



**CAESARS**  
ENTERTAINMENT  
OPERATING CO.

## **CEOC Selected Financial Information**

**March 2015**

# DISCLAIMER

The selected financial information of Caesars Entertainment Operating Company, Inc. (“CEOC”), a subsidiary of Caesars Entertainment Corporation (“CEC”), included herein is limited in scope and has not been subjected to a quarterly review process by our independent registered public accounting firm and has not been subjected to testing that CEC or CEOC would apply in the preparation of financial information intended for inclusion in an Exchange Act filing. Upon the application of such procedures, CEC believes that the selected financial information may be subject to change, and these changes could be material. Among other things, the selected financial information does not include the notes to financial statements that would be included if this financial information was being provided in connection with an offering of securities or as part of an annual or quarterly report filed with the Securities and Exchange Commission. CEOC does not file reports with the Securities and Exchange Commission and the preparation of this selected financial information and the posting of this information to CEC’s website shall in no way be interpreted as an undertaking on the part of CEC or CEOC to otherwise comply with all of the rules and regulations that are applicable to a company subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Such information might not be indicative of CEOC’s financial condition or operating results for the period that would be reflected in an Exchange Act report.

There can be no assurance that the selected financial information presented herein is complete, and readers are strongly cautioned not to place reliance on this selected financial information, which was not prepared for the purpose of providing the basis for an investment decision relating to any of the securities of CEC or CEOC.

The selected financial information included herein has been derived from the books and records of CEOC and reflects all adjustments (consisting primarily of normal recurring adjustments) that management considers necessary for a fair presentation of financial position, results of operations, and cash flows, in accordance with generally accepted accounting principles in the United States (“GAAP”), except for certain adjustments that could arise from an ultimate determination related to:

- Various corporate-owned life insurance policies (the “COLIs”) that were purchased and contributed into either an escrow account or a Rabbi trust (the “Asset Vehicles”) in order to fund liabilities associated with certain deferred compensation plans. CEOC has made reasonable efforts to ascertain their rights and obligations related to the deferred compensation plans based on a diligent review of their books and records, which process is ongoing. Although CEOC may not have any direct interest in the COLIs and the Asset Vehicles CEOC has reported the COLIs as assets and claims related to the deferred compensation plans as liabilities in the accompanying balance sheets. The related assets and liabilities may lie partially or entirely with CEC. The inclusion of any asset or liability related to the deferred compensation plans in the attached selected financial information does not constitute any admission, conclusion, or waiver in any respect.
- The determination of whether Caesars Enterprise Services, LLC should be consolidated into CEOC’s financial statements post-bankruptcy.

The selected financial information presented herein includes non-GAAP measures, which are presented on a basis consistent with how CEOC management reviews operating results, assesses performances, and makes decisions related to the allocations of resources on a property-by-property basis. Property EBITDA is a non-GAAP financial measure commonly used in CEOC’s industry and should not be construed as an alternative to net income/(loss) as an indicator of operating performance or as an alternative to cash flow provided by operating activities as a measure of liquidity (as determined in accordance with GAAP). Property EBITDA is defined as revenues less property operating expenses and is comprised of net income/(loss) before (i) interest expense, net of interest capitalized and interest income, (ii) (benefit)/provision for income taxes, (iii) depreciation and amortization, (iv) corporate expenses, and (v) certain items that CEOC does not consider indicative of its ongoing operating performance at an operating property level. In evaluating Property EBITDA, you should be aware that, in the future, CEOC may incur expenses that are the same or similar to some of the adjustments in this presentation. The presentation of Property EBITDA should not be construed as an inference that future results will be unaffected by unusual or unexpected items. Property EBITDA may not be comparable to similarly titled measures reported by other companies within the industry. Property EBITDA is included because CEOC’s management uses Property EBITDA to measure performance and allocate resources, and believes that Property EBITDA provides investors with additional information consistent with that used by CEOC’s management.

Adjusted EBITDA is a non-GAAP measure presented as a supplemental measure of CEOC's performance. Adjusted EBITDA is defined as Property EBITDA further adjusted to exclude certain non-cash and other items required or permitted in calculating covenant compliance CEOC's secured credit facilities. CEOC's management believes that Adjusted EBITDA provides investors with additional information and allows a better understanding of the results of operational activities separate from the financial impact of decisions made for the long-term benefit of CEOC. Because not all companies use identical calculations, the presentation of Adjusted EBITDA may not be comparable to other similarly titled measures of other companies.

CEC is not required to publicly update the selected financial information presented herein to reflect the occurrence of future events. The selected financial results contained herein are not necessarily indicative of results that may be expected from any other period or for the full year and may not necessarily reflect the consolidated results of operations and financial position of CEOC in the future. The future results of CEOC may differ significantly from those reflected in this selected financial information.

As a result of the Chapter 11 filings of CEOC and certain of its subsidiaries ("Debtors"), the payment of prepetition indebtedness is subject to compromise or other treatment under a plan of reorganization. The amounts currently classified as liabilities subject to compromise may be subject to future adjustments depending on Bankruptcy Court actions, payments pursuant to Bankruptcy Court order, further developments with respect to, among other things, the reconciliation and adjudication of claims, determinations of the secured status of certain claims, the value of any collateral securing such claims, rejection of executory contracts, or other events. The determination of how liabilities will ultimately be settled and treated cannot be made until the Bankruptcy Court approves a Chapter 11 plan of reorganization. Accordingly, the ultimate amount of such liabilities is not determinable at this time.

For the basis of presentation, "affiliates" represent investments made by CEOC that are accounted for using the cost or equity method in accordance with GAAP as well as Caesars enterprise wide entities that are not owned by CEOC. All intercompany accounts and transactions have been eliminated in consolidation.

CEC has not made and does not make any representation to any person regarding CEOC's future results. There can be no assurance that, from the perspective of an investor or potential investor in CEOC's securities that this selected financial information is complete. Likewise, no assurance can be given as to the value, if any, that may be ascribed to CEOC's various prepetition liabilities and other securities.

**CAESARS ENTERTAINMENT OPERATING COMPANY, INC.**  
**CONSOLIDATED CONDENSED BALANCE SHEETS**  
**(UNAUDITED)**  
**(In millions, except par value)**

	March 31, 2015	December 31, 2014
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 1,197.3	\$ 1,194.0
Restricted cash	11.0	18.8
Receivables, net	356.2	359.7
Prepayments and other current assets	79.2	82.8
Inventories	28.8	30.3
Due from affiliates	16.8	23.2
Total current assets	1,689.3	1,708.8
Property and equipment, net	6,131.8	6,190.4
Goodwill	673.9	673.9
Intangible assets other than goodwill	2,375.9	2,515.2
Investments in and advances to non-consolidated affiliates	117.1	140.1
Restricted cash	10.5	7.5
Deferred charges and other	246.7	419.8
Assets held for sale	21.1	20.7
Total assets	\$ 11,266.3	\$ 11,676.4
<b>Liabilities and Stockholders' Deficit</b>		
Current liabilities		
Accounts payable	\$ 101.5	\$ 129.9
Due to affiliates	49.2	38.5
Accrued expenses	565.6	652.3
Interest payable	6.2	600.9
Deferred income taxes	99.4	186.7
Current portion of long-term debt	1.3	15,783.3
Total current liabilities	823.2	17,391.6
Long-term debt	330.6	393.6
Deferred income taxes	1,343.5	1,296.5
Deferred credits and other	492.9	718.0
Liabilities subject to compromise	18,906.4	—
Total liabilities	21,896.6	19,799.7
Commitments and Contingencies		
Stockholders' deficit		
Common stock: voting; \$0.001 par value; 1.4 shares issued and outstanding	—	—
Additional paid-in capital	3,424.8	3,420.3
Accumulated deficit	(14,041.5)	(11,528.9)
Accumulated other comprehensive loss	(38.6)	(38.8)
Total CEOC stockholders' deficit	(10,655.3)	(8,147.4)
Noncontrolling interests	25.0	24.1
Total stockholders' deficit	(10,630.3)	(8,123.3)
Total liabilities and stockholders' deficit	\$ 11,266.3	\$ 11,676.4

**CAESARS ENTERTAINMENT OPERATING COMPANY, INC.**  
**CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS**  
**(UNAUDITED)**  
**(In millions)**

	<b>Three Months Ended March 31,</b>	
	<b>2015</b>	<b>2014</b>
<b>Revenues</b>		
Casino	\$ 836.9	\$ 987.2
Food and beverage	181.2	218.7
Rooms	114.9	154.4
Management fees	28.3	16.7
Other	53.4	72.0
Reimbursed management costs	75.6	102.4
Less: casino promotional allowances	(133.7)	(178.8)
Net revenues	<u>1,156.6</u>	<u>1,372.6</u>
<b>Operating expenses</b>		
<b>Direct</b>		
Casino	492.0	612.1
Food and beverage	73.2	85.8
Rooms	24.6	38.1
Property, general, administrative, and other	212.8	278.2
Reimbursable management costs	75.6	102.4
Depreciation and amortization	67.0	87.5
Write-downs and reserves, net of recoveries	29.4	12.2
Impairment of intangible assets	130.0	12.4
Loss on interests in non-consolidated affiliates	0.3	(3.5)
Corporate expense	36.8	34.6
Acquisition and integration costs	4.0	14.6
Amortization of intangible assets	9.4	14.9
Total operating expenses	<u>1,155.1</u>	<u>1,289.3</u>
Income from operations	1.5	83.3
Interest expense	(108.5)	(535.7)
Loss on early extinguishment of debt	(0.2)	(0.1)
Other income, including interest income	3.0	1.0
Reorganization items	(2,437.9)	—
Loss from continuing operations, before income taxes	<u>(2,542.1)</u>	<u>(451.5)</u>
Income tax benefit	38.4	85.2
Loss from continuing operations, net of income taxes	<u>(2,503.7)</u>	<u>(366.3)</u>
<b>Discontinued operations</b>		
Loss from discontinued operations	(6.8)	(91.7)
Income tax benefit	—	20.0
Loss from discontinued operations, net of income taxes	<u>(6.8)</u>	<u>(71.7)</u>
Net loss	<u>(2,510.5)</u>	<u>(438.0)</u>
Net income attributable to noncontrolling interests	(2.1)	(2.1)
Net loss attributable to CEOC	<u>\$ (2,512.6)</u>	<u>\$ (440.1)</u>

**CAESARS ENTERTAINMENT OPERATING COMPANY, INC.**  
**CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS**  
**(UNAUDITED)**  
**(In millions)**

	<b>Three Months Ended March 31,</b>	
	<b>2015</b>	<b>2014</b>
Cash flows from operating activities <sup>(1)</sup>	\$ 27.4	\$ (152.6)
Cash flows from investing activities		
Acquisitions of property and equipment, net of change in related payables	(20.7)	(138.2)
Change in restricted cash	4.8	48.6
Proceeds from sale of assets	0.4	12.5
Investments in/advances to non-consolidated affiliates and other	(1.9)	—
Proceeds from sale of investment	1.7	—
Other	4.4	1.9
Cash flows from investing activities	<u>(11.3)</u>	<u>(75.2)</u>
Cash flows from financing activities		
Repayments under lending agreements	(4.8)	(7.4)
Repayments under notes payable to affiliates	—	(25.0)
Distributions to noncontrolling interest owners	(1.2)	(1.3)
Cash flows from financing activities	<u>(6.0)</u>	<u>(33.7)</u>
Cash flows from discontinued operations		
Cash flows from operating activities	(10.1)	0.1
Cash flows from investing activities	3.3	(0.5)
Cash flows from financing activities	—	—
Net cash from discontinued operations	<u>(6.8)</u>	<u>(0.4)</u>
Net increase/(decrease) in cash and cash equivalents	3.3	(261.9)
Cash and cash equivalents, beginning of period	1,194.0	1,438.7
Cash and cash equivalents, end of period	<u>\$ 1,197.3</u>	<u>\$ 1,176.8</u>
<b>Supplemental Cash Flow Information:</b>		
Cash paid for interest	\$ 126.1	\$ 326.1
Cash paid for income taxes	0.3	0.6
Cash paid for reorganization items	48.3	—
Non-cash investing and financing activities:		
Increase/(decrease) in accrued capital expenditures	6.2	22.2

<sup>(1)</sup> Included in 2015 cash flows from operating activities is \$2,392.7 million of non-cash reorganization items.

**CAESARS ENTERTAINMENT OPERATING COMPANY, INC.**  
**PROPERTY & ADJUSTED EBITDA**  
**(UNAUDITED)**  
**(In millions)**

	<b>Three Months Ended March 31,</b>	
	<b>2015</b>	<b>2014<sup>(1)</sup></b>
Net loss	\$ (2,510.5)	\$ (438.0)
Loss from discontinued operations, net of income taxes	6.8	71.7
Income tax benefit	(38.4)	(85.2)
Other income, including interest income	(3.0)	(1.0)
Reorganization items	2,437.9	—
Loss on early extinguishment of debt	0.2	0.1
Interest expense	108.5	535.7
<b>Income from operations</b>	<b>1.5</b>	<b>83.3</b>
Depreciation and amortization	67.0	87.5
Write-downs and reserves, net of recoveries	29.4	12.2
Impairment of intangible assets	130.0	12.4
Loss on interests in non-consolidated affiliates	0.3	(3.5)
Corporate expense	36.8	34.6
Acquisition and integration costs	4.0	14.6
Amortization of intangible assets	9.4	14.9
Impact of consolidating The LINQ and Octavius Tower	(3.6)	(9.6)
EBITDA attributable to discontinued operations	—	(4.1)
<b>Property EBITDA</b>	<b>\$ 274.8</b>	<b>\$ 242.3</b>
Corporate expense	(36.8)	(34.6)
Stock-based compensation expense	2.7	7.9
Adjustments to include 100% of Baluma S.A.'s adjusted EBITDA	10.4	21.1
Depreciation in corporate expense	10.6	7.7
Other	8.4	4.1
<b>Adjusted EBITDA</b>	<b>\$ 270.1</b>	<b>\$ 248.5</b>

<sup>(1)</sup> Included in 2014 is \$189.9 million and \$45.3 million of net revenue and property EBITDA, respectively, related to Bally's Las Vegas, The Cromwell, The LINQ Hotel and Casino, and Harrah's New Orleans, which were sold in May 2014.