed combined balance sheet are preliminary and based on estimates of the fair value and useful lives of the assets acquired and liabilities assumed as of June 30, 2018 and have been prepared to illustrate the estimated effect of the Elgin Acquisition. The allocation is dependent upon certain valuation and other studies that have not yet been completed. Accordingly, the pro forma purchase price accounting is subject to further adjustment as additional information becomes available and as additional analyses and final valuations are completed. There can be no assurances that these additional analyses and final valuations will not result in significant changes to the estimates of fair value set forth below.

The following table summarizes the preliminary allocation of the purchase consideration to the identifiable assets acquired and liabilities assumed of Elgin, with the excess recorded as goodwill (dollars in thousands):

Current and other assets	$ 30,804
Property and equipment	58,980
Goodwill	54,952
Intangible assets(i)	205,000
Other noncurrent assets	93
Total assets	349,829
Current liabilities	(20,943)
Total liabilities	(20,943)
Net assets acquired	$328,886

(i) Intangible assets consist of gaming license, trade name, and player relationships.

Note 3—UNAUDITED PRO FORMA FINANCIAL STATEMENTS TRANSACTION ADJUSTMENTS

a) The following table illustrates the pro forma adjustments to cash and cash equivalents for the period ended June 30, 2018 (dollars in thousands):

	June 30, 2018
Borrowings under ERI's credit facility	$ 128,358
Cash consideration	(328,886)
Transaction costs	(530)
Vicksburg termination fee	5,000
Net cash outflow	$ (196,058)

b) Represents the estimated adjustment to step up Elgin's property, plant and equipment ("PP&E") to a fair value of approximately $59.0 million, an increase of approximately $23.8 million from the carrying value. The fair value estimate is preliminary and subject to change.

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.

Adjustments to depreciation expense for property and equipment were based on comparing the historical depreciation recorded during the periods presented to the revised depreciation. The revised depreciation was calculated by dividing, on a straight-line basis, the fair value assigned to Elgin's property and equipment by the estimated remaining useful lives assigned to the assets. The following table illustrates the pro forma adjustments to depreciation expense (dollars in thousands):

	Six months ended June 30, 2018	Year ended December 31, 2017
To eliminate historical depreciation related to PP&E	$ (3,693)	$ (7,104)
To record new depreciation expense related to the fair value adjustments to PP&E	2,551	5,103
Total adjustments to depreciation of PP&E	$ (1,142)	$ (2,001)

c) Represents the estimated adjustment for Elgin's intangible assets and the recognition of the preliminary goodwill for the purchase consideration in excess of the fair value of net assets acquired in connection with the Elgin Acquisition.

The fair value of Elgin's intangible assets is approximately $205.0 million. The fair value estimate is preliminary and subject to change. Preliminary identifiable intangible assets in the unaudited pro forma condensed combined financial statements consist of the following (dollars in thousands):

	Fair Value	Useful Life
Trade Name(s)	$ 12,500	Indefinite
Gaming License	163,500	Indefinite
Player Relationships	29,000	4
Total Value of Intangible Assets	$205,000	

The fair value of the gaming license was determined using the excess earnings or replacement cost methodology based on whether the license resides in gaming jurisdictions where competition is limited to a specified number of licensed gaming operators. The excess earnings methodology is an income approach methodology that estimates the projected cash flows of the business attributable to the gaming license intangible asset, which is net of charges for the use of other identifiable assets of the business including working capital, fixed assets and other intangible assets. Under the state's gaming legislation, the property specific license can only be acquired if a theoretical buyer were to acquire each existing facility. The existing license 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.

ERI has preliminarily assigned an indefinite useful life to the gaming licenses, in accordance with its review of the applicable guidance of 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 renewal of a 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 this asset. Accordingly, ERI has preliminarily concluded that the useful lives of this license is indefinite.

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 preliminarily assigned an indefinite useful life to the trademark.

Player relationships were valued using the cost approach and the incremental cash flow method under the income approach. The incremental cash flow method is used to estimate the fair value of an intangible asset based on a residual cash flow notion. This method measures the benefits (e.g., cash flows) derived from ownership of an acquired intangible asset as if it were in place, as compared to the acquirer's expected cash flows as if the intangible asset were not in place (i.e., with-and-without). The residual or net cash flows of the two models is ascribable to the intangible asset.

Adjustments to amortization expense for definite-lived intangibles were based on comparing the historical amortization recorded during the periods presented to the revised amortization. The revised amortization was based on the estimated fair value amortized over the respective useful lives of the intangible assets. The following table illustrates the pro forma adjustments to amortization expense (dollars in thousands):

	Six months ended June 30, 2018	Year ended December 31, 2017
To record new amortization expense related to the fair value adjustments to intangible assets	$ 3,625	$ 7,250
Total adjustments to amortization of intangible assets	$ 3,625	$ 7,250

The following table illustrates the pro forma adjustments to goodwill (dollars in thousands):

To record preliminary goodwill for the purchase consideration in excess of the fair value of net assets acquired in connection with the Acquisition	$54,952
Total adjustments to goodwill	$54,952

d) Reflects the elimination of Elgin’s deferred rent liabilities of $0.3 million as a purchase accounting adjustment.

e) Reflects adjustments to current and long-term debt for anticipated borrowings to fund the Elgin acquisition. The adjustments to current and long-term debt are summarized as follows (dollars in thousands):

Anticipated new borrowings(i)	$128,358
Less: Increase to current portion of long-term debt	—
Increase to long-term debt	$128,358

(i) Reflects estimated borrowings as of June 30, 2018 to consummate the Elgin Acquisition. Actual future borrowings may vary based on working capital needs, including statutory cage cash requirements, to operate the business following the Elgin Acquisition.

The following table illustrates the pro forma adjustments to interest expense for the six months ended June 30, 2018 and the year ended December 31, 2017 (dollars in thousands):

	Six months ended June 30, 2018	Year ended December 31, 2017
Interest expense on borrowings	$ (3,286)	$ (6,572)

f) ERI and Elgin estimate incurring approximately $0.2 million and $0.3 million, respectively, for a total of $0.5 million in transaction related costs, as described in Note (1) as cash payout. Such costs consist primarily of legal, financial advisor, gaming license transfer fees, accounting and consulting costs, and was shown as a pro forma adjustment reducing retained earnings. These costs are not reflected in the unaudited pro forma condensed combined statement of operations because they are nonrecurring items that are directly related to the acquisitions.

The following table illustrates the pro forma adjustments to ERI and Elgin’s historical retained earnings (dollars in thousands):

	ERI	Elgin	Total
To record estimated transaction costs	$ (250)	$ (280)	$ (530)
To record Vicksburg’s termination fee	5,000	—	5,000
To eliminate Elgin’s historical partners’ equity	—	(44,931)	(44,931)
Total adjustments to ERI historical retained earnings	$4,750	$(45,211)	$(40,461)

g) Reflects the elimination of transaction related costs incurred by Elgin of $0.4 million during the six months ended June 30, 2018, as transaction related costs do not have a continuing effect on the combined company.

h) Reflects the elimination of transaction related costs incurred by ERI of $1.3 million during the six months ended June 30, 2018, as transaction related costs do not have a continuing effect on the combined company.

i) Column reflects pro forma adjustments related to the dispositions of Presque Isle Downs and Nemacolin. The pro forma adjustments on the Unaudited Pro Forma Balance Sheet reflects the elimination of assets and liabilities of Presque Isle Downs and Nemacolin, the net proceeds from Presque Isle Downs for $171.2 million, inclusive of fees and working capital adjustment of $7.7 million, and the net proceeds from Nemacolin for $(0.6) million, inclusive of fees and net of working capital adjustment of $1.4 million. The estimated gain from the sale of Presque Isle Downs is approximately $23.0 million and the estimated loss from the sale of Nemacolin is approximately $3.6 million, reflected as an adjustment to retained earnings. The estimated gains and loss related to dispositions has not been reflected in the pro forma consolidated statement of operations as it is considered to be nonrecurring in nature. The pro forma adjustments on the Unaudited Pro Forma Statement of Operations reflect the elimination of historical revenues, expenses, and other income of Presque Isle Downs and Nemacolin for the twelve months ended December 31, 2017 and six months ended June 30, 2018. The adjustment also reflects the estimated income tax effect of the pro-forma adjustments. The tax effect of the pro-forma adjustments was calculated using the historical statutory rates in effect for the periods presented.

j) Column reflects pro forma adjustments related to the terminated sale of Lady Luck Vicksburg in July 2018. The pro forma adjustments on the Unaudited Pro Forma Balance Sheet reflects the reclassification of assets and liabilities of Lady Luck Vicksburg from assets held-for-sale.

k) Reflects the pro forma adjustment for the income tax effect of the historical income of Elgin as a result of its acquisition by ERI, as well as the income tax effect of the pro forma adjustments. With respect to the Unaudited Pro Forma Income Statements, a blended federal and state statutory tax rate of 25% and 40%, for the six months ended June 30, 2018 and the year ended December 31, 2017, respectively, has been assumed for the pro forma adjustments.

l) Isle Acquisition

As described in the section discussing the Isle Acquisition above, ERI acquired Isle of Capri on May 1, 2017. The following tables discuss the pro forma adjustments related to the Isle Acquisition (dollars in thousands):

	Historical: Fiscal Year Ended December 31, 2017 ERI	Historical: Period from January 1, 2017 to April 30, 2017 Isle of Capri Casinos Inc	Pro Forma Adjustments		Pro Forma Fiscal Year Ended December 31, 2017 ERI (adjusted for acquisition of Isle)
REVENUES:					
Casino	$ 1,085,014	$ 271,750	$ —		$ 1,356,764
Pari-mutuel commissions	14,013	4,429	—		18,442
Food and beverage	198,246	32,755	—		231,001
Hotel	133,338	14,557	—		147,895
Other	50,187	5,078	—		55,265
Net revenues	1,480,798	328,569	—		1,809,367
EXPENSES:					
Casino	547,438	137,749	—		685,187
Pari-mutuel commissions	13,651	3,526	—		17,177
Food and beverage	169,848	15,487	—		185,335
Hotel	50,575	2,838	—		53,413
Other	32,156	2,058	—		34,214
Marketing and promotions	83,174	19,834	—		103,008
General and administrative	241,037	56,318	—		297,355
Corporate	30,739	8,447	—		39,186
Impairment charges	38,016	—	—		38,016
Depreciation and amortization	105,891	22,499	(3,324)	(a)	125,066
Total operating expenses	1,312,525	268,756	(3,324)		1,577,957
Gain (loss) on sale of disposal of property and equipment	(319)	(151)	—		(470)
Proceeds from terminated sale	20,000	—	—		20,000
Transaction expenses	(92,777)	—	—		(92,777)
Equity in income (loss) of unconsolidated affiliates	(367)	—	—		(367)
Operating income (loss)	94,810	59,662	3,324		157,796
OTHER INCOME (EXPENSE):					
Interest expense, net	(99,769)	(21,549)	1,994	(b)	(119,324)
Loss on extinguishment of debt	(38,430)	(1,790)	—		(40,220)
Total other expense	(138,199)	(23,339)	1,994		(159,544)
NET INCOME (LOSS) BEFORE INCOME TAXES	(43,389)	36,323	5,318		(1,748)
(Provision) benefit for income taxes	116,769	(9,854)	(2,128)	(c)	104,787
NET INCOME	$ 73,380	$ 26,469	$ 3,190		$ 103,039

The related impact to the unaudited pro forma condensed combined statement of operations as a result of the fair value adjustments of the assets and liabilities of Isle of Capri as a result of the Isle Acquisition have been included in the discussion of pro forma adjustments above.

a) Represents an adjustment to historical depreciation and amortization expense as a result of fair value of PP&E and intangible assists recognized for the period from January 1, 2017 to April 30, 2017.

b) Represents additional interest expense of $19.6 million for the period from January 1, 2017 to April 30, 2017 as a result of refinancing activity incurred in conjunction with the Isle Acquisition off-set by the write off of Isle historical interest expenses of $21.5 million for the period from January 1, 2017 to April 30, 2017 as a result of debt paying down by ERI.

c) The income tax adjustment assumes income taxes based on ERI’s historical statutory tax rate.

Note 4—UNAUDITED PRO FORMA FINANCIAL STATEMENT RECLASSIFICATION ADJUSTMENTS

Certain reclassifications have been recorded to the historical financial statements of Elgin to provide comparability and consistency for the anticipated post-combined company presentation.

Reclassifications were made between certain balance sheet accounts to provide consistency in presentation.

Reclassifications were made among revenue components to classify certain revenue streams consistently between the companies.

Reclassifications were also made between expense line items, such as casino, gaming taxes and other costs, as well as marketing and promotions and general and administrative. Certain reclassifications were required to remain consistent with the changes made within revenue reclassifications.

As indicated in Note 1, ERI adopted ASC Topic 606 effective January 1, 2018, and elected to apply the full retrospective adoption method. Elgin had not adopted this standard prior to the acquisition by ERI. Accordingly, reclassifications and adjustments were made to reflect the adoption of ASC Topic 606 to the historical financial statements of Elgin to provide comparability and consistency for the anticipated post-combined company presentation.

The reclassifications reflect the anticipated presentation of the post-combination company’s financial statements and are subject to change.

Note 5—BORROWINGS

The unaudited condensed combined pro forma financial statements reflect the amount of estimated borrowings required to complete the Elgin Acquisition. The actual amount of available cash at closing (including cash balances related to the sale of Presque Isle Downs and Nemacolin) may vary materially from preliminary estimates. The pro forma financial statements also reflect an estimate of interest rates for the borrowings based on current market conditions and rates currently available and based on facilities with similar terms and tenors. However, the actual interest incurred may vary significantly based upon, among other things, market considerations, the amount of borrowing utilized.

A sensitivity analysis on interest expense for the six months ended June 30, 2018 and the year ended December 31, 2017 has been performed to assess the effect of a change of 12.5 basis points of the hypothetical interest rate would have on the borrowings.

The following table shows the change in interest expense for the debt financing (dollars in thousands):

Interest expense assuming	Six months ended June 30, 2018	Year ended December 31, 2017
Increase of 0.125%	$ 2,937	$ 5,874
Decrease of 0.125%	2,777	5,553