

CAESARS ENTERTAINMENT Corp

Form S-4

March 13, 2017

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

Registration No. 333-

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

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

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

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

7993
(Primary Standard Industrial
Classification Code Number)

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

One Caesars Palace Drive

Las Vegas, Nevada 89109

(702) 407-6000

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

Scott E. Wiegand, Esq.

Senior Vice President, Deputy General Counsel and Corporate Secretary

Caesars Entertainment Corporation

One Caesars Palace Drive

Las Vegas, NV 89109

(702) 407-6000

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

Copies to:

Michael Cohen, Esq.

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

Caesars Acquisition Company

One Caesars Palace Drive

Las Vegas, NV 89109

(702) 407-6000

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

statement/prospectus.

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

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

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

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

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

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

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

CALCULATION OF REGISTRATION FEE

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

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

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

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

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

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

PRELIMINARY SUBJECT TO COMPLETION DATED MARCH 13, 2017

[], 2017

Dear Caesars Entertainment Corporation Stockholders and Caesars Acquisition Company Stockholders:

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

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

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

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

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

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

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

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

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

Sincerely,

Gary Loveman
Chairman of the Board
Caesars Entertainment Corporation

Mitch Garber
President and Chief Executive Officer
Caesars Acquisition Company

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

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

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ADDITIONAL INFORMATION

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

Caesars Acquisition Company

One Caesars Palace Drive

Las Vegas, Nevada 89109

Attention: Corporate Secretary

Telephone: (702) 407-6000

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

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

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

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

TO BE HELD ON [], 2017

To the Stockholders of Caesars Entertainment Corporation:

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

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

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

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

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

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

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

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

By order of the Board of Directors,

Scott E. Wiegand

Corporate Secretary

Las Vegas, Nevada

[], 2017

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

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

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

Innisfree M&A Incorporated

501 Madison Avenue, 20th Floor

New York, New York 10022

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

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

or

Caesars Entertainment Corporation

One Caesars Palace Drive

Las Vegas, Nevada 89109

Attn: Corporate Secretary

Telephone: (702) 407-6000

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

TO BE HELD ON [], 2017

To the Stockholders of Caesars Acquisition Company:

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

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

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

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

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

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

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

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

By order of the Board of Directors,

Michael Cohen

Corporate Secretary

Las Vegas, Nevada

[], 2017

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

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

MacKenzie Partners, Inc.

105 Madison Avenue

New York, New York 10016

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

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

or

Caesars Acquisition Company

One Caesars Palace Drive

Las Vegas, Nevada 89109

Attn: Corporate Secretary

Telephone: (702) 407-6000

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

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

Q: Why am I receiving this document?

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

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

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

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

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

Q: What will CAC stockholders receive in the Merger?

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Q: Who is the exchange agent for the Merger?

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

Q: Who is the transfer agent for CEC?

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

Q: How do I vote?

A: *Via the Internet or by Telephone*

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

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

By Mail

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

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

In Person or by Proxy

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

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

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

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

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

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

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

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

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

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

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

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

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Q: When and where are the special meetings?

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

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

Q: Who may attend the special meetings?

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

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

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

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

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

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

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

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

sending a signed notice stating that you revoke your proxy:

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

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

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

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

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

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

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

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

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

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

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

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

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

A:

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

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

Q: What happens if the Merger is not completed?

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

Q: Are there risks associated with the Merger?

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

Q: When do you expect to complete the Merger?

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

Q: How will I know the Merger has occurred?

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

Q: Are CEC stockholders entitled to appraisal rights?

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

Q: Are CAC stockholders entitled to appraisal rights?

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

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

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

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

Q: What do I do now?

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Innisfree M&A Incorporated

501 Madison Avenue, 20th Floor

New York, New York 10022

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

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

or

Caesars Entertainment Corporation

One Caesars Palace Drive

Las Vegas, Nevada 89109

Attn: Corporate Secretary

Telephone: (702) 407-6000

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

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

MacKenzie Partners, Inc.

105 Madison Avenue

New York, New York 10016

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

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

or

Caesars Acquisition Company

Edgar Filing: CAESARS ENTERTAINMENT Corp - Form S-4

One Caesars Palace Drive

Las Vegas, Nevada 89109

Attn: Corporate Secretary

Telephone: (702) 407-6000

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SUMMARY

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

The Companies (See Page 105)

Caesars Entertainment Corporation

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

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

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

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

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

Caesars Acquisition Company

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

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

New Caesars Entertainment Corporation

Overview

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

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

Invigorate hospitality and loyalty marketing programs.

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

Institute a continuous improvement-focus operating model.

Inspire a sales and service culture.

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Optimize the CEC network through expansion and licensing.

Create the customer experience of the future.

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

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

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

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

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

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

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

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Business Operations

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

Casino Entertainment Operations

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

Food and Beverage Operations

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

Rooms and Hotel Operations

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

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

Entertainment and Other Business Operations

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

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

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

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New Investments

Casino Entertainment Operations

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

Food and Beverage Operations

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

Rooms and Hotel Operations

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

Entertainment and Other Business Operations

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

Summary Financial Overview of New CEC

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

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

\$ millions

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

CEOC

\$ millions

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

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

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

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

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

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

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

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

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

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

(1)

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

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

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

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

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

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

Table of Contents**Capital Structure**

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

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

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

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

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

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

Competitive Strengths

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

Total Rewards Database and Loyalty Programs

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

Leading Market Position and Brand Recognition

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

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

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

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Scalable Business Model

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

Efficient Operating Model Culture

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

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

The Sponsors

Apollo

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

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TPG

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

Hamlet Holdings

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

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

The CEOC Restructuring (See Page 198)

Structure

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

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

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

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

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

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

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

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

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

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

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

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

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

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

RSA Forbearance Fees (as defined below);

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Material Commitments and Obligations

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

Litigation

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

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

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

The Merger (See Page 340)

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

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

Consideration to CAC Stockholders (See Page 223)

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

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

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

Market Prices

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

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

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

Dividends

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

Special Meeting of Stockholders of CEC (See Page 211)

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

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

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

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

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

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

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

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

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

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

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

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

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Special Meeting of Stockholders of CAC (See Page 217)

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

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

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

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

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

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

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

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

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

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

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

CEC Voting Agreement (see Page 354)

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

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

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

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

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CAC Voting Agreement (see Page 354)

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

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

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

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

No Dissenters or Appraisal Rights (See Page 315)

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

Treatment of CEC Equity Awards (See Page 341)

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

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

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

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

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

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

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

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

Merger Agreement)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Certain Governance Matters Following the Merger (See Page 373)

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

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

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

Conditions to Completion of the Merger (See Page 350)

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

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

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

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

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

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

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

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

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

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

Regulatory Approvals Required for the Merger (See Page 314)

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

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

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

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

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

Solicitation by CEC (See Page 348)

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

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

Solicitation by CAC (See Page 348)

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

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

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

Termination of the Merger Agreement (See Page 351)

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

by either CEC or CAC:

with the mutual agreement of the other party;

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

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

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

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

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

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

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

by CEC:

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

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

by CAC:

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

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

Specific Performance; Remedies (See Page 340)

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

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

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

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

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

Accounting Treatment (See Page 317)

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

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

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

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

Litigation Relating to the Merger (See Page 318)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Table of Contents**COMPARATIVE PER SHARE MARKET PRICE AND DIVIDEND INFORMATION****Market Prices**

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

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

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

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

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

Dividends

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

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

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

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CEC UNAUDITED CONSOLIDATED CONDENSED PRO FORMA FINANCIAL STATEMENTS

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

the Merger; and

the Restructuring.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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Consolidated Condensed Pro Forma Balance Sheets

As of December 31, 2016

(Unaudited)

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

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

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Caesars Entertainment Corporation

Consolidated Condensed Pro Forma Balance Sheets

As of December 31, 2016 (Continued)

(Unaudited)

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

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

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Consolidated Condensed Pro Forma Statements of Operations

Year Ended December 31, 2016

(Unaudited)

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

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

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Caesars Entertainment Corporation

Consolidated Condensed Pro Forma Statements of Operations

Year Ended December 31, 2016 (Continued)

(Unaudited)

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

(i)

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

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Consolidated Condensed Pro Forma Statements of Operations

Year Ended December 31, 2015

(Unaudited)

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

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

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

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Consolidated Condensed Pro Forma Statements of Operations

Year Ended December 31, 2014

(Unaudited)

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

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

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

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Notes to Unaudited Consolidated Condensed Pro Forma Financial Statements

Note 1 Merger of CEC and CAC

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

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

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

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

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

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

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

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

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

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

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

Note 2 Adjustments to Predecessor CEOC

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

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Caesars Entertainment Corporation

Notes to Unaudited Consolidated Condensed Pro Forma Financial Statements

(Continued)

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

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

Note 3 New CEOC Restructuring Transactions

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

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

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Notes to Unaudited Consolidated Condensed Pro Forma Financial Statements

(Continued)

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

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

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

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

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

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

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

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

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Notes to Unaudited Consolidated Condensed Pro Forma Financial Statements

(Continued)

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

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

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

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

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

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

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

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

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

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Notes to Unaudited Consolidated Condensed Pro Forma Financial Statements

(Continued)

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

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

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

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

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

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

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

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

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Notes to Unaudited Consolidated Condensed Pro Forma Financial Statements

(Continued)

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

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

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

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

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

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Notes to Unaudited Consolidated Condensed Pro Forma Financial Statements

(Continued)

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

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

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

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

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Notes to Unaudited Consolidated Condensed Pro Forma Financial Statements

(Continued)

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

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

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

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COMPARATIVE HISTORICAL AND UNAUDITED PRO FORMA PER SHARE DATA

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

Historical Per Share Information of CEC and CAC

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

Unaudited Pro Forma Per CEC Common Share Data

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

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

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

Unaudited Pro Forma Per CAC Common Share Data

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

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

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

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

Table of Contents**RISK FACTORS**

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

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

Risks Related to the Merger

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CEC and CAC remaining liable for significant transaction costs;

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

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

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certain litigation against CEC and CAC remaining outstanding; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Risks Related to the Restructuring

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

sell assets outside the normal course of business;

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

grant liens;

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

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prepay prepetition obligations; and

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

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

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

Risks Related to New CEC's Business

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Risks Related to CAC's Business

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

Risks Related to CEC's Business

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

affect the ability to renew certain gaming and other licenses;

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

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

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

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

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

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

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

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

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

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

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

incur additional debt or issue certain preferred shares;

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

make certain investments;

sell certain assets;

create liens on certain assets;

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

enter into certain transactions with affiliates; and

designate subsidiaries as unrestricted subsidiaries.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

continue to grow.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CEC faces the risk of fraud, theft and cheating.

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

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

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

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

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

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

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

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

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

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

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

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

CEC intends to develop, construct and open new hotels, casinos and other gaming venues, and develop and manage non-gaming venues, in response to opportunities that may arise. Future development projects may require significant capital commitments, the incurrence of additional debt, guarantees of third-party debt, the incurrence of contingent liabilities and an increase in depreciation and amortization expense, which could have an adverse effect upon CEC's business, financial condition, results of operations and cash flow. The development and construction of new hotels, casinos and gaming venues and the expansion of existing ones are susceptible to various risks and uncertainties, such as:

the existence of acceptable market conditions and demand for the completed project;

general construction risks, including cost overruns, change orders and plan or specification modification, shortages of construction resources, labor disputes, unforeseen environmental, engineering or geological problems, work stoppages, fire and other natural disasters, construction scheduling problems, and weather interferences;

changes and concessions required by governmental or regulatory authorities;

the ability to finance the projects, especially in light of CEC's substantial indebtedness;

delays in obtaining, or inability to obtain, all licenses, permits and authorizations required to complete and/or operate the project; and

disruption of CEC's existing operations and facilities.

Moreover, CEC's development and expansion projects are sometimes jointly pursued with third parties or by licensing CEC's brands to third parties. These joint development, expansion projects or license agreements are subject to risks, in addition to those disclosed above, as they are dependent on CEC's ability to reach and maintain agreements with third parties.

CEC's failure to complete any new development or expansion project, or complete any joint development, expansion projects or projects where CEC licenses its brands, as planned, on schedule, within budget or in a manner that generates anticipated profits, could have an adverse effect on CEC's business, financial condition, results of operations and cash flow.

CEC may pursue strategic acquisitions of third-party assets and businesses as a complement to its future growth strategy, which could raise material investment risk and affect CEC's businesses and operations if integration is unsuccessful or the acquired assets and businesses perform poorly.

CEC intends to implement a growth plan centered on an organic growth strategy for its non-gaming entertainment, hospitality and leisure offerings for CEC. CEC also intends to pursue strategic acquisitions as a complement to the extent such acquisitions present attractive opportunities that would bolster CEC's organic growth strategy. Additionally, CEC will also look to become a more active participant in certain high-growth social and mobile gaming opportunities in order to leverage its extensive experience and management expertise in the gaming industry and build an enhanced high growth portfolio.

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CEC's ability to realize the anticipated benefits of acquisitions will depend, in part, on CEC's ability to integrate the businesses of such acquired company with CEC's businesses. The combination of two independent companies is a complex, costly and time consuming process. This process may disrupt the business of either or both of the companies, and may not result in the full benefits expected. The difficulties of combining the operations of the companies include, among others:

coordinating marketing functions;

undisclosed liabilities; unanticipated issues in integrating information, communications and other systems;

unanticipated incompatibility of purchasing, logistics, marketing and administration methods;

retaining key employees;

consolidating corporate and administrative infrastructures;

the diversion of management's attention from ongoing business concerns; and

coordinating geographically separate organizations.

Additionally, even if integration is successful, the overall integration of acquired assets and businesses may result in material unanticipated problems, expenses, liabilities, competitive responses, loss of customer and other business relationships and diversion of management attention. There is also no guarantee that the acquired assets or businesses will generate any of the projected synergies and earnings growth, and the failure to realize such projected synergies and earnings growth may adversely affect the operating and financial results of CEC and derail any growth plans.

The risks associated with CEC's existing and potential future international operations could reduce CEC's profits.

Some of CEC's properties are located outside the United States, and CEC is currently pursuing additional international opportunities. International operations are subject to inherent risks including:

political and economic instability;

variation in local economies;

currency fluctuation;

greater difficulty in accounts receivable collection;

trade barriers; and

burden of complying with a variety of international laws.

For example, the political instability in Egypt due to the uprising in January 2011 has negatively affected CEC's properties there.

Any violation of the Foreign Corrupt Practices Act or other similar laws and regulations could have a negative impact on CEC.

CEC is subject to risks associated with doing business outside of the United States, which exposes CEC to complex foreign and U.S. regulations inherent in doing business cross-border and in each of the countries in which it transacts business. CEC is subject to requirements imposed by the Foreign Corrupt Practices Act (FCPA) and other anti-corruption laws that generally prohibit U.S. companies and their affiliates from offering, promising, authorizing or making improper payments to foreign government officials for the purpose of obtaining or retaining business. Violations of the FCPA and other anti-corruption laws may result in severe

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criminal and civil sanctions and other penalties and the SEC and U.S. Department of Justice have increased their enforcement activities with respect to the FCPA. Policies and procedures and employee training and compliance programs that CEC has implemented to deter prohibited practices may not be effective in prohibiting CEC's employees, contractors or agents from violating or circumventing CEC's policies and the law. If CEC's employees or agents fail to comply with applicable laws or company policies governing CEC's international operations, CEC may face investigations, prosecutions and other legal proceedings and actions which could result in civil penalties, administrative remedies and criminal sanctions. Any determination that CEC has violated any anti-corruption laws could have a material adverse effect on CEC's financial condition. Compliance with international and U.S. laws and regulations that apply to CEC's international operations increases CEC's cost of doing business in foreign jurisdictions. CEC also deals with significant amounts of cash in CEC's operations and are subject to various reporting and anti-money laundering regulations. Any violation of anti-money laundering laws (AML) or regulations, on which in recent years, governmental authorities have been increasingly focused, with a particular focus on the gaming industry, by any of CEC's resorts could have a negative effect on CEC's results of operations.

Acts of terrorism, war, natural disasters, severe weather and political, economic and military conditions may impede CEC's ability to operate or may negatively impact CEC's financial results.

Terrorist attacks and other acts of war or hostility have created many economic and political uncertainties. For example, a substantial number of the customers of CEC's properties in Las Vegas use air travel. As a result of terrorist acts that occurred on September 11, 2001, domestic and international travel was severely disrupted, which resulted in a decrease in customer visits to CEC's properties in Las Vegas. CEC cannot predict the extent to which disruptions in air or other forms of travel as a result of any further terrorist act, security alerts or war, uprisings, or hostilities in places such as Iraq, Afghanistan and/or Syria or other countries throughout the world, and governmental responses to those acts or hostilities, will directly or indirectly impact CEC's business and operating results. For example, CEC's operations in Cairo, Egypt were negatively affected from the uprising there in January 2011. As a consequence of the threat of terrorist attacks and other acts of war or hostility in the future, premiums for a variety of insurance products have increased, and some types of insurance are no longer available. If any such event were to affect CEC's properties, CEC would likely be adversely impacted.

In addition, natural and man-made disasters such as major fires, floods, hurricanes, earthquakes and oil spills could also adversely impact CEC's business and operating results. Such events could lead to the loss of use of one or more of CEC's properties for an extended period of time and disrupt CEC's ability to attract customers to certain of CEC's gaming facilities. If any such event were to affect CEC's properties, CEC would likely be adversely impacted.

In most cases, CEC has insurance that covers portions of any losses from a natural disaster, but it is subject to deductibles and maximum payouts in many cases. Although CEC may be covered by insurance from a natural disaster, the timing of CEC's receipt of insurance proceeds, if any, is out of CEC's control. In some cases, however, CEC may receive no proceeds from insurance.

Additionally, a natural disaster affecting one or more of CEC's properties may affect the level and cost of insurance coverage CEC may be able to obtain in the future, which may adversely affect CEC's financial position.

As CEC's operations depend in part on CEC's customers' ability to travel, severe or inclement weather can also have a negative impact on CEC's results of operations.

CEC may incur impairments to goodwill, indefinite-lived intangible assets, or long-lived assets, which could negatively affect CEC's future profits.

CEC performs its annual impairment assessment of goodwill as of October 1, or more frequently if impairment indicators exist. CEC determines the estimated fair value of each reporting unit based on a

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combination of EBITDA and estimated future cash flows discounted at rates commensurate with the capital structure and cost of capital of comparable market participants, giving appropriate consideration to the prevailing borrowing rates within the casino industry in general. CEC also evaluates the aggregate fair value of all of CEC's reporting units and other non-operating assets in comparison to CEC's aggregate debt and equity market capitalization at the test date. Both EBITDA multiples and discounted cash flows are common measures used to value and buy or sell businesses in CEC's industry.

CEC will also perform an annual impairment assessment of other non-amortizing intangible assets as of October 1, or more frequently if impairment indicators exist. CEC determines the estimated fair value of CEC's non-amortizing intangible assets by primarily using the Relief From Royalty Method and Excess Earnings Method under the income approach.

CEC reviews the carrying value of CEC's long-lived assets whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When performing this assessment, CEC considers current operating results, trends and prospects, as well as the effect of obsolescence, demand, competition, and other economic, legal, and regulatory factors.

Significant negative industry or economic trends, reduced estimates of future cash flows, disruptions to CEC's business, slower growth rates or lack of growth in CEC's business resulted in an impairment charge during the year ended December 31, 2014. If one or more of such events occurs in the future, additional impairment charges may be required in future periods. If CEC is required to record additional impairment charges, this could have a material adverse impact on CEC's consolidated financial statements.

CEC's business is particularly sensitive to energy prices and a rise in energy prices could harm CEC's operating results.

CEC is a large consumer of electricity and other energy and, therefore, higher energy prices may have an adverse effect on CEC's results of operations. Accordingly, increases in energy costs may have a negative impact on CEC's operating results. Additionally, higher electricity and gasoline prices which affect CEC's customers may result in reduced visitation to CEC's resorts and a reduction in CEC's revenues. CEC may be indirectly impacted by regulatory requirements aimed at reducing the impacts of climate change directed at up-stream utility providers, as CEC could experience potentially higher utility, fuel, and transportation costs.

CGP's interests may conflict with CEC's interests.

The interests of CGP could conflict with CEC's interests. CGP is in a similar business to CEC and is required to first provide any potential development opportunities to CEC. However, CEC may decide to decline the opportunity for the company's business and permit CGP to pursue the development opportunity. A committee of CEC's board of directors comprised of disinterested directors will consider potential development opportunities provided to CEC by CGP. If the committee declines an opportunity, that opportunity will be available to CGP and will not be available to CEC's businesses. As a result, CEC's business and growth prospects could be negatively impacted. Furthermore, the consideration of business opportunities may create potential or perceived conflicts of interests between CEC's and CGP's businesses. While CEC may retain a portion of the financial stake in any management fee to be received in connection with an opportunity provided to CGP, there can be no assurances that such opportunity will be successful or that CEC will receive the expected fees from any opportunity.

Although certain employees of affiliates of the Sponsors are on the boards of directors of CEC and CAC, the certificates of incorporation of both companies provide that neither the Sponsors nor directors have any obligation to present any corporate opportunity to CEC or CAC. Accordingly, the Sponsors may pursue gaming, entertainment or other activities outside of CEC or CAC and have no obligation to present such opportunity to CEC or CAC.

Table of Contents***Work stoppages and other labor problems could negatively impact CEC's future profits.***

Some of CEC's employees are represented by labor unions and, accordingly, CEC is subject to the risk of work stoppages or other labor disruptions from time to time. CEC currently has five collective bargaining agreements covering various employees in Las Vegas expiring in 2017 as well as three others that will expire in 2017. All agreements are subject to automatic extension unless one party gives 30 days' prior notice of intent to terminate. No such notice has been given. CEC intends to negotiate renewal agreements for all collective bargaining agreements expiring and are hopeful that CEC will be able to reach agreements with the respective unions without any work stoppage. Work stoppages and other labor disruptions could have a material adverse impact on CEC's operations. From time to time, CEC has experienced attempts by labor organizations to organize certain of CEC's non-union employees. These efforts have achieved some success to date. CEC cannot provide any assurance that CEC will not experience additional and successful union activity in the future. The impact of this union activity is undetermined and could negatively impact CEC's profits.

CEC may be subject to material environmental liability, including as a result of unknown environmental contamination.

The casino properties business is subject to certain federal, state and local environmental laws, regulations and ordinances which govern activities or operations that may have adverse environmental effects, such as emissions to air, discharges to streams and rivers and releases of hazardous substances and pollutants into the environment, as well as handling and disposal from municipal/non-hazardous waste, and which also apply to current and previous owners or operators of real estate generally. Federal examples of these laws include the Clean Air Act, the Clean Water Act, the Resource Conservation Recovery Act, the Comprehensive Environmental Response, Compensation and Liability Act and the Oil Pollution Act of 1990. Certain of these environmental laws may impose cleanup responsibility and liability without regard to whether the owner or operator knew of or caused particular contamination or release of hazardous substances. Should unknown contamination be discovered on CEC's property, or should a release of hazardous substances occur on CEC's property, CEC could be required to investigate and remediate the contamination and could also be held responsible to a governmental entity or third parties for property damage, personal injury or investigation and remediation costs incurred in connection with the contamination or release, which may be substantial. Moreover, such contamination may also impair CEC's ability to use the affected property. Such liability could be joint and several in nature, regardless of fault, and could affect CEC even if such property is vacated. The potential for substantial costs and an inability to use the property could adversely affect CEC's business.

CEC's insurance coverage may not be adequate to cover all possible losses CEC could suffer, and, in the future, CEC's insurance costs may increase significantly or CEC may be unable to obtain the same level of insurance coverage.

CEC may suffer damage to CEC's property caused by a casualty loss (such as fire, natural disasters and acts of war or terrorism) that could severely disrupt CEC's business or subject it to claims by third parties who are injured or harmed. Although CEC maintains insurance (including property, casualty, terrorism and business interruption), it may be inadequate or unavailable to cover all of the risks to which CEC's business and assets may be exposed. In several cases CEC maintains high deductibles or self-insure against specific losses. Should an uninsured loss (including a loss which is less than CEC's deductible) or loss in excess of insured limits occur, it could have a significant adverse impact on CEC's operations and revenues.

CEC generally renews CEC's insurance policies on an annual basis. If the cost of coverage becomes too high, CEC may need to reduce CEC's policy limits or agree to certain exclusions from CEC's coverage in order to reduce the premiums to an acceptable amount. Among other factors, homeland security concerns, other catastrophic events or

any change in the current U.S. statutory requirement that insurance carriers offer coverage for certain acts of terrorism could adversely affect available insurance coverage and result in increased premiums on available coverage (which may cause CEC to elect to reduce CEC's policy limits) and additional exclusions

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from coverage. Among other potential future adverse changes, in the future CEC may elect to not, or may be unable to, obtain any coverage for losses due to acts of terrorism.

The success of third parties adjacent to CEC's properties is important to CEC's ability to generate revenue and operate CEC's business and any deterioration to their success could materially adversely affect CEC's revenue and result of operations.

In certain cases, CEC does not own the businesses and amenities adjacent to CEC's properties. However, the adjacent third-party businesses and amenities stimulate additional traffic through CEC's complexes, including the casinos, which are CEC's largest generators of revenue. Any decrease in the popularity of, or the number of customers visiting, these adjacent businesses and amenities may lead to a corresponding decrease in the traffic through CEC's complexes, which would negatively affect CEC's business and operating results. Further, if newly opened properties are not as popular as expected, CEC will not realize the increase in traffic through CEC's properties that CEC expects as a result of their opening, which would negatively affect CEC's business projections.

Compromises of CEC's information systems or unauthorized access to confidential information or CEC's customers' personal information could materially harm CEC's reputation and business.

CEC collects and stores confidential, personal information relating to CEC's customers for various business purposes, including marketing and financial purposes, and credit card information for processing payments. For example, CEC handles, collects and stores personal information in connection with CEC's customers staying at CEC's hotels and enrolling in CEC's Total Rewards program. CEC may share this personal and confidential information with vendors or other third parties in connection with processing of transactions, operating certain aspects of CEC's business or for marketing purposes. CEC's collection and use of personal data are governed by state and federal privacy laws and regulations as well as the applicable laws and regulations in other countries in which CEC operates. Privacy law is an area that changes often and varies significantly by jurisdiction. CEC may incur significant costs in order to ensure compliance with the various applicable privacy requirements. In addition, privacy laws and regulations may limit CEC's ability to market to CEC's customers.

CEC assesses and monitors the security of collection, storage and transmission of customer information on an ongoing basis. CEC utilizes commercially available software and technologies to monitor, assess and secure CEC's network. Further, the systems currently used for transmission and approval of payment card transactions, and the technology utilized in payment cards themselves, all of which can put payment card data at risk, are determined and controlled by the payment card industry, not CEC. Although CEC has taken steps designed to safeguard CEC's customers' confidential personal information and important internal company data, CEC's network and other systems and those of third parties, such as service providers, could be compromised, damaged, or disrupted by a third-party breach of CEC's system security or that of a third-party provider or as a result of purposeful or accidental actions of third parties, CEC's employees or those employees of a third party, power outages, computer viruses, system failures, natural disasters or other catastrophic events. CEC's third-party information system service providers face risks relating to cybersecurity similar to CEC's, and CEC does not directly control any of such parties' information security operations. Advances in computer and software capabilities and encryption technology, new tools and other developments may increase the risk of a security breach. As a result of any security breach, customer information or other proprietary data may be accessed or transmitted by or to a third party. Despite these measures, there can be no assurance that CEC is adequately protecting CEC's information.

Any loss, disclosure or misappropriation of, or access to, customers' or other proprietary information, or other breach of CEC's information security could result in legal claims or legal proceedings, including regulatory investigations and actions, or liability for failure to comply with privacy and information security laws, including for failure to protect

personal information or for misusing personal information, which could disrupt CEC's operations, damage CEC's reputation and expose CEC to claims from customers, financial institutions,

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regulators, payment card associations, employees and other persons, any of which could have an adverse effect on CEC's financial condition, results of operations and cash flow.

CEC's obligation to contribute to multi-employer pension plans, or the discontinuance of such obligation, may have an adverse impact on CEC.

CEC contributes to and participates in various multi-employer pension plans for employees represented by certain unions. CEC is required to make contributions to these plans in amounts established under collective bargaining agreements. CEC does not administer these plans and, generally, are not represented on the boards of trustees of these plans. The Pension Protection Act enacted in 2006, or the PPA, requires under-funded pension plans to improve their funding ratios. Based on the information available to CEC, some of the multi-employer plans to which CEC contributes is either "critical" or "endangered" as those terms are defined in the PPA. Specifically, the Pension Plan of the UNITE HERE National Retirement Fund is less than 65% funded. CEC cannot determine at this time the amount of additional funding, if any, CEC may be required to make to these plans. However, plan assessments could have an adverse impact on CEC's results of operations or cash flows for a given period. Furthermore, under current law, upon the termination of a multi-employer pension plan, due to the withdrawal of all its contributing employers (a mass withdrawal), or in the event of a withdrawal by CEC, which CEC considers from time to time, CEC would be required to make payments to the plan for CEC's proportionate share of the plan's unfunded vested liabilities, that would have a material adverse impact on CEC's consolidated financial condition, results of operations and cash flows.

In January 2015, the Trustees of the National Retirement Fund ("NRF"), a multi-employer defined benefit pension plan, voted to expel the CEC controlled group ("CEC Group") from the NRF's Legacy Plan. NRF claims that CEOC's bankruptcy presents an "actuarial risk" to the Legacy Plan purportedly permitting such expulsion. The CEC affiliates that are included in the NRF Legacy Plan are Caesars Atlantic City, Bally's Atlantic City and Harrah's Philadelphia (all of which are owned by CEOC and are not included in CEC's results), as well as Harrah's Atlantic City and the Las Vegas laundry. NRF has advised the CEC Group that its expulsion has triggered withdrawal liability with a present value of approximately \$360 million, payable in 80 quarterly payments of about \$6 million, and has commenced litigation against CEC and CERP seeking payment of this withdrawal liability (the "NRF Claims"), which remains ongoing.

The CEC Group disputes NRF's authority to take such action. Prior to NRF's vote, the CEC Group reiterated its commitment to remain in the plan and not seek rejection of any collective bargaining agreement in which the obligation to contribute to NRF exists. CEOC is current with respect to pension contributions. The CEC Group is pursuing several litigation strategies to challenge NRF's action, and CEC and CERP are vigorously opposing the litigation commenced by NRF. There can be no assurance that CEC's strategies will have a successful outcome, and the CEC Group may become liable for the withdrawal liability, which would have an adverse impact on CEC.

Due to the participation of CEOC, CGPH, and CERP in CES, CEC may not control CES and CEC's interests may not align with the interests of the other members of CES.

CEOC, CGPH, and CERP are members of CES, and each relies on CES to provide it and its subsidiaries with intellectual property licenses and property management services, among other services. CEOC, CGPH and CERP are each required to contribute as necessary to fund CES' operating costs and capital requirements in proportion to their respective ownership interest in CES. The members of CES are required to fund its capital expenditures in agreed portions on an annual basis. The amount each member will be required to fund in future years will be subject to the review and approval of the CES steering committee. CEOC, CGPH and CERP, together, control CES through the CES steering committee, which is comprised of one representative from each of CEOC, CGPH and CERP. Conflicts of interest may arise between CEC's subsidiaries. Most decisions by CES require the consent of two of the three

steering committee members. To the extent CEC is unable to control the consent of at least two of the three steering committee members, CEC may be unable to cause CES to take

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actions that are in CEC's interest. In addition, certain decisions by CES may not be made without unanimous consent of its members. These actions include any decision with respect to liquidation or dissolution of CES, merger, consolidation or sale of all or substantially all of the assets of CES, usage of CES assets in a manner inconsistent with the purposes of CES, material amendment to CES's operating agreement, admission of new investors to CES and filing of any bankruptcy or similar action by CES. Thus, CES's members may block certain actions by CES that are in CEC's interest.

CEC is controlled by the Sponsors, whose interests may not be aligned with CEC's.

The members of Hamlet Holdings are comprised of individuals affiliated with the Sponsors. As of December 31, 2016, Hamlet Holdings beneficially owned a majority of CEC Common Stock pursuant to the CEC Irrevocable Proxy providing Hamlet Holdings with sole voting and sole dispositive power over those shares, and, as a result, the Sponsors have the power to elect all of CEC's directors. Moreover, Hamlet Holdings has the ability to vote on any transaction that requires the approval of CEC's board of directors or CEC's stockholders, including the approval of significant corporate transactions such as mergers and the sale of all or substantially all of CEC's assets. As a result, Hamlet Holdings is in a position to exert a significant influence over CEC, and the direction of CEC's business and results of operations. The interests of the Sponsors could conflict with or differ from the interests of other holders of CEC's securities. For example, the concentration of ownership held by the Sponsors could delay, defer or prevent a change of control of CEC or impede a merger, takeover or other business combination which another stockholder may otherwise view favorably. Additionally, the Sponsors are in the business of making or advising on investments in companies they hold, and may from time to time in the future acquire interests in or provide advice to businesses that directly or indirectly compete with certain portions of CEC's business or are suppliers or customers of CEC. One or both of the Sponsors may also pursue acquisitions that may be complementary to CEC's business, and, as a result, those acquisition opportunities may not be available to CEC. A sale of a substantial number of shares of stock in the future by funds affiliated with the Sponsors or their co-investors could cause CEC's stock price to decline. So long as Hamlet Holdings continues to hold the CEC Irrevocable Proxy, they will continue to be able to strongly influence or effectively control CEC's decisions. Upon completion of the Merger and the Restructuring, the CEC Irrevocable Proxy will terminate in accordance with its terms.

In addition, CEC has an executive committee that serves at the discretion of CEC's board of directors and is authorized to take such actions as it reasonably determines appropriate. Currently, the executive committee may act by a majority of its members, provided that at least one member affiliated with TPG and Apollo must approve any action of the executive committee.

Future sales or the possibility of future sales of a substantial amount of CEC Common Stock, including in connection with the Merger or Restructuring, may depress the price of shares of CEC Common Stock.

Future sales or the availability for sale of substantial amounts of CEC Common Stock in the public market could adversely affect the prevailing market price of CEC Common Stock and could impair CEC's ability to raise capital through future sales of equity securities.

As of December 31, 2016, there were 147 million shares outstanding, all of which are the same class of voting common stock. All of the outstanding shares of CEC Common Stock will be eligible for resale under Rule 144 or Rule 701 of the Securities Act of 1933, as amended ("Securities Act"), subject to volume limitations, applicable holding period requirements or other contractual restrictions. The Sponsors have the ability to cause CEC to register the resale of its shares, and CEC's management members who hold shares will have the ability to include their shares in such registration.

CEC sold seven million shares of CEC Common Stock in 2014. In connection with the Merger, CEC expects to issue a significant number of shares of CEC Common Stock and, in connection with the Restructuring, CEC expects to issue a significant number of shares of CEC Common Stock and the Convertible Notes that will

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be convertible into shares of CEC Common Stock. In addition, CEC may issue shares of common stock or other securities from time to time as consideration for future acquisitions and investments or for any other reason that CEC's board of directors deems advisable. If any such acquisition or investment is significant, the number of shares of CEC Common Stock, or the number or aggregate principal amount, as the case may be, of other securities that CEC may issue may in turn be substantial. CEC may also grant registration rights covering those shares of common stock or other securities in connection with any such acquisitions and investments.

CEC cannot predict the size of future issuances of CEC Common Stock or other securities or the effect, if any, that future issuances and sales of CEC Common Stock or other securities, including future sales by the Sponsors, will have on the market price of CEC Common Stock. Sales of substantial amounts of common stock (including shares of common stock issued in connection with an acquisition), or the perception that such sales could occur, may adversely affect prevailing market prices for CEC Common Stock.

The price and trading volume of CEC Common Stock may fluctuate significantly.

The market price of CEC Common Stock may be highly volatile and could be subject to wide fluctuations. In addition, the trading volume of CEC Common Stock may fluctuate and cause significant price variations to occur. Volatility in the market price of CEC Common Stock may prevent a holder of CEC Common Stock from being able to sell their shares. The market price for CEC Common Stock could fluctuate significantly for various reasons, including:

CEC's operating and financial performance and prospects;

CEC's quarterly or annual earnings or those of other companies in CEC's industry;

news or developments related to CEC's ongoing Bankruptcy proceedings and negotiations with its creditors;

conditions that impact demand for CEC's products and services;

the public's reaction to CEC's press releases, other public announcements and filings with the SEC;

changes in earnings estimates or recommendations by securities analysts who track CEC Common Stock;

market and industry perception of CEC's success, or lack thereof, in pursuing CEC's growth strategy;

strategic actions by CEC or CEC's competitors, such as acquisitions or restructurings;

changes in government and environmental regulation, including gaming taxes;

changes in accounting standards, policies, guidance, interpretations or principles;

arrival and departure of key personnel;

changes in CEC's capital structure;

sales of CEC Common Stock by CEC or members of CEC's management team;

issuance of CEC Common Stock in connection with the merger with CAC;

the expiration of contractual lockup agreements; and

changes in general market, economic and political conditions in the United States and global economies or financial markets, including those resulting from natural disasters, terrorist attacks, acts of war and responses to such events.

In addition, the stock market experiences significant price and volume fluctuations. This volatility has had a significant impact on the market price of securities issued by many companies, including companies in the gaming, lodging, hospitality and entertainment industries. The changes frequently appear to occur without regard

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to the operating performance of the affected companies. Hence, the price of CEC Common Stock could fluctuate based upon factors that have little or nothing to do with CEC, and these fluctuations could materially reduce CEC's share price.

Because CEC has not paid dividends since being acquired by the Sponsors in 2008 and does not anticipate paying dividends on CEC Common Stock in the foreseeable future, holders of CEC Common Stock should not expect to receive dividends on shares of CEC Common Stock.

CEC has no present plans to pay cash dividends to CEC's stockholders and, for the foreseeable future, intends to retain all of CEC's earnings for use in CEC's business. The declaration of any future dividends by CEC is within the discretion of CEC board of directors and will be dependent on CEC's earnings, financial condition and capital requirements, as well as any other factors deemed relevant by CEC's board of directors.

CEC's by-laws and certificate of incorporation contain provisions that could discourage another company from acquiring CEC and may prevent attempts by CEC's stockholders to replace or remove CEC's current management.

Provisions of CEC's by-laws and CEC's certificate of incorporation may delay or prevent a merger or acquisition that stockholders may consider favorable, including transactions in which you might otherwise receive a premium for your shares. In addition, these provisions may frustrate or prevent any attempts by CEC's stockholders to replace or remove CEC's current management by making it more difficult for stockholders to replace or remove CEC's directors. These provisions include:

establishing a classified board of directors;

establishing limitations on the removal of directors;

permitting only an affirmative vote of at least two-thirds of the board of directors of CEC to fix the number of directors;

prohibiting cumulative voting in the election of directors;

empowering only the board of directors to fill any vacancy on the board of directors, whether such vacancy occurs as a result of an increase in the number of directors or otherwise;

authorizing the issuance of blank check preferred stock without any need for action by stockholders;

eliminating the ability of stockholders to call special meetings of stockholders;

prohibiting stockholders from acting by written consent if less than 50.1% of outstanding shares of CEC Common Stock is controlled by the Sponsors;

prohibiting amendments to the by-laws without the affirmative vote of at least two-thirds of the board of directors or the affirmative vote of at least two-thirds of the total voting power of the outstanding shares entitled to vote;

prohibiting amendments to the certificate of incorporation relating to stockholder meetings, amendments to the by-laws or certificate of incorporation, or the election or classification of the board of directors without the affirmative vote of two-thirds of the shares entitled to vote on any matter; and

establishing advance notice requirements for nominations for election to the board of directors or for proposing matters that can be acted on by stockholders at stockholder meetings.

CEC's issuance of shares of preferred stock could delay or prevent a change of control of CEC. CEC's board of directors has the authority to cause CEC to issue, without any further vote or action by the stockholders, shares of preferred stock, par value \$0.01 per share, in one or more series, to designate the number of shares constituting any series, and to fix the rights, preferences, privileges and restrictions thereof, including dividend

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rights, voting rights, rights and terms of redemption, redemption price or prices and liquidation preferences of such series. The issuance of shares of preferred stock may have the effect of delaying, deferring or preventing a change in control of CEC's company without further action by the stockholders, even where stockholders are offered a premium for their shares.

Together, these charter and statutory provisions could make the removal of management more difficult and may discourage transactions that otherwise could involve payment of a premium over prevailing market prices for CEC Common Stock. Furthermore, the existence of the foregoing provisions, as well as the significant common stock controlled by Hamlet Holdings, could limit the price that investors might be willing to pay in the future for shares of CEC Common Stock. They could also deter potential acquirers of CEC's company, thereby reducing the likelihood that you could receive a premium for your common stock in an acquisition.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This joint proxy statement/prospectus and the information incorporated by reference herein contain or may contain forward-looking statements intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. You can identify these statements by the fact that they do not relate strictly to historical or current facts. These statements contain words such as may, will, might, expect, intend, could, v estimate, or the negative of these words or other words or expressions of similar meaning may identify forward-looking statements and are found at various places throughout this joint proxy statement/prospectus and the information incorporated by reference herein. These forward-looking statements, including, without limitation, those relating to the Merger and the Restructuring under the Plan, wherever they occur in this joint proxy statement/prospectus or in the information incorporated by reference herein, are based on current expectations about future events and are necessarily estimates reflecting the best judgment of management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements.

Investors are cautioned that forward-looking statements are not guarantees of future performance or results and involve risks and uncertainties that cannot be predicted or quantified, and, consequently, actual results may differ materially from those expressed or implied by such forward-looking statements. Such risks and uncertainties include, but are not limited to, the following factors, as well as other factors described in the section entitled Risk Factors beginning on page 69, and from time to time in CEC's and CAC's reports filed with the SEC (including the sections entitled Risk Factors and Management's Discussion and Analysis of Financial Condition and Results of Operations of Caesars Entertainment Corporation contained therein):

the outcome of currently pending or threatened litigation and demands for payment by certain creditors and the NRF against CEC;

the Merger Agreement may not be approved by the CEC and CAC stockholders at the respective special meetings or the failure to satisfy any of the other closing conditions of the Merger Agreement;

the Merger may not be completed or one or more events, changes or other circumstances that could occur that could give rise to the termination of the Merger Agreement;

the price of, market for and potential market price volatility of CEC Common Stock and of CAC Common Stock;

CEC's limited cash balances and sources of available cash, including CEC's ability (or inability) to secure additional liquidity to meet its ongoing obligations and its commitments to support the Restructuring as necessary and CEC's financial obligations exceeding or becoming due earlier than what is currently forecast;

increased costs of financing, a reduction in the availability of financing and fluctuations in interest rates in connection with the Restructuring;

economic, business, competitive, and/or regulatory factors affecting the businesses of CEC and CAC and their respective subsidiaries generally;

the ability to retain key employees during the pendency of the Merger and the Restructuring;

the ability of customer tracking, customer loyalty, and yield management programs to continue to increase customer loyalty and same-store or hotel sales;

the effects of the Chapter 11 Cases on CEOC and its subsidiaries and affiliates, including CEC, and the interests of various creditors, equity holders and other constituents;

the indirect effects of the Chapter 11 Cases on CAC;

the ability to recoup costs of capital investments through higher revenues;

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the event that the RSAs may not be completed in accordance with their terms, or persons not party to an RSA may successfully challenge the implementation thereof;

the effect of the Bankruptcy Court's rulings in the Chapter 11 Cases and the outcome of such cases in general;

the length of time CEOC will operate under the Chapter 11 Cases or CEOC's ability to comply with the milestones provided by the RSAs;

risks associated with third-party motions in the Chapter 11 Cases, which may hinder or delay CEOC's ability to complete the Plan;

the adverse effects of the Chapter 11 Cases and related litigation on CEC's liquidity or results of operations;

the ability (or inability) of CEC and CEOC to satisfy the conditions to the effectiveness of the Plan;

the financial and operating results of New CEC;

the impact of New CEC's and its subsidiaries' substantial indebtedness and the restrictions contained in the agreements governing such indebtedness;

access to available and reasonable financing on a timely basis, including the ability of CEC and CAC to refinance indebtedness on acceptable terms;

litigation outcomes and judicial and governmental body actions, including gaming legislative action, referenda, regulatory disciplinary actions, and fines and taxation;

the effects of local and national economic, credit and capital market conditions on the economy in general, and on the gaming industry in particular;

changes in laws, including increased tax rates, smoking bans, regulations or accounting standards, third-party relations and approvals, and decisions, disciplines, and fines of courts, regulators, and governmental bodies;

the effects of competition, including locations of competitors, competition for new licenses and operating and market competition;

the ability to timely and cost-effectively integrate companies that New CEC acquires into its operations;

the potential difficulties in employee retention and recruitment as a result of New CEC's substantial indebtedness or any other factor;

abnormal gaming holds (gaming hold is the amount of money that is retained by the casino from wagers by customers);

construction factors, including delays, increased costs of labor and materials, availability of labor and materials, zoning issues, environmental restrictions, soil and water conditions, weather and other hazards, site access matters, and building permit issues;

acts of war or terrorist incidents, severe weather conditions, uprisings or natural disasters, including losses therefrom, losses in revenues and damage to property, and the impact of severe weather conditions on the ability to attract customers to certain facilities;

the effects of environmental and structural building conditions relating to CEC's, CAC's and CEOC's properties;

access to insurance on reasonable terms for CEC, CAC and CEOC's assets;

the rapidly growing and changing industry in which CGP operates, such as CIE's internet gaming business; and

the impact, if any, of unfunded pension benefits under multi-employer pension plans.

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You are cautioned to not place undue reliance on these forward-looking statements, which speak only as of the date of this joint proxy statement/prospectus. CEC and CAC undertake no obligation to publicly update or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this joint proxy statement/prospectus or to reflect the occurrence of unanticipated events, except as required by law.

Table of Contents**THE COMPANIES****Caesars Entertainment Corporation*****Overview***

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

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

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

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

Business Operations

As of December 31, 2016, CEC's consolidated business was composed of four complementary businesses that reinforce, cross-promote, and build upon each other: casino entertainment operations, food and beverage operations, rooms and hotel operations, and entertainment and other business operations.

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Casino Entertainment Operations

CEC's casino entertainment operations include revenues from approximately 15,000 slot machines and 1,200 table games, as well as other games such as keno, poker, and race and sports books, all of which comprised approximately 49% of CEC's total net revenues in 2016. Slot revenues generate the majority of CEC's gaming revenue and are a key driver of revenue, particularly in CEC's properties located outside of the Las Vegas market. CEC is testing a number of skill-based games as it implements product offerings intended to appeal to all demographics, and expects to expand these offerings as required regulatory approvals are obtained.

Food and Beverage Operations

CEC's food and beverage operations generate revenues primarily from over 50 buffets, restaurants, bars, nightclubs, and lounges located throughout CEC's casinos, as well as banquets and room service, and represented approximately 18% of CEC's total net revenues in 2016. Many of CEC's properties include several dining options, ranging from upscale dining experiences to moderately-priced restaurants and buffets.

Rooms and Hotel Operations

Rooms and hotel operations revenue comprised approximately 21% of CEC's total net revenues in 2016 and is primarily generated from hotel stays at CEC's casino properties and CEC's approximately 24,000 guest rooms and suites. CEC's properties operate at various price and service points, allowing CEC to host a variety of casino guests who are visiting CEC's properties for gaming and other casino entertainment options and non-casino guests who are visiting CEC's properties for other purposes, such as vacation travel or conventions.

Entertainment and Other Business Operations

CEC provides a variety of retail and entertainment offerings in CEC's casinos and The LINQ promenade. CEC operates several entertainment venues across the United States, including The AXIS at Planet Hollywood, which was ranked as one of the top theater venues in the United States in 2016 based on ticket sales. This award winning theater hosts several prominent headliners, such as Jennifer Lopez, Lionel Richie, and Britney Spears. CEC intends to continue hosting such popular acts, and CEC recently announced that the Backstreet Boys will have performances starting in early 2017.

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

In addition, CIE operates a regulated online real money gaming business in Nevada and New Jersey and owns the WSOP tournaments and brand, and also licenses WSOP trademarks for a variety of products and businesses related to this brand.

Caesars Acquisition Company

CAC was formed on February 25, 2013 to make an equity investment in CGP, a joint venture between CAC and certain subsidiaries of CEC, and directly owns 100% of the voting membership units of CGP and serves as CGP's managing member. Certain subsidiaries of CEC hold 100% of the non-voting membership units of CGP. Additionally, under the CGP structure, as of December 31, 2016, CAC and CEC owned 39% and 61% of the economic interests in

CGP, respectively. CGP was formed on July 16, 2013 to pursue high-growth operating acquisitions and investments in the gaming and interactive entertainment industries. Through its relationship with CEC, CGP has the ability to access CEC's proven management expertise, brand equity, Total Rewards loyalty program and structural synergies. CAC does not own any other material assets or have any operations other than through its interest in CGP.

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

New Caesars Entertainment Corporation

Overview

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

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

Invigorate hospitality and loyalty marketing programs.

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

Institute a continuous improvement-focus operating model.

Inspire a sales and service culture.

Optimize the CEC network through expansion and licensing.

Create the customer experience of the future.

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

- (1) Represents New CEC after giving effect to the Merger and the Restructuring.
- (2) CEOC will be divided into two companies in connection with the Restructuring: OpCo and PropCo. OpCo, or New CEOC, as CEOC's successor and a wholly owned subsidiary of New CEC, will operate CEOC's

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properties and facilities. PropCo, as a subsidiary of a real estate investment trust intended to be wholly owned by certain creditors of the Debtors and to be independent from New CEC, will own certain of CEOC's real property assets and related fixtures previously owned by CEOC or otherwise transferred to it pursuant to the Restructuring, and will lease those assets to OpCo.

- (3) CES will provide certain corporate and administrative services for the New CEOC, CERP and CGP properties, among others. CES will also manage certain enterprise assets and other assets it owns, licenses or controls, and employ certain of the corresponding employees.

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

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

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

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

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

Business Operations

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

Casino Entertainment Operations

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

Food and Beverage Operations

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

Rooms and Hotel Operations

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

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

Entertainment and Other Business Operations

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

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

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

New Investments

Casino Entertainment Operations

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

Food and Beverage Operations

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

Rooms and Hotel Operations

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

Las Vegas in order to help reduce customer wait times and improve labor efficiencies.

Table of Contents*Entertainment and Other Business Operations*

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

Summary Financial Overview of New CEC

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

Revenue by Region**Revenue By Business Operations****CEC**

\$ millions

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

CEOC

\$ millions

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

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

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

For purposes of the calculations above and the reconciliation tables below, Adjusted EBITDA is defined as property earnings before interested, taxes, depreciation and amortization, or Property EBITDA, further adjusted to exclude certain non-cash and other items as exhibited in the reconciliation tables below. Property EBITDA is calculated as revenue less property operating expenses and is comprised of net income/(loss) before (i) interest expense, net of interest capitalized and interest income, (ii) income tax provision, (iii) depreciation

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and amortization, (iv) corporate expenses, and (v) certain items that are not considered indicative of ongoing operating performance at an operating property level. Adjusted EBITDA is a non-GAAP financial measure and should not be construed as an alternative to net income/(loss) as an indicator of operating performance or as an alternative to cash flow provided by operating activities as a measure of liquidity (as determined in accordance with GAAP).

Adjusted EBITDA may not be comparable to similarly titled measures reported by other companies within the industry. Adjusted EBITDA is included because management uses Adjusted EBITDA to measure performance and allocate resources, and believes that Adjusted EBITDA provides investors with additional information consistent with that used by management. CEC believes that Adjusted EBITDA provides investors with additional information and allows a better understanding of the results of operational activities separate from the financial impact of decisions made for the long-term benefit of the CEC and CEOC. In addition, compensation of management is in part determined by reference to certain of such financial information. As a result, CEC believes this supplemental information is useful to investors who are trying to understand the results of CEC and CEOC.

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

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

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

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

Adjustments to include 100% of Baluma S.A. s adjusted EBITDA ⁽¹⁾		3	29
Other items ⁽⁵⁾	56	50	75
Adjusted EBITDA	\$ 1,070	\$ 1,019	\$ 1,491

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

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- (2) Amounts primarily represent pre-opening costs incurred in connection with property openings and expansion projects at existing properties and costs associated with the acquisition and development activities and reorganization activities.
- (3) Amounts represent stock-based compensation expense related to shares, stock options, and restricted stock units granted to the CEC employees.
- (4) Amounts represent adjustments to include 100% of Baluma S.A. (Conrad Punta del Este) adjusted EBITDA as permitted under the indentures governing CEOC's existing notes and the credit agreement governing CEOC's senior secured credit facilities.
- (5) Amounts represent add-backs and deductions from EBITDA, permitted under certain indentures. Such add-backs and deductions include litigation awards and settlements, costs associated with the Restructuring and related litigation, severance and relocation costs, sign-on and retention bonuses, permit remediation costs, and business optimization expenses.

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

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

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

Capital Structure

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

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New CEC Consolidated Debt

As of December 31, 2016, pro forma for the Merger and the Restructuring

(in millions)	Amount	Interest	Maturity
<u>CERP</u>			
Revolving Credit Facility	\$ 40	L + 6.00%	2018
Term Loan ^(a)	\$ 2,425	L + 6.00%	2020
First Lien Bonds	\$ 1,000	8.000%	2020
Second Lien Bonds	\$ 1,150	11.000%	2021
Capital Leases and Slot Financing	\$ 3		
Total CERP	\$ 4,618		
<u>CGPH</u>			
Revolving Credit Facility	\$		
Term Loan ^(a)	\$ 1,146	L + 5.25%	2021
Second Lien Bonds	\$ 675	9.375%	2022
Clark County Bonds (Bally s)	\$ 14	5.300%	2037
Capital Leases and Slot Financing	\$ 1		
Total CGPH	\$ 1,836		
<u>The Cromwell</u>			
Credit Facility ^(b)	\$ 171	L + 9.75%	2019
Total The Cromwell	\$ 171		
<u>Horseshoe Baltimore</u>			
Revolving Credit Facility	\$		
Credit Facility ^(b)	\$ 297	7.000%	2020
FF&E Facility ^(b)	\$ 22	7.500%	2019
Other	\$ 4		2018
Total Horseshoe Baltimore	\$ 323		
Total (w/o CEOC & CEC)	\$ 6,948		
<u>Chester Downs</u>			
Senior Secured Notes	\$ 330	9.250%	2020
Capital Leases and Slot Financing	\$		
Total Chester Downs	\$ 330		
<u>New CEOC</u>			
\$200 million Revolver	\$		
Term Loan	\$ 1,235		

Other Debt	\$ 45	
Total New CEOC	\$ 1,280	
<u>New CEC</u>		
Convertible Notes	\$ 1,119	
Total New CEC Consolidated Debt⁽¹⁾	\$ 9,677	
Cash and Cash Equivalents	\$ 1,357	<u>Note</u> <i>(a) LIBOR Floor of 1.00%</i>
Total New CEC Net Debt	\$ 8,320	<i>(b) LIBOR Floor of 1.25%</i>

(1) Excludes the finance obligations of approximately \$5.03 billion primarily related to the real estate assets that will be transferred to PropCo and leased back to New CEOC. See section entitled The CEOC Restructuring The Plan Master Lease Agreements, Golf Course Use Agreement beginning on page 206 for additional information.

Table of ContentsNew CEC Equity⁽¹⁾

As of December 31, 2016, pro forma for the Merger and the Restructuring

(in millions)	Amount	Total Equity %
CEC Stockholders	\$[]	8.7%
CAC Stockholders	\$[]	32.9%
CEOC Creditors	\$[]	58.4%
Total Equity	\$[]	100%
<u>New CEC Enterprise Value⁽¹⁾</u>		

(in millions)	Amount	Total EV %
Total Equity	\$ []	[]%
Total Net Debt	\$ 8,320	[]%
Total Enterprise Value	\$ []	100%

- (1) Calculated based solely on the \$[] closing price of a share of CEC Common Stock on NASDAQ on [], 2017, the most recent practicable trading day prior to the date of this joint proxy statement/prospectus, after giving effect to the Emergence Stock Issuance and assuming completion of \$1.0 billion of the CEC Common Equity Buyback.

CERP

CERP is a wholly owned subsidiary of CEC that owns six casinos in the United States and The LINQ promenade along with leasing Octavius Tower to CEOC and gaming space at The LINQ promenade to CGP. CERP's senior secured revolving credit facility, intended to satisfy short term liquidity needs, allows for borrowings in an aggregate principal amount of up to \$270 million. CERP's term loans require scheduled quarterly payments of \$6 million, with the balance due at maturity. The applicable credit facility agreements each have a contractual maturity of greater than one year. CERP also issued \$1,000 million aggregate principal amount of 8% First-Priority Senior Secured Notes due 2020 and \$1,150 million aggregate principal amount of 11% Second-Priority Senior Secured Notes due 2021 in October 2013.

CGPH

CGPH is an indirect wholly owned subsidiary of CGP that serves as a holding company for various properties, including The Cromwell, The LINQ Hotel & Casino, and Bally's Las Vegas. On May 8, 2014, CGPH closed on a \$1.175 billion term loan pursuant to a first lien credit agreement (the CGPH Term Loan). This credit agreement also provided for a \$150.0 million revolving line of credit. CGPH also issued \$675.0 million aggregate principal amount of 9.375% Second-Priority Senior Secured Notes due 2022 pursuant to an indenture dated as of April 17, 2014 (the CGPH 2022 Notes). The assets of Harrah's New Orleans, Bally's Las Vegas, Planet Hollywood and The LINQ Hotel & Casino were pledged as collateral for both the CGPH Term Loan and the CGPH 2022 Notes.

The Cromwell

On May 5, 2014, CGPH acquired through one or more wholly owned subsidiaries Corner Investment Company, LLC and its subsidiaries (collectively known as The Cromwell). The Cromwell is a boutique lifestyle hotel and casino located at the heart of the Las Vegas Strip, offering a new, sophisticated Las Vegas experience that is intended to fill a gap in the market for an upscale, boutique lifestyle hotel. In November 2012, Corner Investment PropCo, LLC, a wholly owned subsidiary in The Cromwell group, entered into a \$185.0 million, seven-year senior secured credit facility (the Cromwell Credit Facility), to fund renovations in connection with its rebranding as a boutique lifestyle hotel. The assets of The Cromwell have been pledged as collateral for the Cromwell Credit Facility.

Table of Contents*Horseshoe Baltimore*

Caesars Baltimore Investment Company, LLC (the CBIC), a wholly owned subsidiary of CGP, indirectly holds approximately 40.9% interests in CBAC Gaming, LLC (CBAC Gaming), which owns the Horseshoe Baltimore Casino in Maryland, a licensed casino that opened in August 2014 (the Horseshoe Baltimore). In July 2013, CBAC Borrower, LLC (CBAC Borrower), a subsidiary of CBAC Gaming, entered into a \$300.0 million senior secured term facility with a seven-year maturity and a \$10.0 million senior secured revolving facility with a five-year maturity (the Baltimore Credit Facility). The assets of Horseshoe Baltimore were pledged as collateral for the Baltimore Credit Facility. Concurrently with the Baltimore Credit Facility, CBAC Borrower entered into an equipment financing term loan facility for up to \$30.0 million (the Baltimore FF&E Facility), for the financing or reimbursement of the purchase price and certain related costs for furniture, furnishings and equipment in building the Horseshoe Baltimore Casino and its parking garage. The Baltimore FF&E Facility will mature in 2019.

Chester Downs

Chester Downs & Marina LLC (Chester Downs) owns Harrah's Philadelphia Casino and Racetrack, a casino and racetrack property based in Chester, Pennsylvania, and operates as a subsidiary of Harrah's Chester Downs Investment Company, LLC (Harrah's CDIC), a wholly owned subsidiary of CEOC. In February 2012, Chester Downs issued \$330.0 million in aggregate principal amount of 9.25% Senior Secured Notes due 2020 through a private placement. The assets of Chester Downs were pledged as collateral for the 9.25% Senior Secured Notes due 2020.

New CEOC (OpCo)

New CEOC, which will be the largest operating subsidiary of New CEC, will lease and operate 18 casinos in the United States, own and operate one casino in the United States and nine internationally, most of which will be located in the United Kingdom, and manage seven casinos owned by unrelated third parties. As part of the Restructuring, CEOC will be divided into two companies, OpCo and PropCo, whereby OpCo would operate CEOC's properties and facilities and PropCo would hold certain of CEOC's real property assets and related fixtures and will lease those assets to OpCo. It is anticipated that OpCo, or New CEOC, will be a consolidated subsidiary of New CEC upon completion of the Restructuring and have funded debt obligations of at least \$1,235 million.

New CEC

New CEC will be the resulting surviving company upon completion of the Merger and the Restructuring. As part of the Restructuring, CEC is expected to enter into an indenture for the issuance of the Convertible Notes. Under the indenture that will govern the Convertible Notes, CEC will issue approximately \$1.1 billion of Convertible Notes at 5.00% per annum that will mature in 2024, to creditors of CEOC and the other Debtors in connection with the Emergence. The Convertible Notes will be convertible at the option of holders into a number of shares of CEC Common Stock that, were they issued at the Plan Effective Time, would represent approximately 17.9% of the shares of CEC Common Stock outstanding at the Plan Effective Time, assuming completion of \$1.0 billion of the CEC Common Equity Buyback. The Convertible Notes will be subject to mandatory conversion at the option of CEC following the third anniversary of the issuance of the Convertible Notes if the last reported sale price of CEC Common Stock equals or exceeds 140% of the conversion price for the Convertible Notes in effect on each of at least 20 trading days during any 30 consecutive trading day period.

Table of Contents***Competitive Strengths***

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

Total Rewards Database and Loyalty Programs

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

Leading Market Position and Brand Recognition

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

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

Scalable Business Model

New CEC will own a scalable business of facilities comprising an aggregate of over 2.8 million square feet of gaming offerings, 39,000 hotel rooms and 1.6 million square feet of convention space, retail stores, restaurant outlets, and entertainment venues. These facilities produced over 100 million guest visits in 2016. The facilities' breadth and scope of existing gaming, hospitality and leisure offerings will allow New CEC to boost sales and

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guest visits without proportionate increases in variable operational costs to accommodate additional visitor traffic. New CEC intends to continue modernizing and developing its facilities and gaming, hospitality and leisure offerings to leverage this scalability, which is expected to enhance long-term value. New CEC also plans to leverage this scalability by increasing investment in its information technology infrastructure to maximize existing marketing tools and analytics and reshape customer experiences. This effort is expected to enable New CEC to more efficiently market its products to a large recurring customer base as well as to untapped consumer segments. New CEC will also seek to expand its marketing approach through information technology infrastructure by continuing to employ and refine mobile applications that allow customers to see company hospitality and gaming offers and receive information on events at properties across the entire network.

Efficient Operating Model Culture

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

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

Property

As of December 31, 2016, CEC, through its various subsidiaries, owned the following casino properties. All amounts are approximations.

Property	Location	Casino	Slot	Hotel Rooms	
		Space Sq. Ft.	Machines	Table Games	and Suites
Bally's Las Vegas	Las Vegas, NV	68,400	990	70	2,810
The Cromwell	Las Vegas, NV	40,000	390	50	190
Flamingo Las Vegas	Las Vegas, NV	72,300	1,090	110	3,460
Harrah's Atlantic City	Atlantic City, NJ	155,200	2,180	180	2,590
Harrah's Las Vegas	Las Vegas, NV	90,600	1,250	90	2,530
Harrah's Laughlin	Laughlin, NV	56,000	910	40	1,510

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Harrah's New Orleans	New Orleans, LA	125,100	1,580	150	450
Horseshoe Baltimore	Baltimore, MD	122,000	2,200	180	
The LINQ Hotel & Casino	Las Vegas, NV	31,900	760	70	2,250
Paris Las Vegas	Las Vegas, NV	95,300	1,020	100	2,920
Planet Hollywood Resort & Casino	Las Vegas, NV	64,500	1,080	100	2,500
Rio All-Suites Hotel & Casino	Las Vegas, NV	117,300	1,060	70	2,520

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As of December 31, 2016, CEC, through CEOC, owned the following casino properties. All amounts are approximations.

Property	Location	Casino Space Sq. Ft.	Slot Machines	Table Games	Hotel Rooms and Suites
Bally's Atlantic City	Atlantic City, NJ	121,600	1,790	170	1,250
Caesars Atlantic City	Atlantic City, NJ	115,200	1,850	140	1,140
Caesars Palace Las Vegas	Las Vegas, NV	124,200	1,280	170	3,980
Harrah's Gulf Coast	Biloxi, MS	31,400	770	30	500
Harrah's Council Bluffs	Council Bluffs, IA	25,000	560	20	250
Harrah's Joliet	Joliet, IL	39,000	1,100	40	200
Harrah's Lake Tahoe	Lake Tahoe, NV	45,100	830	70	510
Harrah's Metropolis	Metropolis, IL	23,700	830	20	260
Harrah's North Kansas City	N. Kansas City, MO	60,100	1,330	60	390
Harrah's Philadelphia	Chester, PA	112,600	2,450	110	
Harrah's Reno	Reno, NV	40,200	640	30	930
Harveys Lake Tahoe	Lake Tahoe, NV	44,200	750	60	740
Horseshoe Bossier City	Bossier City, LA	28,100	1,370	70	600
Horseshoe Council Bluffs	Council Bluffs, IA	78,800	1,390	70	
Horseshoe Hammond	Hammond, IN	121,500	2,560	150	
Horseshoe Southern Indiana	Elizabeth, IN	86,600	1,640	100	500
Horseshoe Tunica	Tunica, MS	63,000	1,100	100	510
Louisiana Downs	Bossier City, LA	12,000	1,040		
Tunica Roadhouse	Tunica, MS	33,000	690	20	130
Alea Glasgow	United Kingdom	15,000	50	30	
Alea Nottingham	United Kingdom	10,000	50	30	
The Empire Casino	United Kingdom	20,900	110	40	
Emerald Safari Resort	South Africa	37,700	520	30	190
Manchester235	United Kingdom	11,500	50	40	
Playboy Club London	United Kingdom	6,200	20	20	
Rendezvous Brighton	United Kingdom	7,800	50	20	
Rendezvous Southend-on-Sea	United Kingdom	8,600	40	20	
The Sportsman Club	United Kingdom	5,200	40	20	

As of December 31, 2016, CEC, through CEOC, managed the following casino properties. All amounts are approximations.

Property	Location	Casino Space Sq. Ft.	Slot Machines	Table Games	Hotel Rooms and Suites
Caesars Cairo	Egypt	5,500	30	20	
Caesars Windsor	Ontario, Canada	100,000	2,260	90	760
Harrah's Ak-Chin	Phoenix, AZ	38,800	1,100	30	300
Harrah's Cherokee	Cherokee, NC	176,800	3,560	160	1,110
Harrah's Cherokee Valley River	Cherokee, NC	65,000	1,030	70	300

Harrah's Resort Southern California	San Diego, CA	72,900	1,680	70	1,090
Ramses Casino	Egypt	2,700	50	20	

Sales and Marketing

CEC believes the portfolio of properties (including the CEOC properties) that operate under the Total Rewards program enable CEC to capture a larger share of CEC's customers' entertainment spending when they travel among markets versus that of a standalone property, which is core to CEC's cross-market strategy. CEC believes that its high concentration of properties in the center of the Las Vegas Strip generates increased revenues and enables CEC to capture more of its customers' gaming dollars than would be generated if the properties were operated separately.

CEC believes the Total Rewards program, in conjunction with this distribution system, allows CEC to capture a growing share of CEC's customers' entertainment spending and compete more effectively. Members

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earn Reward Credits at all affiliated properties in the United States and Canada for on-property entertainment expenses, including gaming, hotel, dining, and retail shopping. Members may also earn Reward Credits through the Total Rewards Visa credit card and can redeem Reward Credits with CEC's many partners, including Atlantis Paradise Island Resort and Norwegian Cruise Line. Total Rewards members can redeem Reward Credits for amenities or other items such as merchandise, gift cards, and travel. Total Rewards is structured in tiers (designated as Gold, Platinum, Diamond or Seven Stars), each with increasing member benefits and privileges.

Members are also provided promotional offers and rewards based on their engagement with affiliated properties, aspects of their casino gaming play, and their preferred spending choices outside of gaming. Member information is also used for marketing promotions, including direct mail campaigns, electronic mail, CEC's website, mobile devices, social media, and interactive slot machines.

New CEC will continue to emphasize the Total Rewards program and leverage CEC's cross-marketing strategy to capture market share and customers' entertainment spending.

Intellectual Property

The development of intellectual property is part of CEC's overall business strategy. CEC regards its intellectual property to be an important element of CEC's success. While CEC's business as a whole is not substantially dependent on any one patent, trademark, copyright or combination of several of CEC's intellectual property rights, New CEC will continue to seek to establish and maintain existing proprietary rights in business operations and technology through the use of patents, trademarks and copyrights and trade secret laws. CEC files applications for and obtains patents, trademarks, and copyrights in the United States and foreign countries where CEC believes filing for such protection is appropriate, including United States and foreign patent applications covering certain proprietary technology of CEOC. CEC also seeks to maintain CEC's trade secrets and confidential information by nondisclosure policies and through the use of appropriate confidentiality agreements. CEOC's United States patents have varying expiration dates, the last of which is 2031. New CEC plans to sustain this aggressive strategy of protecting intellectual property rights by continuing to exploit the use of patents, trademarks and copyrights and trade secret laws, make appropriate governmental and regulatory intellectual property filings and applications, and maintain robust nondisclosure policies to protect trade secrets and confidential information.

New CEC will own or have from CEC the right to use proprietary rights to a number of trademarks that are considered to be, along with the associated name recognition, valuable to the business, including the following:

CEOC's marks include Caesars, Harrah's, Horseshoe, Bally's, and Total Rewards;

CERP's marks include Rio, Flamingo, and Paris;

CIE's marks include WSOP; and

CGP holds a license for the Planet Hollywood mark used in connection with the Planet Hollywood Resort & Casino in Las Vegas (Planet Hollywood).

Omnibus License and Enterprise Services Agreement

The members of CES entered into an Omnibus License and Enterprise Services Agreement (the Omnibus Agreement) in May 2014, which granted various licenses to the members through CES and allowed the members to continue to use the intellectual property each of the properties owned or managed by the members used in their associated businesses, including Total Rewards. See CEC and CAC Proposal 1: Adoption of the Merger Agreement and Approval of the Merger Certain Relationships between CEC and CAC CES Agreements beginning on page 313 for a complete discussion of CES and the Omnibus Agreement.

Table of Contents*CIE's Sale of the Social and Mobile Games Business*

On September 23, 2016, CIE sold its social and mobile games business as it existed at that time, including Playtika, Ltd., to Alpha Frontier Limited for approximately \$4.4 billion in cash. In connection with such sale, CIE granted Playtika, Ltd. licenses to certain intellectual property owned by or licensed to CIE, and Playtika, Ltd. granted a license to CIE in certain patents owned by Playtika, Ltd. and Playtika Santa Monica, LLC.

CIE granted an exclusive license to Playtika, Ltd. with respect to the WSOP and other WSOP-related trademarks and designs for use in Playtika, Ltd.'s social and mobile games for a 3% royalty on net revenues (the WSOP License). The WSOP License will remain in effect until September 23, 2031, but may be renewed for an additional ten (10) year term if a specified minimum aggregate amount of royalties is paid to CIE during the initial term. CIE has agreed that, during the term of the WSOP License, it will not use, or license any of the WSOP licensed property in connection with Play-For-Fun Gaming; provided, however, that CIE may use or license the WSOP licensed property in connection with Play-For-Fun Gaming so long as it is not offered as a stand-alone product and CIE or its licensee do not sell virtual coins in connection with such Play-For-Fun Gaming. CIE is also obligated to market and promote Playtika, Ltd.'s WSOP-branded games on CIE's WSOP website and on other marketing channels.

CIE also sublicensed on an exclusive basis to Playtika, Ltd. certain of the trademarks licensed to CIE by CEOC and certain of its affiliates under the Cross Marketing and Trademark License Agreement (as defined below) for use in Playtika, Ltd.'s social and mobile games for a 3% royalty on net revenues. The sublicense agreement will remain in effect for the term of the Cross Marketing and Trademark License Agreement. CIE has agreed that, during the term of the sublicense agreement, it will not use, or license any of the sub-licensed marks in connection with Play-For-Fun Gaming; provided, however, that CIE may use or license the sub-licensed marks in connection with Play-For-Fun Gaming so long as it is not offered as a stand-alone product and CIE or its licensee do not sell virtual coins in connection with such Play-For-Fun Gaming.

Playtika, Ltd. and Playtika Santa Monica, LLC have granted CIE a royalty-free, non-exclusive license under patents owned by them for use in CIE's and its affiliates' Real-Money Gaming business. The patent license also permits CIE and its affiliates to offer Play-For-Fun games in connection with Real Money Gaming so long as they (1) are not offered as stand-alone products and virtual coins are not sold in connection with them and (2) are not offered in a manner that would violate the WSOP License or the trademark sublicense agreement. The patent license does not restrict CIE and its affiliates from offering Play-For-Fun games whose operation would not infringe the licensed patents. The patent license will remain in effect on a country-by-country basis until the expiration of all valid claims in the licensed patents in such country.

Competition

The casino entertainment business is highly competitive. The industry is comprised of a diverse group of competitors that vary considerably in size and geographic diversity, quality of facilities and amenities available, marketing and growth strategies, and financial condition. In most markets, CEC competes directly with other casino facilities operating in the immediate and surrounding areas. CEC's Las Vegas Strip hotels and casinos also compete, in part, with each other. CEC also competes with other non-gaming resorts and vacation areas, various other entertainment businesses, and other forms of gaming, such as state lotteries, on-and off-track wagering, video lottery terminals and card parlors. CEC's non-gaming offerings also compete with other retail facilities, amusement attractions, food and beverage offerings, and entertainment venues. CEC's non-gaming offerings also compete with other retail facilities, amusement attractions, food and beverage offerings, and entertainment venues. New CEC will continue to be subject to such competition as it seeks to expand its gaming and non-gaming offerings.

In recent years, many casino operators, including CEC, have been reinvesting in existing facilities, developing new casino or complementary facilities, and acquiring established facilities. These reinvestment and

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expansion efforts combined with aggressive marketing strategies by CEC and many of CEC's competitors have resulted in increased competition in many markets. New CEC intends to pursue similar reinvestment and expansion efforts and aggressive marketing strategies.

The expansion of casino properties and entertainment venues into new markets also presents competitive issues for CEC that have had a negative impact on CEC's financial results. Atlantic City, in particular, has seen a decline of more than 50% in gaming revenues compared with 2006 levels, primarily due to the addition of gaming capacity associated with the expansion of gaming in Maryland, New York, and Pennsylvania. This has resulted in several casino closings in recent years, including CEC's Showboat Atlantic City casino and four competitor casinos since 2014. More recently, CEC's property in Baltimore has also experienced competitive pressure. New CEC will be affected by similar competitive issues and potential market declines.

Governmental Regulation

The gaming industry is highly regulated, and CEC must maintain CEC's licenses and pay gaming taxes to continue CEC's operations. Each of CEC's casinos is subject to extensive regulation under the laws, rules, and regulations of the jurisdiction in which it is located. These laws, rules, and regulations generally concern the responsibility, financial stability, and character of the owners, managers, and persons with financial interests in the gaming operations. Violations of laws in one jurisdiction could result in disciplinary action in other jurisdictions. A more detailed description of the regulations to which CEC is subject, and after the Merger, to which New CEC will be subject, is contained in the section entitled "Gaming Regulatory Overview of Caesars Entertainment Corporation" beginning on page 122.

CEC's businesses are subject to other various foreign, federal, state, and local laws and regulations, in addition to gaming regulations. These laws and regulations include, but are not limited to, restrictions and conditions concerning alcoholic beverages, smoking, environmental matters, employees, currency transactions, taxation, zoning and building codes, construction, land use, and marketing and advertising. CEC also deals with significant amounts of cash in CEC's operations and are subject to various reporting and AML regulations. Such laws and regulations could change or could be interpreted differently in the future, or new laws and regulations could be enacted. Material changes, new laws or regulations, or material differences in interpretations by courts or governmental authorities could adversely affect CEC's operating results. See "Risk Factors - Risks Related to CEC's Business" beginning on page 81 for additional discussion.

After the Merger, the businesses and properties of CEC will be consolidated into New CEC, and therefore, New CEC will likewise be subject to a similar legal and regulatory environment. New CEC will be required to maintain licenses, pay gaming taxes to continue operations and abide by extensive gaming regulations. New CEC will also need to abide by other laws and regulations similarly applicable to CEC, including the aforementioned restrictions and conditions concerning alcoholic beverages, smoking, environmental matters, employees, currency transactions, taxation, zoning and building codes, construction, land use, and marketing and advertising as well as AML regulations.

Table of Contents***Employee Relations***

As of December 31, 2016, CEC employed approximately 31,000 employees and approximately 17,000 employees were covered by collective bargaining agreements with certain subsidiaries, relating to certain casino, hotel, and restaurant employees. The majority of these employees are covered by the following agreements:

Employee Group	Approximate Number of Active Employees Represented	Union	Date on which Collective Bargaining Agreement Becomes Amendable
Las Vegas Culinary Employees	8,700	Culinary Workers Union, Local 226	Various up to July 31, 2018
Atlantic City Food & Beverage and Hotel employees	1,600	UNITE HERE, Local 54	February 28, 2020
Las Vegas Bartenders	1,200	Bartenders Union, Local 165	Various up to July 31, 2018
Las Vegas Dealers	1,800	Transport Workers Union of America and UAW	Various up to September 30, 2019

After giving effect to the Merger and the Restructuring, based on operational and business information as of December 31, 2016, New CEC will employ over 65,000 employees throughout New CEC's organization worldwide, with approximately 28,000 employees being covered by collective bargaining agreements with certain of New CEC's subsidiaries, relating to certain casino, hotel, and restaurant employees. The majority of these employees will be covered by the following agreements:

Employee Group	Approximate Number of Active Employees Represented	Union	Date on which Collective Bargaining Agreement Becomes Amendable
Las Vegas Culinary Employees	12,400	Culinary Workers Union, Local 226	Various up to July 31, 2018
Atlantic City Food & Beverage and Hotel employees	3,500	UNITE HERE, Local 54	February 28, 2020
Las Vegas Bartenders	1,500	Bartenders Union, Local 165	Various up to July 31, 2018
Las Vegas Dealers	3,300	Transport Workers Union of America and UAW	Various up to September 30, 2019

Gaming Regulatory Overview of Caesars Entertainment Corporation

General

The ownership and operation of casino entertainment facilities are subject to pervasive regulation under the laws, rules and regulations of each of the jurisdictions in which CEC operates. Gaming laws are based upon declarations of public policy designed to ensure that gaming is conducted honestly, competitively and free of criminal and corruptive elements. Since the continued growth and success of gaming is dependent upon public confidence, gaming laws protect gaming consumers and the viability and integrity of the gaming industry, including prevention of cheating and fraudulent practices. Gaming laws may also be designed to protect and maximize state and local revenues derived through taxation and licensing fees imposed on gaming industry participants and enhance economic development and tourism. To accomplish these public policy goals, gaming laws establish procedures to ensure that participants in the gaming industry meet certain standards of character and fitness, or suitability. In addition, gaming laws require gaming industry participants to:

establish and maintain responsible accounting practices and procedures;

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maintain effective controls over their financial practices, including establishment of minimum procedures for internal fiscal affairs and the safeguarding of assets and revenues;

maintain systems for reliable record keeping;

file periodic reports with gaming regulators; and

maintain strict compliance with various laws, regulations and required minimum internal controls pertaining to gaming.

Typically, regulatory environments in the jurisdictions in which CEC operates are established by statute and are administered by a regulatory agency or agencies with interpretive authority with respect to gaming laws and regulations and broad discretion to regulate the affairs of owners, managers, and persons/entities with financial interests in gaming operations. Among other things, gaming authorities in the various jurisdictions in which CEC operates:

adopt rules and regulations under the implementing statutes;

make appropriate investigations to determine if there has been any violation of laws or regulations;

enforce gaming laws and impose disciplinary sanctions for violations, including fines and penalties;

review the character and fitness of participants in gaming operations and make determinations regarding their suitability or qualification for licensure;

grant licenses for participation in gaming operations;

collect and review reports and information submitted by participants in gaming operations;

review and approve transactions, such as acquisitions or change-of-control transactions of gaming industry participants, securities offerings and debt transactions engaged in by such participants; and

establish and collect fees and/or taxes.

After the Merger, the businesses and properties of CEC will be consolidated into New CEC, and therefore, New CEC will likewise be subject to similar legal and regulatory conditions in the jurisdictions in which CEC currently operates.

Licensing and Suitability Determinations

Gaming laws require CEC, each of CEC's subsidiaries engaged in gaming operations, certain of CEC's directors, officers and employees, and in some cases, CEC's stockholders and holders of CEC's debt securities, to obtain licenses or findings of suitability from gaming authorities. Licenses or findings of suitability typically require a determination that the applicant qualifies or is suitable. Gaming authorities have very broad discretion in determining whether an applicant qualifies for licensing or should be deemed suitable. Subject to certain administrative proceeding requirements, the gaming regulators have the authority to deny any application or limit, condition, restrict, revoke or suspend any license, registration, finding of suitability or approval, or fine any person licensed, registered or found suitable or approved, for any cause deemed reasonable by the gaming authorities. Criteria used in determining whether to grant a license or finding of suitability, while varying between jurisdictions, generally include consideration of factors such as:

the financial stability, integrity and responsibility of the applicant, including whether the operation is adequately capitalized in the jurisdiction and exhibits the ability to maintain adequate insurance levels;

the quality of the applicant's casino facilities;

the amount of revenue to be derived by the applicable jurisdiction through operation of the applicant's gaming facility;

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the applicant's practices with respect to minority hiring and training; and

the effect on competition and general impact on the community.

In evaluating individual applicants, gaming authorities consider the individual's reputation for good character and criminal and financial history and the character of those with whom the individual associates.

Many jurisdictions limit the number of licenses granted to operate gaming facilities within the jurisdiction, and some jurisdictions limit the number of licenses granted to any one gaming operator. For example, in Indiana, state law allows CEC to only hold two gaming licenses. Licenses under gaming laws are generally not transferable unless the transfer is approved by the requisite regulatory agency. Licenses in many of the jurisdictions in which CEC conducts gaming operations are granted for limited durations and require renewal from time to time. In Iowa, CEC's ability to continue CEC's casino operations is subject to a referendum every eight years or at any time upon petition of the voters in the county in which CEC operates; the most recent referendum occurred in 2010. CEC's New Orleans casino operates under a contract with the Louisiana gaming authorities which extends until 2018, with a ten-year renewal period. There can be no assurance that any of CEC's licenses or any of the above mentioned contracts will be renewed, or with respect to CEC's gaming operations in Iowa, that continued gaming activity will be approved in any referendum.

Most jurisdictions have statutory or regulatory provisions that govern the required action that must be taken in the event that a license is revoked or not renewed. For example, under Indiana law, a trustee approved by gaming authorities will assume complete operational control of CEC's riverboat in the event CEC's license is revoked or not renewed, and will be authorized to take any action necessary to sell the property if CEC is unable to find a suitable buyer within 180 days.

In addition to CEC and CEC's direct and indirect subsidiaries engaged in gaming operations, gaming authorities may investigate any individual or entity having a material relationship to, or material involvement with, any of these entities to determine whether such individual is suitable or should be licensed as a business associate of a gaming licensee. Certain jurisdictions require that any change in CEC's directors or officers, including the directors or officers of CEC's subsidiaries, must be approved by the requisite regulatory agency. CEC's officers, directors and certain key employees must also file applications with the gaming authorities and may be required to be licensed, qualified or be found suitable in many jurisdictions. Gaming authorities may deny an application for licensing for any cause which they deem reasonable. Qualification and suitability determinations require submission of detailed personal and financial information followed by a thorough investigation. The burden of demonstrating suitability is on the applicant, who must pay all of the costs of the investigation. Changes in licensed positions must be reported to gaming authorities and in addition to their authority to deny an application for licensure, qualification or a finding of suitability, gaming authorities have jurisdiction to condition, limit or disapprove of a change in a corporate position.

If gaming authorities were to find that an officer, director or key employee fails to qualify or is unsuitable for licensing or unsuitable to continue having a relationship with CEC, CEC would have to sever all relationships with such person. In addition, gaming authorities may require CEC to terminate the employment of any person who refuses to file appropriate applications.

Moreover, in many jurisdictions, any of CEC's stockholders or holders of CEC's debt securities may be required to file an application, be investigated, and qualify or have his, her or its suitability determined. For example, under Nevada gaming laws, each person who acquires, directly or indirectly, beneficial ownership of any voting security, or beneficial or record ownership of any non-voting security or any debt security in a public corporation which is registered with the Nevada Gaming Commission, or the Gaming Commission, such as CEC, may be required to be

found suitable if the Gaming Commission has reason to believe that his or her acquisition of that ownership, or his or her continued ownership in general, would be inconsistent with the declared public policy of Nevada, in the sole discretion of the Gaming Commission. Any person required by the Gaming

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Commission to be found suitable will apply for a finding of suitability within 30 days after the Gaming Commission's request that he or she should do so and, together with his or her application for suitability, deposit with the Nevada Gaming Control Board a sum of money which, in the sole discretion of the Nevada Gaming Control Board, will be adequate to pay the anticipated costs and charges incurred in the investigation and processing of that application for suitability, and deposit such additional sums as are required by the Nevada Gaming Control Board to pay final costs and charges.

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

Many jurisdictions also require any person who acquires beneficial ownership of more than a certain percentage of CEC's voting securities and, in some jurisdictions, CEC's non-voting securities, typically 5%, to report the acquisition to gaming authorities, and gaming authorities may require such holders to apply for qualification or a finding of suitability. Most gaming authorities, however, allow an institutional investor to apply for a waiver that allows the institutional investor to acquire, in most cases, up to 15% of CEC's voting securities without applying for qualification or a finding of suitability. An institutional investor is generally defined as an investor acquiring and holding voting securities in the ordinary course of business as an institutional investor, and not for the purpose of causing, directly or indirectly, the election of a majority of the members of CEC's board of directors, any change in CEC's corporate charter, by-laws, management, policies or operations, or those of any of CEC's gaming affiliates, or the taking of any other action which gaming authorities find to be inconsistent with holding CEC's voting securities for investment purposes only. An application for a waiver as an institutional investor requires the submission of detailed information about the company and its regulatory filings, the name of each person that beneficially owns more than 5% of the institutional investor's voting securities or other equivalent and a certification made under oath or penalty for perjury, that the voting securities were acquired and are held for investment purposes only. Even if a waiver is granted, an institutional investor generally may not take any action inconsistent with its status when the waiver was granted without once again becoming subject to the foregoing reporting and application obligations. A change in the investment intent of an institutional investor must be reported to certain regulatory authorities immediately after its decision.

Notwithstanding, each person who acquires directly or indirectly, beneficial ownership of any voting security, or beneficial or record ownership of any nonvoting security or any debt security in CEC may be required to be found suitable if a gaming authority has reason to believe that such person's acquisition of that ownership would otherwise be inconsistent with the declared policy of the jurisdiction.

Generally, any person who fails or refuses to apply for a finding of suitability or a license within the prescribed period after being advised it is required by gaming authorities may be denied a license or found unsuitable, as applicable. The same restrictions may also apply to a record owner if the record owner, after request, fails to identify the beneficial owner. Any person found unsuitable or denied a license and who holds, directly or indirectly, any beneficial ownership of CEC's securities beyond such period of time as may be prescribed by the applicable gaming authorities may be guilty of a criminal offense. Furthermore, CEC may be subject to disciplinary action if, after CEC receives notice that a person is unsuitable to be a stockholder or to have any other relationship with CEC or any of CEC's subsidiaries, CEC:

pays that person any dividend or interest upon CEC's voting securities;

allows that person to exercise, directly or indirectly, any voting right conferred through securities held by that person;

pays remuneration in any form to that person for services rendered or otherwise; or

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fails to pursue all lawful efforts to require such unsuitable person to relinquish his voting securities including, if necessary, the immediate purchase of said voting securities for cash at fair market value.

Although many jurisdictions generally do not require the individual holders of debt securities such as notes to be investigated and found suitable, gaming authorities may nevertheless retain the discretion to do so for any reason, including but not limited to, a default, or where the holder of the debt instruments exercises a material influence over the gaming operations of the entity in question. Any holder of debt securities required to apply for a finding of suitability or otherwise qualify must generally pay all investigative fees and costs of the gaming authority in connection with such an investigation. If the gaming authority determines that a person is unsuitable to own a debt security, CEC may be subject to disciplinary action, including the loss of CEC approvals, if without the prior approval of the gaming authority, CEC:

pays to the unsuitable person any dividend, interest or any distribution whatsoever;

recognizes any voting right by the unsuitable person in connection with those securities;

pays the unsuitable person remuneration in any form; or

makes any payment to the unsuitable person by way of principal, redemption, conversion, exchange, liquidation or similar transaction.

Certain jurisdictions impose similar restrictions in connection with debt securities and retain the right to require holders of debt securities to apply for a license or otherwise be found suitable by the gaming authority.

Under New Jersey gaming laws, if a holder of CEC's debt or equity securities is required to qualify, the holder may be required to file an application for qualification or divest itself of the securities. If the holder files an application for qualification, it must place the securities in trust with an approved trustee. If the gaming regulatory authorities approve interim authorization, and while the application for plenary qualification is pending, such holder may, through the approved trustee, continue to exercise all rights incident to the ownership of the securities. If the gaming regulatory authorities deny interim authorization, the trust will become operative and the trustee will have the authority to exercise all of the rights incident to ownership, including the authority to dispose of the securities and the security holder will have no right to participate in casino earnings and may only receive a return on its investment in an amount not to exceed the actual cost of the investment (as defined by New Jersey gaming laws). If the security holder obtains interim authorization but the gaming authorities later find reasonable cause to believe that the security holder may be found unqualified, the trust will become operative and the trustee will have the authority to exercise all rights incident to ownership pending a determination on such holder's qualifications. However, during the period the securities remain in trust, the security holder may petition the New Jersey gaming authorities to direct the trustee to dispose of the trust property and distribute proceeds of the trust to the security holder in an amount not to exceed the lower of the actual cost of the investment or the value of the securities on the date the trust became operative. If the security holder is ultimately found unqualified, the trustee is required to sell the securities and to distribute the proceeds of the sale to the applicant in an amount not exceeding the lower of the actual cost of the investment or the value of the securities on the date the trust became operative and to distribute the remaining proceeds to the state. If the security holder is found qualified, the trust agreement will be terminated.

Additionally, following the Reclassification, the Certificates of Incorporation of CEC and CEOC contain provisions establishing the right to redeem the securities of disqualified holders if necessary to avoid any regulatory sanctions, to prevent the loss or to secure the reinstatement of any license or franchise, or if such holder is determined by any gaming regulatory agency to be unsuitable, has an application for a license or permit denied or rejected, or has a previously issued license or permit rescinded, suspended, revoked or not renewed. The Certificates of Incorporation also contain provisions defining the redemption price and the rights of a disqualified security holder. In the event a security holder is disqualified, the New Jersey gaming authorities are empowered to propose any necessary action to protect the public interest, including the suspension or revocation of the licenses for the casinos CEC owns in New Jersey.

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Many jurisdictions also require that manufacturers and distributors of gaming equipment and suppliers of certain goods and services to gaming industry participants be licensed and require CEC to purchase and lease gaming equipment, supplies and services only from licensed suppliers.

Violations of Gaming Laws

If CEC or CEC's subsidiaries violate applicable gaming laws, CEC's gaming licenses could be limited, conditioned, suspended or revoked by gaming authorities, and CEC and any other persons involved could be subject to substantial fines. Further, a supervisor or conservator can be appointed by gaming authorities to operate CEC's gaming properties, or in some jurisdictions, take title to CEC's gaming assets in the jurisdiction, and under certain circumstances, earnings generated during such appointment could be forfeited to the applicable jurisdictions. Furthermore, violations of laws in one jurisdiction could result in disciplinary action in other jurisdictions. As a result, violations by CEC of applicable gaming laws could have a material adverse effect on CEC's financial condition, prospects and results of operations.

Reporting and Recordkeeping Requirements

CEC is required periodically to submit detailed financial and operating reports and furnish any other information about CEC and CEC's subsidiaries which gaming authorities may require. Under federal law, CEC is required to record and submit detailed reports of currency transactions involving greater than \$10,000 at CEC's casinos and Suspicious Activity Reports (SARCs) if the facts presented so warrant. Some jurisdictions require CEC to maintain a log that records aggregate cash transactions in the amount of \$3,000 or more. CEC is required to maintain a current stock ledger which may be examined by gaming authorities at any time. CEC may also be required to disclose to gaming authorities upon request the identities of the holders of CEC's debt or other securities. If any securities are held in trust by an agent or by a nominee, the record holder may be required to disclose the identity of the beneficial owner to gaming authorities. Failure to make such disclosure may be grounds for finding the record holder unsuitable. In Indiana, CEC is required to submit a quarterly report to gaming authorities disclosing the identity of all persons holding interests of 1% or greater in a riverboat licensee or holding company. Gaming authorities may also require certificates for CEC's stock to bear a legend indicating that the securities are subject to specified gaming laws. In certain jurisdictions, gaming authorities have the power to impose additional restrictions on the holders of CEC's securities at any time.

Review and Approval of Transactions

Substantially all material loans, leases, sales of securities and similar financing transactions by CEC and CEC's subsidiaries must be reported to, or approved by, gaming authorities. Neither CEC nor any of CEC's subsidiaries may make a public offering of securities without the prior approval of certain gaming authorities if the securities or the proceeds therefrom are intended to be used to construct, acquire or finance gaming facilities in such jurisdictions, or to retire or extend obligations incurred for such purposes. Such approval, if given, does not constitute a recommendation or approval of the investment merits of the securities subject to the offering. Changes in control through merger, consolidation, stock or asset acquisitions, management or consulting agreements, or otherwise, require prior approval of gaming authorities in certain jurisdictions. Entities seeking to acquire control of CEC or one of CEC's subsidiaries must satisfy gaming authorities with respect to a variety of stringent standards prior to assuming control. Gaming authorities may also require controlling stockholders, officers, directors and other persons having a material relationship or involvement with the entity proposing to acquire control, to be investigated and licensed as part of the approval process relating to the transaction.

Certain gaming laws and regulations in jurisdictions in which CEC operates establish that certain corporate acquisitions opposed by management, repurchases of voting securities and corporate defense tactics affecting CEC or CEC's subsidiaries may be injurious to stable and productive corporate gaming, and as a result, prior approval may be required before CEC may make exceptional repurchases of voting securities (such as repurchases which treat holders differently) above the current market price and before a corporate acquisition

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opposed by management can be completed. In certain jurisdictions, the gaming authorities also require prior approval of a plan of recapitalization proposed by the board of directors of a publicly traded corporation which is registered with the gaming authority in response to a tender offer made directly to the registered corporation's stockholders for the purpose of acquiring control of the registered corporation.

Because licenses under gaming laws are generally not transferable, CEC's ability to grant a security interest in any of CEC's gaming assets is limited and may be subject to receipt of prior approval from gaming authorities. A pledge of the stock of a subsidiary holding a gaming license and the foreclosure of such a pledge may be ineffective without the prior approval of gaming authorities in certain jurisdictions. Moreover, CEC's subsidiaries holding gaming licenses may be unable to guarantee a security issued by an affiliated or parent company pursuant to a public offering, or pledge their assets to secure payment of the obligations evidenced by the security issued by an affiliated or parent company, without the prior approval of certain gaming authorities. CEC is subject to extensive prior approval requirements relating to certain borrowings and security interests with respect to CEC's New Orleans casino. If the holder of a security interest wishes operation of the casino to continue during and after the filing of a suit to enforce the security interest, it may request the appointment of a receiver approved by Louisiana gaming authorities, and under Louisiana gaming laws, the receiver is considered to have all CEC's rights and obligations under CEC's contract with Louisiana gaming authorities.

Some jurisdictions also require CEC to file a report with the gaming authority within a prescribed period of time following certain financial transactions and the offering of debt securities. Were they to deem it appropriate, certain gaming authorities reserve the right to order such transactions rescinded.

Certain jurisdictions require the implementation of a compliance review and reporting system created for the purpose of monitoring activities related to CEC's continuing qualification. These plans require periodic reports to senior management of CEC and to the regulatory authorities.

Certain jurisdictions require that an independent audit committee oversee the functions of surveillance and internal audit departments at CEC's casinos.

License Fees and Gaming Taxes

CEC pays substantial license fees and taxes in many jurisdictions, including the counties, cities, and any related agencies, boards, commissions, or authorities, in which CEC's operations are conducted, in connection with CEC's casino gaming operations, computed in various ways depending on the type of gaming or activity involved. Depending upon the particular fee or tax involved, these fees and taxes are payable either daily, monthly, quarterly or annually. License fees and taxes are based upon such factors as:

a percentage of the gross revenues received;

the number of gaming devices and table games operated;

franchise fees for riverboat casinos operating on certain waterways; and

admission fees for customers boarding CEC's riverboat casinos.

In many jurisdictions, gaming tax rates are graduated with the effect of increasing as gross revenues increase. Furthermore, tax rates are subject to change, sometimes with little notice, and CEC has recently experienced tax rate increases in a number of jurisdictions in which CEC operates. A live entertainment tax is also paid in certain jurisdictions by casino operations where entertainment is furnished in connection with the selling or serving of food or refreshments or the selling of merchandise.

Operational Requirements

In many jurisdictions, CEC is subject to certain requirements and restrictions on how CEC must conduct its gaming operations. In many jurisdictions, CEC is required to give preference to local suppliers and include minority-owned and women-owned businesses in construction projects to the maximum extent practicable.

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Some jurisdictions also require CEC to give preferences to in-state or minority-owned and women-owned businesses in the procurement of goods and services. Some of CEC's operations are subject to restrictions on the number of gaming positions CEC may have, the minimum or maximum wagers allowed by CEC's customers, and the maximum loss a customer may incur within specified time periods.

CEC's land-based casino in New Orleans operates under a casino operating contract (the COC) with the State of Louisiana Gaming Control Board, assuming the regulatory authority, control and jurisdiction of the Louisiana Economic Development Control Board pursuant to Louisiana Revised Statute 27:15.

Pursuant to the terms and conditions of the COC, CEC's New Orleans casino is subject to not only many of the foregoing operational requirements, but also to restrictions on CEC's food and beverage operations, including with respect to the size, location and marketing of eating establishments at CEC's casino entertainment facility. Furthermore, with respect to the hotel tower, CEC is subject to restrictions on the number of rooms within the hotel, the amount of meeting space within the hotel and how CEC may market and advertise the rates CEC charges for rooms.

In Mississippi, CEC is required to include adequate parking facilities (generally 500 spaces or more) in close proximity to CEC's existing casino complexes, as well as infrastructure facilities, such as hotels, that will amount to at least 25% of the casino cost. The infrastructure requirement was increased to 100% of the casino cost for any new casinos in Mississippi.

To comply with requirements of Iowa gaming laws, CEC has entered into management agreements with Iowa West Racing Association, a non-profit organization. The Iowa Racing and Gaming Commission has issued a joint license to Iowa West Racing Association and Harveys Iowa Management Company, Inc. for the operation of the Harrah's Council Bluffs Casino, which was an excursion gambling boat but is now land based, and issued a license for the Horseshoe Council Bluffs Casino at Bluffs Run Greyhound Park which is a full service, land based casino and a greyhound racetrack. The company operates both facilities pursuant to the management agreements.

The United Kingdom Gambling Act of 2005 which became effective in September 2007, replaced the Gaming Act 1968, and removed most of the restrictions on advertising. Though the 2005 Act controls marketing, advertising gambling is now controlled by the Advertising Standards Authority through a series of codes of practice. Known as the CAP codes, the codes offer guidance on the content of print, television and radio advertisements.

In Indiana, CEC is required to submit a quarterly report to gaming authorities disclosing the identity of all persons holding interests of 1% or greater in a riverboat licensee or holding company. Under an omnibus update to its rules, publicly traded companies are now exempt from this requirement. The amendment to 68 IAC 1-31-1 went into effect in early January 2013.

Indian Gaming

The terms and conditions of management contracts and the operation of casinos and all gaming on Indian land in the United States are subject to the Indian Gaming Regulatory Act of 1988, (the IGRA), which is administered by the National Indian Gaming Commission, (the NIGC), the gaming regulatory agencies of tribal governments, and Class III gaming compacts between the tribes for which CEC manages casinos and the states in which those casinos are located. IGRA established three separate classes of tribal gaming-Class I, Class II and Class III. Class I includes all traditional or social games solely for prizes of minimal value played by a tribe in connection with celebrations or ceremonies. Class II gaming includes games such as bingo, pulltabs, punchboards, instant bingo and non-banked card games (those that are not played against the house) such as poker. Class III gaming includes casino-style gaming such

as banked table games like blackjack, craps and roulette, and gaming machines such as slots and video poker, as well as lotteries and pari-mutuel wagering.

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Harrah's Ak-Chin and Harrah's Resort Southern California (Rincon) provide Class II gaming and, as limited by the tribal-state compacts, Class III gaming. Harrah's Cherokee currently provides only Class III gaming.

IGRA prohibits all forms of Class III gaming unless the tribe has entered into a written agreement or compact with the state that specifically authorizes the types of Class III gaming the tribe may offer. These compacts may address, among other things, the manner and extent to which each state will conduct background investigations and certify the suitability of the manager, its officers, directors, and key employees to conduct gaming on tribal lands. CEC has received permanent certification from the Arizona Department of Gaming as management contractor for the Ak-Chin Indian Community's casino, a Tribal-State Compact Gaming Resource Supplier Finding of Suitability from the California Gambling Control Commission in connection with management of the Rincon San Luiseno Band of Indians casino, and has been licensed by the relevant tribal gaming authorities to manage the Ak-Chin Indian Community's casino, the Eastern Band of Cherokee Indians' casino and the Rincon San Luiseno Band of Indians' casino, respectively.

IGRA requires NIGC approval of management contracts for Class II and Class III gaming as well as the review of all agreements collateral to the management contracts. Management contracts which are not so approved are void. The NIGC will not approve a management contract if a director or a 10% stockholder of the management company:

is an elected member of the Native American tribal government which owns the facility purchasing or leasing the games;

has been or is convicted of a felony gaming offense;

has knowingly and willfully provided materially false information to the NIGC or the tribe;

has refused to respond to questions from the NIGC; or

is a person whose prior history, reputation and associations pose a threat to the public interest or to effective gaming regulation and control, or create or enhance the chance of unsuitable activities in gaming or the business and financial arrangements incidental thereto.

In addition, the NIGC will not approve a management contract if the management company or any of its agents have attempted to unduly influence any decision or process of tribal government relating to gaming, or if the management company has materially breached the terms of the management contract or the tribe's gaming ordinance, or a trustee, exercising due diligence, would not approve such management contract. A management contract can be approved only after the NIGC determines that the contract provides, among other things, for:

adequate accounting procedures and verifiable financial reports, which must be furnished to the tribe;

tribal access to the daily operations of the gaming enterprise, including the right to verify daily gross revenues and income;

minimum guaranteed payments to the tribe, which must have priority over the retirement of development and construction costs;

a ceiling on the repayment of such development and construction costs; and

a contract term not exceeding five years and a management fee not exceeding 30% of net revenues (as determined by the NIGC); provided that the NIGC may approve up to a seven year term and a management fee not to exceed 40% of net revenues if NIGC is satisfied that the capital investment required, and the income projections for the particular gaming activity require the larger fee and longer term.

Management contracts can be modified or canceled pursuant to an enforcement action taken by the NIGC based on a violation of the law or an issue affecting suitability.

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Indian tribes are sovereign with their own governmental systems, which have primary regulatory authority over gaming on land within the tribes' jurisdiction. Therefore, persons engaged in gaming activities, including CEC, are subject to the provisions of tribal ordinances and regulations on gaming. These ordinances are subject to review by the NIGC under certain standards established by IGRA. The NIGC may determine that some or all of the ordinances require amendment, and that additional requirements, including additional licensing requirements, may be imposed on the management company. The possession of valid licenses from the Ak-Chin Indian Community, the Eastern Band of Cherokee Indians and the Rincon San Luiseno Band of Indians, are ongoing conditions of CEC's agreements with these tribes.

Riverboat Casinos

In addition to all other regulations applicable to the gaming industry generally, some of CEC's riverboat casinos are also subject to regulations applicable to vessels operating on navigable waterways, including regulations of the U.S. Coast Guard. These requirements set limits on the operation of the vessel, mandate that it must be operated by a minimum complement of licensed personnel, establish periodic inspections, including the physical inspection of the outside hull, and establish other mechanical and operational rules.

Racetracks

CEC owns a full service casino which includes a full array of table games in conjunction with a greyhound racetrack in Council Bluffs, Iowa. The casino operation and the greyhound racing operation are regulated by the same state agency and are subject to the same regulatory structure established for all Iowa gaming facilities. A single operating license covers both parts of the operation in Council Bluffs. CEC also owns slot machines at a thoroughbred racetrack in Bossier City, Louisiana, and CEC owns a combination harness racetrack and casino in southeastern Pennsylvania in which the company, through various subsidiary entities, owns a 99.5% interest in the entity licensed by the Pennsylvania Gaming Control Board. Generally, CEC's slot operations at the Iowa racetrack are regulated in the same manner as CEC's other gaming operations in Iowa. In addition, regulations governing racetracks are typically administered separately from CEC's other gaming operations (except in Iowa), with separate licenses and license fee structures. For example, racing regulations may limit the number of days on which races may be held. In Kentucky, CEC owns and operates Bluegrass Downs, a harness racetrack located in Paducah.

In 2015, CEC divested its 20% interest in Rock Ohio Caesars, LLC, a venture with Rock Ohio Ventures, LLC (formerly Rock Gaming, LLC). However, CEC entities continued as the employer and manager of the Ohio properties during part of 2016. Between March and June 2016, the management agreements of the Ohio properties terminated and the employees of the three Ohio properties were transferred to the new employer and manager.

Internet

An affiliate of CEC, CIE, engages in lawful real money online internet gaming activity in the United Kingdom through two outside third-party operators. This internet gaming is offered to residents of the United Kingdom by the third-party operators pursuant to remote casino operating licenses issued to these operators by the Gambling Commission, following the implementation of the point of consumption licensing regime from November 1, 2014. To date, the key gaming regulatory authorities governing online internet gaming are the UK Gambling Commission, the Gibraltar Regulatory Authority, the Alderney Gambling Control Commission and the Isle of Man Gambling Supervision Commission. In addition, the State of Nevada legalized real money online internet poker within the State. The Nevada Gaming Commission adopted regulations and established licensing requirements for the operation of real money online internet poker in the State of Nevada. CIE obtained the appropriate licenses in Nevada and, pursuant to a relationship with a third-party software provider, field trial operation of its real money website began in September

2013. The State of New Jersey also legalized real money online internet gaming within the State. The New Jersey regulators adopted regulations and established licensing

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requirements for the operation of real money online internet gaming in the State of New Jersey. Caesars Interactive Entertainment New Jersey, LLC, a wholly owned subsidiary of CIE, obtained a casino license and was issued an Internet Gaming Permit, pursuant to relationships with two third-party software providers, operation of its real money websites began in November 2013.

Corporate Citizenship, Social Responsibility and Sustainability of Caesars Entertainment Corporation

CEC's board of directors and senior executives are committed to maintaining CEC's position as an industry leader in corporate citizenship, corporate social responsibility, and sustainability. In 2016, CEC continued to engage with its CEO-level external environmental sustainability advisory board with experts representing non-governmental organizations, business strategy, academia, and investors and used their advice to modify CEC's citizenship priority focus for 2016 and 2017. In 2016, CEC published its seventh annual Citizenship Report in accordance with Global Reporting Initiative G4 framework.

Code of Commitment

For more than 15 years, CEC's Code of Commitment has guided CEC's approach to responsible and ethical business, compliance and anti-corruption. Training events reinforce CEC's expectations of all employees.

For the second year running, CEC was recognized on the Civic 50, an initiative organized by Points of Light and Bloomberg that recognizes companies for their commitment to improving the quality of life in their home communities. CEC was the first company to develop responsible gaming programs informed by science, evaluated objectively and created in conjunction with leading researchers. In 2016, CEC confirmed its support for the UN Sustainable Development Goals and identified eight goals where CEC can make the most significant contribution and expand CEC's impact in coming years.

Environmental Stewardship

Since 2007, CEC has advanced a strategy to contribute to global climate change and sustainability initiatives that reduce its impact on the environment. CEC's structured, data-driven CodeGreen program leverages the passion of its employees and engages its guests and suppliers. Between 2007 and 2015, CEC reduced energy consumption across its properties by 23.4% per air-conditioned sq. ft. and greenhouse gas emissions by 28.3%. Since 2008, CEC has reduced water consumption by 20.4%. In 2015, 38% of CEC's total waste was recycled in addition to an overall 28% reduction in waste across its operations.

In 2016, CEC surpassed its Green Key certification goal of having 90% of owned or managed North American hotel resort properties achieve a 4 Key rating or higher. Including the properties owned and operated by CEOC, thirty of CEC's hotel resort properties are rated 4 Keys, more than any other casino-entertainment company in the world. Recently recognized by the Global Sustainable Tourism Council, Green Key is a rigorous program that ranks, certifies, and inspects hotels and resorts based on their commitment to sustainable operations. Green Key uses a rating system of 1 to 5 Keys, with 5 being the highest possible attainment.

For its work in 2016, CEC received A scores for carbon (A) and water (A-) impact and supplier engagement (A-) from the formerly named Carbon Disclosure Project (CDP), the international not-for-profit that drives sustainable economies. Thousands of companies submit annual climate disclosures to CDP for independent assessment against its scoring methodology. CEC is one of 193 A Listers on its carbon disclosure, which has been produced at the request of 827 investors with assets of \$100 trillion. Just 9% of the corporations participating in CDP's climate change program are awarded a position on the Climate A List.

Diversity, Inclusion and Employee Wellbeing

CEC creates a dynamic and innovative working culture where individual growth is rewarded, recognized, and celebrated. CEC is the only company in the casino entertainment industry to receive a perfect score on the

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Human Rights Campaign Corporate Equality Index for ten consecutive years, including 2016. CEC encourages diversity and the advancement of women, and in 2015, 34% of its managers belonged to minority groups and 42% of its managers were women. CEC continues to fund more than \$15 million each year to support its Employee Wellness Program, including 29 nurses and coaches across its properties. The program proves itself year after year with improved health metrics for participating employees, more than \$2,500 annual saving per employee on healthcare and insurance savings for CEC due to lower health risk.

Community Investment

Established in 2002, the Caesars Foundation (the Foundation) is a private charitable foundation funded by a portion of operating income from CEC's resorts. Since its inception, the Foundation has gifted more than \$72 million to support vibrant communities. In 2015, CEC's total community investment (including Caesars Foundation, corporate, mandated and discretionary giving, and the value of employee volunteering hours) amounted to \$67.2 million. Employee volunteering in 2015 reached 260,000 hours CEC's highest annual level of volunteering on record.

Legal Proceedings of Caesars Entertainment Corporation***Noteholder Disputes***

On August 4, 2014, Wilmington Savings Fund Society, FSB, solely in its capacity as successor Indenture Trustee for the 10.00% Second-Priority Senior Secured Notes due 2018 (the 10.00% Second-Priority Notes), on behalf of itself and, it alleges, derivatively on behalf of CEOC, filed a lawsuit (the Delaware Second Lien Lawsuit) in the Court of Chancery in the State of Delaware against CEC and CEOC, CGP, CAC, CERP, CES, Eric Hession, Gary Loveman, Jeffrey D. Benjamin, David Bonderman, Kelvin L. Davis, Marc C. Rowan, David B. Sambur and Eric Press. The lawsuit alleges claims for breach of contract, intentional and constructive fraudulent transfer, breach of fiduciary duty, aiding and abetting breach of fiduciary duty, and corporate waste. The lawsuit seeks (1) an award of money damages; (2) to void certain transfers, the earliest of which dates back to 2010; (3) an injunction directing the recipients of the assets in these transactions to return them to CEOC; (4) a declaration that CEC remains liable under the parent guarantee formerly applicable to the 10.00% Second-Priority Notes; (5) to impose a constructive trust or equitable lien on the transferred assets; and (6) an award to plaintiffs for their attorneys' fees and costs. CEC believes this lawsuit is without merit and is defending itself vigorously. A motion to dismiss this action was filed by CEC and other defendants in September 2014, and the motion was argued in December 2014. During the pendency of the Chapter 11 Cases, the action has been automatically stayed with respect to CEOC. The motion to dismiss with respect to CEC was denied on March 18, 2015. In a Verified Supplemental Complaint filed on August 3, 2015, the plaintiff stated that due to CEOC's bankruptcy filing, the continuation of all claims was stayed pursuant to the bankruptcy except for Claims II, III, and X. These are claims against CEC only, for breach of contract in respect of the release of the parent guarantee formerly applicable to the CEOC 10.00% Second-Priority Notes, for declaratory relief in respect of the release of this guarantee, and for violations of the Trust Indenture Act in respect of the release of this guarantee. Fact discovery in the case is complete, and cross-motions for summary judgment have been filed by the parties. On January 26, 2017, the Bankruptcy Court entered an agreed order staying this proceeding (and others). The stay will remain in effect until the earlier of (a) the Plan Effective Time, (b) the termination of the restructuring support agreement with the official committee of second priority noteholders or (c) further order of the Bankruptcy Court.

On September 3, 2014, holders of approximately \$21 million of CEOC's 6.50% Senior Notes due 2016 (the 6.50% Senior Unsecured Notes) and 5.75% Senior Unsecured Notes due 2017 (together with the 6.50% Senior Unsecured Notes, the Senior Unsecured Notes) filed suit in federal district court in Manhattan against CEC and CEOC, claiming broadly that an August 12, 2014 Note Purchase and Support Agreement between CEC and CEOC (on the one hand) and certain other holders of the Senior Unsecured Notes (on the other hand) impaired their own rights under the Trust

Indenture Act of 1939 and the indentures governing the Senior Unsecured Notes.

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The lawsuit seeks both declaratory and monetary relief. On October 2, 2014, a holder of CEOC's 6.50% Senior Unsecured Notes due 2016 purporting to represent a class of all persons who held these Notes from August 11, 2014 to the present filed a substantially similar suit in the same court, against the same defendants, relating to the same transactions (the Danner Lawsuit). Both lawsuits (the Senior Unsecured Lawsuits) were assigned to the same judge. The claims against CEOC have been automatically stayed during its Chapter 11 Cases. The court denied a motion to dismiss both lawsuits with respect to CEC. The parties have completed fact discovery with respect to both plaintiffs' claims against CEC. On October 23, 2015, plaintiffs in the Senior Unsecured Lawsuits moved for partial summary judgment, and on December 29, 2015, those motions were denied. On December 4, 2015, plaintiff in the action brought on behalf of holders of CEOC's 6.50% Senior Unsecured Notes moved for class certification, and briefing has been completed. The judge presiding over these cases thereafter retired, and a new judge was appointed to preside over these lawsuits. That judge set a new summary judgment briefing schedule, and the parties filed cross-motions for summary judgment, which remain pending. On January 26, 2017, the Bankruptcy Court entered an agreed order staying this proceeding (and others). The stay will remain in effect until the earlier of (a) the Plan Effective Time, (b) the termination of the restructuring support agreement with the official committee of second priority noteholders or (c) further order of the Bankruptcy Court.

On November 25, 2014, UMB Bank (UMB), as successor indenture trustee for CEOC's 8.50% Senior Secured Notes due 2020 (the 8.50% Senior Secured Notes), filed a verified complaint (the Delaware First Lien Lawsuit) in Delaware Chancery Court against CEC, CEOC, CERP, CAC, CGP, CES, and against individual past and present members of the board of directors, Loveman, Benjamin, Bonderman, Davis, Press, Rowan, Sambur, Hession, Colvin, Kleisner, Swann, Williams, Housenbold, Cohen, Stauber, and Winograd, alleging generally that defendants improperly stripped CEOC of certain assets, wrongfully effected a release of CEC's parent guarantee of the 8.50% Senior Secured Notes and committed other wrongs. Among other things, UMB asked the court to appoint a receiver over CEOC. In addition, the suit pleads claims for fraudulent conveyances/transfers, insider preferences, illegal dividends, declaratory judgment (for breach of contract as regards to the parent guarantee and also as to certain covenants in the bond indenture), tortious interference with contract, breach of fiduciary duty, usurpation of corporate opportunities, and unjust enrichment, and seeks monetary, equitable and declaratory relief. The lawsuit has been automatically stayed with respect to CEOC during its Chapter 11 Cases. Pursuant to the First Lien Bond RSA, the lawsuit also has been stayed in its entirety, with the consent of all of the parties to it.

On February 13, 2015, CEC received a Demand For Payment of Guaranteed Obligations (the February 13 Notice) from Wilmington Savings Fund Society, FSB, in its capacity as successor Trustee for CEOC's 10.00% Second-Priority Notes. The February 13 Notice alleges that CEOC's commencement of the Chapter 11 Cases constituted an event of default under the indenture governing the 10.00% Second-Priority Notes; that all amounts due and owing on the 10.00% Second-Priority Notes therefore immediately became payable; and that CEC is responsible for paying CEOC's obligations on the 10.00% Second-Priority Notes, including CEOC's obligation to timely pay all principal, interest, and any premium due on these notes, as a result of a parent guarantee provision contained in the indenture governing the notes that the February 13 Notice alleges is still binding. The February 13 Notice accordingly demands that CEC immediately pay Wilmington Savings Fund Society, FSB, cash in an amount of not less than \$3.7 billion, plus accrued and unpaid interest (including without limitation the \$184 million interest payment due December 15, 2014 that CEOC elected not to pay) and accrued and unpaid attorneys' fees and other expenses. The February 13 Notice also alleges that the interest, fees and expenses continue to accrue.

On February 18, 2015, CEC received a Demand For Payment of Guaranteed Obligations (the February 18 Notice) from BOKF, N.A. (BOKF), in its capacity as successor Trustee for CEOC's 12.75% Second-Priority Senior Secured Notes due 2018 (the 12.75% Second-Priority Notes). The February 18 Notice alleges that CEOC's commencement of the Chapter 11 Cases constituted an event of default under the indenture governing the 12.75% Second-Priority Notes; that all amounts due and owing on the 12.75% Second-Priority Notes therefore immediately became payable; and that

CEC is responsible for paying CEOC's obligations on the 12.75% Second-Priority Notes, including CEOC's obligation to timely pay all principal, interest and any

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premium due on these notes, as a result of a parent guarantee provision contained in the indenture governing the notes that the February 18 Notice alleges is still binding. The February 18 Notice therefore demands that CEC immediately pay BOKF cash in an amount of not less than \$750 million, plus accrued and unpaid interest, accrued and unpaid attorneys' fees, and other expenses. The February 18 Notice also alleges that the interest, fees and expenses continue to accrue.

In accordance with the terms of the applicable indentures, CEC is not subject to the above-described guarantees. As a result, CEC believes the demands for payment are meritless.

On March 3, 2015, BOKF filed a lawsuit (the New York Second Lien Lawsuit) against CEC in federal district court in Manhattan, in its capacity as successor trustee for CEOC's 12.75% Second-Priority Notes. On June 15, 2015, UMB filed a lawsuit (the New York First Lien Lawsuit) against CEC, also in federal district court in Manhattan, in its capacity as successor trustee for CEOC's 11.25% Senior Secured Notes due 2017, 8.50% Senior Secured Notes due 2020, and 9.00% Senior Secured Notes due 2020. Plaintiffs in these actions allege that CEOC's filing of the Chapter 11 Cases constitutes an event of default under the indentures governing these notes, causing all principal and interest to become immediately due and payable, and that CEC is obligated to make those payments pursuant to parent guarantee provisions in the indentures governing these notes that plaintiffs allege are still binding. Both plaintiffs bring claims for violation of the Trust Indenture Act of 1939, breach of contract, breach of duty of good faith and fair dealing and for declaratory relief, and BOKF brings an additional claim for intentional interference with contractual relations. The cases were both assigned to the same judge presiding over the other Parent Guarantee Lawsuits (as defined below) that are taking place in Manhattan. CEC filed its answer to the BOKF complaint on March 25, 2015, and to the UMB complaint on August 10, 2015. On June 25, 2015, and June 26, 2015, BOKF and UMB, respectively, moved for partial summary judgment, specifically on their claims alleging a violation of the Trust Indenture Act of 1939, seeking both declaratory relief and damages. On August 27, 2015, those motions were denied. The court, on its own motion, certified its order with respect to the interpretation of the Trust Indenture Act for interlocutory appeal to the United States Court of Appeals for the Second Circuit, and on December 22, 2015, the appellate court denied CEC's motion for leave to appeal. On November 20, 2015, BOKF and UMB again moved for partial summary judgment. These motions likewise were denied. The judge presiding over these cases thereafter retired, and a new judge was appointed to preside over these lawsuits. That judge set a new summary judgment briefing schedule, and the parties submitted cross-motions for summary judgment, which remain pending. On January 26, 2017, the Bankruptcy Court entered an agreed order staying this proceeding (and others). The stay will remain in effect until the earlier of (a) the Plan Effective Time, (b) the termination of the restructuring support agreement with the official committee of second priority noteholders or (c) further order of the Bankruptcy Court.

On October 20, 2015, Wilmington Trust, National Association (Wilmington Trust), filed a lawsuit (the New York Senior Notes Lawsuit) and, together with the Delaware Second Lien Lawsuit, the Delaware First Lien Lawsuit, the Senior Unsecured Lawsuits, the New York Second Lien Lawsuit, and the New York First Lien Lawsuit, the Parent Guarantee Lawsuits) against CEC in federal district court in Manhattan in its capacity as successor indenture trustee for CEOC's 10.75% Senior Notes due 2016 (the 10.75% Senior Notes). Plaintiff alleges that CEC is obligated to make payment of amounts due on the 10.75% Senior Notes pursuant to a parent guarantee provision in the indenture governing those notes that plaintiff alleges is still in effect. Plaintiff raises claims for violations of the Trust Indenture Act of 1939, breach of contract, breach of the implied duty of good faith and fair dealing, and for declaratory judgment, and seeks monetary and declaratory relief. CEC filed its answer to the complaint on November 23, 2015. As with the other parent guaranty lawsuits taking place in Manhattan, the judge presiding over these cases thereafter retired, and a new judge was appointed to preside over these lawsuits. That judge set a new summary judgment briefing schedule, and the parties submitted cross-motions for summary judgment, which remain pending. On January 26, 2017, the Bankruptcy Court entered an agreed order staying this proceeding (and others). The stay will remain in effect until the earlier of (a) the Plan Effective Time, (b) the termination of the restructuring support

agreement with the official committee of second priority noteholders or (c) further order of the Bankruptcy Court.

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On May 13, 2016, the Second Lien Committee in the CEOC bankruptcy case filed a motion in that case to obtain standing to pursue claims on behalf of CEOC in a lawsuit (the Proposed Second Lien Lawsuit) against CEC and a number of its affiliates, as well as against various other parties. As set forth in a proposed complaint submitted with its motion, the Second Lien Committee seeks to assert claims against CEC to recover alleged constructive and intentional fraudulent transfers relating to certain transactions between CEOC and entities controlled by CEC and others. The Second Lien Committee also proposes to raise claims against CEC relating to these transactions for breach of fiduciary duty, aiding and abetting breach of fiduciary duty, and unjust enrichment. The proposed complaint seeks money damages against all defendants in the range of \$8.1 billion to \$12.6 billion and to avoid the transfers underlying the claims raised therein, in addition to certain other relief. On October 11, 2016, the court placed the Second Lien Committee's motion in abeyance until the Plan becomes effective or the restructuring support agreement with the Second Lien Committee is terminated. Following the confirmation of the Plan on January 17, 2017, the Bankruptcy Court continued the Second Lien Committee's motion until April 19, 2017.

On August 9, 2016, CEOC and twenty-five other debtors filed an adversary complaint against CEC, certain CEC affiliates, and several of CEC's and CEOC's present and past directors and officers, seeking recovery of certain fraudulent transfers; monetary damages and/or rescission for breaches of fiduciary duties, unjust enrichment, aiding and abetting breaches of fiduciary duties; civil conspiracy; misappropriation of corporate opportunity, and waste of corporate assets; and the imposition of a constructive trust or equitable lien over the transferred assets. As described above, confirmation of the Debtors' Plan and the satisfaction or waiver of all conditions precedent to the effectiveness of the Plan will result in the release of all claims raised in this complaint. Following the confirmation of the Plan on January 17, 2017, the Bankruptcy Court continued the adversary proceeding until April 19, 2017.

CEC believes that the claims and demands described above against CEC are without merit and CEC intends to defend itself vigorously. The claims against CEOC have been stayed due to the Chapter 11 Cases and, as described above, the actions against CEC have now also been stayed. See additional disclosure relating to CEOC's Chapter 11 filing in Note 1 to the 2016 CEC Financial Statements. In the event that the litigation stays are ever lifted, CEC believes that the Noteholder Disputes and the Parent Guarantee Lawsuits present a reasonably possible likelihood of an adverse outcome. Should these matters ultimately be resolved through litigation outside of the Restructuring, and should a court find in favor of the claimants in some or all of the Noteholder Disputes, such determination would likely lead to a CEC reorganization under Chapter 11 of the Bankruptcy Code (see Note 1 to the 2016 CEC Financial Statements). CEC is not able to estimate a range of reasonably possible losses should any of the Noteholder Disputes ultimately be resolved against CEC, although they could potentially exceed \$11 billion.

CEC-CAC Merger Litigation

On December 30, 2014, Nicholas Koskie, on behalf of himself and, he alleged, all others similarly situated, filed the Merger Lawsuit in the Clark County District Court in the State of Nevada against CAC, CEC and the CAC Directors. The Merger Lawsuit alleged claims for breach of fiduciary duty against the CAC Directors and aiding and abetting breach of fiduciary duty against CAC and CEC. It sought (1) an order directing the CAC Directors to fulfill alleged fiduciary duties to CAC in connection with the proposed merger between CAC and CEC announced on December 22, 2014, specifically by announcing their intention to (a) cooperate with bona fide interested parties proposing alternative transactions, (b) ensure that no conflicts exist between the CAC Directors' personal interests and their fiduciary duties to maximize stockholder value in the Merger, or resolve all such conflicts in favor of the latter, and (c) act independently to protect the interests of the stockholders; (2) an order directing the CAC Directors to account for all damages suffered or to be suffered by plaintiff and the putative class as a result of the Merger; and (3) an award to plaintiff for his costs and attorneys' fees. On October 13, 2016, the court dismissed the Merger Lawsuit for lack of prosecution. Pursuant to local rule, the case could have been reinstated at the plaintiff's written request, provided such request was filed within 30 days of the date of service of written notice of the dismissal. The 30-day time period has

now expired.

Table of Contents***Employee Benefit Obligations***

In December 1998, Hilton Hotels Corporation (Hilton) spun-off its gaming operations as Park Place Entertainment Corporation (Park Place). In connection with the spin-off, Hilton and Park Place entered into various agreements, including an Employee Benefits and Other Employment Allocation Agreement dated December 31, 1998 (the Allocation Agreement) whereby Park Place assumed or retained, as applicable, certain liabilities and excess assets, if any, related to the Hilton Hotels Retirement Plan (the Hilton Plan) based on the benefits of Hilton employees and Park Place employees. CEOC is the ultimate successor to Park Place under this Allocation Agreement. In 2013, a lawsuit was settled relating to the Hilton Plan, which retroactively and prospectively increased total benefits to be paid under the Hilton Plan. In 2009, CEC received a letter from Hilton, notifying CEC of a lawsuit related to the Hilton Plan that alleged that CEC had a potential liability for the additional claims under the terms of the Allocation Agreement.

On December 24, 2014, Hilton, the Plan Administrator of the Hilton Plan, and a representative of the Plan Administrator (the Hilton Parties) sued CEC and CEOC in federal court in Virginia primarily under the Employee Retirement Income Security Act (ERISA), and also under state contract and unjust enrichment law theories, for monetary and equitable relief in connection with this ongoing dispute. On April 14, 2015, the federal court dismissed the Hilton Parties' unjust enrichment claim with prejudice and ordered that the remainder of the case be transferred to the Bankruptcy Court based upon its relationship to the CEOC bankruptcy case.

On June 9, 2016, CEC, CEOC and the Hilton Parties entered into a settlement of the Hilton Parties' claims (the Settlement Agreement). Under the settlement, Hilton will receive a general unsecured claim in CEOC's bankruptcy case for an amount equal to \$51 million plus 31.75% of amounts paid by Hilton to the Hilton Plan due after July 16, 2016. For periods following the Plan Effective Time, CEC shall assume certain of CEOC's obligations under the Allocation Agreement. In exchange, Hilton shall turn over to CEC the distributions on account of \$24.5 million of Hilton's claim in the CEOC bankruptcy. On June 21, 2016, the parties sought approval of the Settlement Agreement. The Bankruptcy Court approved the Settlement Agreement on July 19, 2016. The settlement amount is fully accrued in liabilities subject to compromise at CEOC, and the Settlement Agreement is subject to the effectiveness of the Plan.

National Retirement Fund

In January 2015, a majority of the Trustees of the National Retirement Fund (NRF), a multi-employer defined benefit pension plan, voted to expel the five indirect subsidiaries of CEC which were required to make contributions to the legacy plan of the NRF (the Five Employers). The NRF contended that the financial condition of the Five Employers controlled group (the CEC Controlled Group) and CEOC's then-potential bankruptcy presented an actuarial risk to the plan because, depending on the outcome of any CEOC bankruptcy proceedings, CEC might no longer be liable to the plan for any partial or complete withdrawal liability. As a result, the NRF claimed that the expulsion of the Five Employers constituted a complete withdrawal of the CEC Controlled Group from the plan. CEOC, in its bankruptcy proceedings, has to date not rejected the contribution obligations to the NRF of any of its subsidiary employers. The NRF has advised the CEC Controlled Group (which includes CERP) that the expulsion of the Five Employers has triggered a joint and several withdrawal liability with a present value of approximately \$360 million, payable in 80 quarterly payments of about \$6 million.

Prior to the NRF's vote to expel the Five Employers, the Five Employers reiterated their commitments to remain in the plan and not seek rejection of any collective bargaining agreement in which the obligation to contribute to NRF exists. The Five Employers were current with respect to pension contributions at the time of their expulsion, and are current with respect to pension contributions as of today pursuant to the Standstill Agreement referred to below.

CEC has opposed the various NRF expulsion actions.

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On January 8, 2015, prior to the NRF's vote to expel the Five Employers, CEC filed an action in the SDNY Court against the NRF and its board of trustees, seeking a declaratory judgment that they did not have the authority to expel the Five Employers and thus allegedly trigger withdrawal liability for the CEC Controlled Group (the CEC Action). On December 25, 2015, the District Judge entered an order dismissing the CEC Action on the ground that CEC's claims in this action must first be arbitrated under ERISA. CEC has appealed this decision to the United States Court of Appeals for the Second Circuit. Oral argument on this appeal was heard on January 30, 2017, and the Second Circuit has reserved decision on this appeal.

On March 6 and March 27, 2015, CEOC and certain of its subsidiaries filed in the CEOC bankruptcy proceedings two motions to void (1) the purported expulsion of the Five Employers and based thereon the alleged triggering of withdrawal liability for the non-debtor members of the CEC Controlled Group, and (2) a notice and payment demand for quarterly payments of withdrawal liability subsequently made by the NRF to certain non-debtor members of the CEC Controlled Group, respectively, on the ground that each of these actions violated the automatic stay (the 362 Motions). On November 12, 2015, Bankruptcy Judge Goldgar issued a decision denying the 362 Motions on the ground that the NRF's actions were directed at non-debtors and therefore did not violate the automatic stay. CEOC has appealed this decision to the federal district court in Chicago.

On March 6, 2015, CEOC commenced an adversary proceeding against the NRF and its board of trustees in the Bankruptcy Court (the Adversary Proceeding). On March 11, 2015, CEOC filed a motion in that Adversary Proceeding to extend the automatic stay in the CEOC bankruptcy proceedings to apply to the NRF's expulsion of the Five Employers (the 105 Motion). Judge Goldgar has not yet decided the 105 Motion.

On March 20, 2015, CEC, CEOC and CERP, on behalf of themselves and others, entered into an agreement with the NRF and its board of trustees that, among other things, stayed each member of the CEC Controlled Group's purported obligation to commence making quarterly payments of withdrawal liability and instead required the Five Employers to continue making monthly contribution payments to the NRF, unless and until each of the 362 Motions and the 105 Motion had been denied (the Standstill Agreement). As the 105 Motion has not yet been decided, the Standstill Agreement remains in effect.

If both the 105 Motion and CEC's appeal of the CEC Action are denied, then CEC could be required to pay to the NRF joint and several withdrawal liability with a present value of approximately \$360 million, payable in 80 quarterly payments of about \$6 million each while CEC simultaneously arbitrates whether the NRF and its board of trustees had the authority to expel the Five Employers and trigger withdrawal liability for the CEC Controlled Group.

On March 18, 2015, before the Standstill Agreement was executed, the NRF and its fund manager commenced a collection action in the SDNY Court against CEC, CERP and all non-debtor members of the CEC Controlled Group for the payment of the first quarterly payment of withdrawal liability, which the NRF contended was due on March 15, 2015 (the NRF Action). On December 25, 2015, the District Judge entered an Order adopting the Magistrate Judge's recommendation to deny defendants' motion to dismiss over the defendants' objections on the ground that the defendants' arguments must first be arbitrated under ERISA. On February 26, 2016, the NRF and its fund manager filed a motion for summary judgment against CEC and CERP for payment of the first quarterly payment of withdrawal liability and for interest, liquidated damages, attorneys' fees and costs. On November 7, 2016, the District Judge entered an Order adopting the Magistrate Judge's recommendation to grant partial summary judgment to the NRF Action plaintiffs over CEC and CERP's objections on the ground that CEC and CERP's further arguments must also first be arbitrated under ERISA. CEC and CERP filed a Notice of Appeal to protect their rights in response to this Order. Subsequently, the District Judge determined that no final order or judgment was entered, and thus the Notice of Appeal was premature. Accordingly, the parties stipulated to the dismissal of the appeal without prejudice to any party's rights to appeal a final, appealable judgment that may later be entered in the case.

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On December 5, 2016, an interlocutory judgment was entered against CEC and CERP comprising the first quarterly payment of withdrawal liability referred to above, interest and liquidated damages under ERISA. On December 19, 2016, a CEC and CERP filed a motion to certify a final judgment under Rule 54(b) of the Federal Rules of Civil Procedure for immediate appeal and to stay the NRF Action plaintiffs' motions to amend and for summary judgment, as described below. On January 11, 2017, the District Court granted the motion to certify a final judgment under Rule 54(b) in the amount of \$9 million, but denied the motion for a stay, and a judgment in that amount was entered the next day. CEC has appealed this decision to the Second Circuit, and has bonded the judgment pending appeal.

On December 23, 2016, the NRF Action plaintiffs filed a motion to amend their complaint to add claims for the second through eighth quarterly payments of withdrawal liability, which the NRF Action plaintiffs contended were past due, as well as for injunctive relief requiring the defendants to pay all further quarterly payments as they purportedly became due. Also on December 23, 2016, the NRF Action plaintiffs simultaneously filed a motion for summary judgment against CEC and CERP for payment of the second through eighth quarterly payments of withdrawal liability, for interest, liquidated damages, attorneys' fees and costs, and for injunctive relief requiring the defendants to pay all further quarterly payments as they purportedly became due. These motions have not yet been fully submitted to the District Court.

CEC believes its legal arguments against the actions undertaken by NRF are strong and will pursue them vigorously, and will defend vigorously against the claims raised by the NRF in the NRF Action. Since settlement discussions with the NRF are continuing and no material discovery has yet been performed with respect to any of the above actions, CEC cannot currently provide assurance as to the ultimate outcome of the matters at issue.

Other Matters

In recent years, governmental authorities have been increasingly focused on AML policies and procedures, with a particular focus on the gaming industry. In October 2013, CEOC's subsidiary, Desert Palace, Inc. (the owner of and referred to within this section as Caesars Palace), received a letter from the Financial Crimes Enforcement Network of the United States Department of the Treasury (FinCEN), stating that FinCEN was investigating Caesars Palace for alleged violations of the Bank Secrecy Act to determine whether it is appropriate to assess a civil penalty and/or take additional enforcement action against Caesars Palace. Caesars Palace responded to FinCEN's letter in January 2014. Additionally, CEC was informed in October 2013 that a federal grand jury investigation regarding AML practices of CEC and its subsidiaries had been initiated. CEC and Caesars Palace have been cooperating with FinCEN, the Department of Justice and the Nevada Gaming Control Board (the GCB) on this matter. On September 8, 2015, FinCEN announced a settlement pursuant to which Caesars Palace agreed to an \$8 million civil penalty for its violations of the Bank Secrecy Act, which penalty shall be treated as a general unsecured claim in Caesars Palace's bankruptcy proceedings. In addition, Caesars Palace agreed to conduct periodic external audits and independent testing of its AML compliance program, report to FinCEN on mandated improvements, adopt a rigorous training regime and engage in a look-back for suspicious transactions. The terms of the FinCEN settlement were approved by the Bankruptcy Court on October 19, 2015.

CEOC and the GCB reached a settlement on the same facts as above, wherein CEC agreed to pay \$1.5 million and provide to the GCB the same information that is reported to FinCEN and to resubmit its updated AML policies. On September 17, 2015, the settlement agreement was approved by the Nevada Gaming Commission. CEOC continues to cooperate with the Department of Justice in its investigation of this matter.

CEC is party to other ordinary and routine litigation incidental to its business. CEC does not expect the outcome of any such litigation to have a material effect on its consolidated financial position, results of operations, or cash flows, as CEC does not believe it is reasonably possible that it will incur material losses as a result of such litigation.

Table of Contents**Management's Discussion and Analysis of Financial Condition and Results of Operations of Caesars Entertainment Corporation**

In this discussion, the term CEC (parent entity) refers to the parent holding company, Caesars Entertainment Corporation, exclusive of its consolidated subsidiaries and variable interest entities, unless otherwise stated or the context otherwise requires. The word CEC refers to Caesars Entertainment Corporation, inclusive of its consolidated subsidiaries and variable interest entities, unless otherwise stated or the context otherwise requires.

CEC also refers to (1) its Consolidated Financial Statements as its Financial Statements, (2) its Consolidated Statements of Operations and Comprehensive Income as its Statements of Operations, and (3) its Consolidated Balance Sheets as its Balance Sheets. Note references are to the notes to the 2016 CEC Financial Statements.

The following discussion and analysis of CEC for the years ended December 31, 2016, 2015 and 2014, should be read in conjunction with the audited consolidated financial statements and notes thereto (the 2016 CEC Financial Statements) and other financial information.

The statements in this discussion regarding CEC's expectations regarding its future performance, liquidity and capital resources, and other non-historical statements are forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties. CEC's actual results may differ materially from those contained in or implied by any forward-looking statements. See the section entitled Cautionary Statement Regarding Forward-Looking Statements beginning on page 102.

Overview

CEC's business is operated through CEC (parent entity), which is primarily a holding company with no independent operations of its own, and CEC's two reportable segments. Through June 30, 2016, CEC aggregated the operating segments within CGP into two separate reportable segments: Caesars Growth Partners Casino Properties and Developments (CGP Casinos) and CIE. Subsequent to CIE's sale of its SMG Business (see discussion under Summary of 2016 Events below), the remaining CIE business is not material, and CEC no longer considers CIE to be a separate reportable segment from CGP Casinos. Therefore, CGP Casinos and CIE have been combined for all periods presented to form the CGP segment. In addition, CEC deconsolidated CEOC from its results following of its bankruptcy filing in January 2015, and therefore CEOC is not included in its financial results for the majority of 2015 and all of 2016, and is no longer a reportable segment. The CERP and CGP segments include the following properties and assets: ⁽¹⁾

CERP⁽²⁾

Flamingo Las Vegas

Harrah's Atlantic City

Harrah's Las Vegas

Harrah's Laughlin

Paris Las Vegas

Rio All-Suites Hotel & Casino

CGP

Bally's Las Vegas

The Cromwell

Harrah's New Orleans

Horseshoe Baltimore

The LINQ Hotel & Casino

Planet Hollywood Resort & Casino

CIE Real-Money Online Gaming

CIE World Series of Poker

- (1) CEOC remained a reportable segment until its deconsolidation effective January 15, 2015 (see Note 2 to the 2016 CEC Financial Statements).
- (2) CERP also owns The LINQ promenade and Octavius Tower.

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Summary of 2016 Events and Key Drivers of Annual Performance

The following are the significant events of 2016 and the key drivers of CEC's performance. Accordingly, these key drivers are described here, and the remainder of the discussion and analysis of results should be read in conjunction with these explanations.

CEC (Parent Entity) Going Concern

As a result of the following circumstances, CEC has substantial doubt about its ability to continue as a going concern:

CEC has limited unrestricted cash available to meet the financial commitments of CEC, primarily resulting from significant expenditures made to (1) defend against the litigation matters disclosed below and (2) support the Restructuring;

CEC has made material future commitments to support the Restructuring described below; and

CEC is a defendant in litigation relating to certain CEOC transactions dating back to 2010 and other legal matters (see Note 3 to the 2016 CEC Financial Statements) that could result in one or more adverse rulings against CEC if the Restructuring is not completed.

In connection with the Restructuring and litigation noted above, during 2016 and 2015, CEC has incurred legal and professional fees and expenses at levels significantly higher than historical amounts. For example, as of December 31, 2016, CEC had accrued \$6.6 billion of restructuring and support expenses, and during 2016 and 2015, CEC incurred \$70 million and \$73 million, respectively, in legal and professional fees associated with reorganization efforts and ongoing litigation. CEC expects to continue to incur additional expenses until CEOC's successful emergence from bankruptcy.

The circumstances set forth above and described in more detail in Note 1 to the 2016 CEC Financial Statements, individually and collectively, raise substantial doubt about the ability of CEC (parent entity) to continue as a going concern between now and the Plan Effective Time of the Restructuring. CEC does not currently have sufficient cash to meet its financial commitments to support the Plan or to satisfy the potential obligations that would arise in the event of an adverse ruling on one or all of the litigation matters disclosed below. The completion of the Merger is expected to allow CEC (parent entity) to fulfill its financial commitments in support of the Restructuring. However, if the Merger is not completed for any reason, CEC (parent entity) would still be liable for many of these obligations. In addition, although under the terms of the Restructuring, all related litigation is expected to be resolved, there remain the outstanding litigation matters that are currently stayed pending the Emergence.

CEC entered into the CIE Proceeds and Reservation Rights Agreement (as amended on October 7, 2016) with CIE, CEOC and CAC (the "CIE Proceeds Agreement"), which allows for up to \$235 million of the proceeds from the SMG Business sale to be distributed to CEC in order to pay certain fees in support of the Restructuring ("CEC Expense Amounts"). After taking into account the cash available to pay the CEC Expense Amounts under the CIE Proceeds Agreement and other sources of liquidity, under the CIE Proceeds Agreement and other sources of liquidity, CEC expects to have sufficient cash to meet its ongoing obligations as they come due for at least 12 months beyond the issuance date of these financial statements. However, there are restrictions governing when and how the cash designated for CEC Expense Amounts can be used (see Note 2 to the 2016 CEC Financial Statements). CEC also

expects to gain access to the remaining proceeds from the sale of the SMG Business upon completion of the Merger, which will be used to fund its other commitments in support of the Restructuring.

If CEC is unable to access additional sources of cash when needed, in the event of a material adverse ruling on one or all of the litigation matters disclosed in Note 1 to the 2016 CEC Financial Statements, or if CEOC does not emerge from bankruptcy on a timely basis on terms and under circumstances satisfactory to CEC, it is likely that CEC would seek reorganization under Chapter 11 of the Bankruptcy Code.

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CEOC Restructuring

On January 13, 2017, the Debtors filed an amended Plan with the Bankruptcy Court that replaced all previously filed plans. CEC, CAC, the Debtors and CEOC's major creditor groups have agreed to support the Plan. The Bankruptcy Court confirmed the Plan on January 17, 2017.

As part of the Plan, it is anticipated that CEOC will be divided into two companies OpCo and PropCo. OpCo will operate CEOC's properties and facilities. PropCo will hold certain of CEOC's real property assets and related fixtures and will lease those assets to OpCo. It is anticipated that OpCo will be a wholly owned consolidated subsidiary of CEC subsequent to the Emergence, and it that will contract with other subsidiaries of CEC to manage the facilities to be leased from PropCo.

Although the Plan has been confirmed by the Bankruptcy Court, CEC must still obtain regulatory approval in all of the jurisdictions in which it has gaming operations in order for CEOC to successfully emerge from bankruptcy, and CEC is unable to determine when all necessary requirements will be satisfied. In addition, the Plan remains subject to completion of the Merger, certain financing transactions, and various other closing conditions.

CIE's Sale of the SMG Business

On September 23, 2016, CIE sold the SMG Business for cash consideration of \$4.4 billion, subject to customary purchase price adjustments, and retained only its WSOP and regulated online real money gaming businesses. This resulted in a pre-tax gain of approximately \$4.2 billion. The SMG Business represented the majority of CIE's operations and was classified as discontinued operations for the year ended December 31, 2016. Historical results of the SMG Business have been recast as discontinued operations for the years ended December 31, 2015 and 2014, and the related assets and liabilities have been recast as held for sale as of December 31, 2015 (see Discontinued Operations in the Discussion of Operating Results section below and Note 17 to the 2016 CEC Financial Statements).

Upon closing the sale of the SMG Business, all outstanding CIE stock-based compensation awards were deemed fully vested and subsequently canceled in return for the right to receive a cash payment. CIE's stock-based compensation expense directly identifiable with employees of the SMG Business was \$264 million, \$29 million, and \$38 million during the years ended December 31, 2016, 2015, and 2014, respectively. These expense amounts were reclassified to discontinued operations for all periods presented in the Statements of Operations. Stock-based compensation expense not directly identifiable with employees of the SMG Business was \$189 million, \$31 million, and \$49 million during the years ended December 31, 2016, 2015, and 2014, respectively, and was included in property, general, administrative, and other in the Statements of Operations. For the year ended December 31, 2016, the majority of stock-based compensation expense resulted from the acceleration of the vesting of CIE stock-based compensation awards.

Discussion of Operating Results

As described above and in Note 1 to the 2016 CEC Financial Statements, CEC deconsolidated CEOC effective January 15, 2015. Headings below labeled CERP and CGP represent the combined results of the entities that remain in the consolidated CEC entity subsequent to the deconsolidation of CEOC, and do not include the results of CEOC or the SMG Business. Where CEC has presented an analysis of other factors affecting net income/(loss) and consolidated results by reportable segment, this information includes CEOC as a reportable segment for the first 15 days of 2015.

Segment results in this MD&A are presented consistent with the way CEC management assesses the results subsequent to the deconsolidation of CEOC, which is a consolidated view that adjusts for the impact of certain

transactions between reportable segments within CEC for all periods presented. Therefore, the results of certain

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reportable segments presented in this filing differ from the financial statement information presented in their separate filings. Other includes parent, consolidating, and other adjustments to reconcile to consolidated CEC results.

Consolidated Operating Results

<i>(Dollars in millions)</i>	Years Ended December 31,				(A) vs. (B) Fav/(Unfav)	
	2016	2015		Consolidated CEC		
	(A) CERP and CGP ⁽¹⁾	(B) CERP and CGP ⁽¹⁾	CEOC ⁽²⁾		\$	%
Casino revenues	\$ 2,177	\$ 2,168	\$ 118	\$ 2,286	\$ 9	0.4%
Net revenues	3,877	3,771	158	3,929	106	2.8%
Income from operations	257	337	9	346	(80)	(23.7)%
Deconsolidation and restructuring of CEOC and other	(5,758)	6,115		6,115	(11,873)	*
Income/(loss) from continuing operations, net of income taxes	(6,127)	5,975	(78)	5,897	(12,102)	*
Discontinued operations, net of income taxes	3,380	162	(7)	155	3,218	*
Net income/(loss) attributable to CEC	(3,569)	6,005	(85)	5,920	(9,574)	*
Property EBITDA ⁽³⁾	1,140	1,047	31	1,078	93	8.9%
Operating Margin ⁽⁴⁾	6.6%	8.9%	5.7%	8.8%		(2.3)pts

<i>(Dollars in millions)</i>	Year Ended December 31,			(B) vs. (C) Fav/(Unfav)	
	2014				
	(C) CERP and CGP ⁽¹⁾	CEOC ⁽²⁾	Consolidated CEC	\$	%
Casino revenues	\$ 1,923	\$ 3,495	\$ 5,418	\$ 245	12.7%
Net revenues	3,372	4,595	7,967	399	11.8%
Loss from operations	(245)	(310)	(555)	582	*
Deconsolidation and restructuring of CEOC and other	142	(237)	(95)	5,973	*
Loss from continuing operations, net of income taxes	(382)	(2,341)	(2,723)	6,357	*
Discontinued operations, net of income taxes	34	(177)	(143)	128	*
Net loss attributable to CEC	(429)	(2,354)	(2,783)	6,434	*
Property EBITDA ⁽³⁾	755	826	1,581	292	38.7%
Operating Margin ⁽⁴⁾	(7.3)%	(6.7)%	(7.0)%		16.2pts

* Not meaningful.

(1) Includes CERP and CGP segments and associated parent company and elimination adjustments.

(2) Includes CEOC segment and associated eliminations of intercompany transactions and other consolidating adjustments.

(3) See the Reconciliation of Non-GAAP Financial Measures section below.

(4) Calculated as income/(loss) from operations divided by net revenues.

Casino revenues, net revenues, income/(loss) from operations, and income/(loss) from continuing operations, net of income taxes for all periods presented in the table above exclude the results of CEC's discontinued operations disclosed in Note 17 to the 2016 CEC Financial Statements.

Table of Contents*Analysis of Key Drivers of Revenue Performance for CERP and CGP*Net Revenues by Category

<i>(Dollars in millions)</i>	Years Ended			2016 vs. 2015		2015 vs. 2014	
	December 31,			Fav/(Unfav)		Fav/(Unfav)	
	2016	2015	2014	\$	%	\$	%
Casino	\$ 2,177	\$ 2,168	\$ 1,923	\$ 9	0.4%	\$ 245	12.7%
Food and beverage	788	798	760	(10)	(1.3)%	38	5.0%
Rooms	923	860	753	63	7.3%	107	14.2%
Other	527	487	479	40	8.2%	8	1.7%
Less: casino promotional allowances	(538)	(542)	(543)	4	0.7%	1	0.2%
Net revenues	\$ 3,877	\$ 3,771	\$ 3,372	\$ 106	2.8%	\$ 399	11.8%

*Increase/(Decrease) in Net Revenues by Category**Years Ended December 31, 2014 through December 31, 2016*Net Revenues Segment

<i>(Dollars in millions)</i>	Years Ended			2016 vs. 2015		2015 vs. 2014	
	December 31,			Fav/(Unfav)		Fav/(Unfav)	
	2016	2015	2014	\$	%	\$	%
CERP	\$ 2,195	\$ 2,154	\$ 2,065	\$ 41	1.9%	\$ 89	4.3%
CGP	1,697	1,620	1,319	77	4.8%	301	22.8%
Other	(15)	(3)	(12)	(12)	*	9	75.0%
Total CERP and CGP	3,877	3,771	3,372	106	2.8%	399	11.8%
CEOC		164	4,812	*	*	*	*
Other		(6)	(217)	*	*	*	*
Total CEOC		158	4,595	*	*	*	*

Consolidated CEC

\$ 3,877 \$ 3,929 \$ 7,967 * * * *

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Cash ADR⁽¹⁾

Years Ended December 31, 2014, 2015, and 2016

(1) Average cash daily rate (cash ADR) is a key indicator by which CEC evaluates the performance of its properties and is determined by room revenue and rooms occupied.

CERP Performance

Net revenues increased \$41 million, or 1.9%, in 2016 compared with 2015 primarily due to increases in rooms revenue and other revenues. Net revenues increased \$89 million, or 4.3%, in 2015 compared with 2014, primarily due to increases in casino revenues and rooms revenue. The increases were attributable to the following:

Rooms revenue increased \$25 million in 2016 and \$42 million in 2015. The expansion of resort fees to all CERP properties during 2015, improved hotel yield as result of newly renovated rooms becoming available during 2016 at Harrah's Las Vegas, and the opening of the Harrah's Atlantic City Waterfront Conference Center (the Atlantic City Conference Center) in the third quarter 2015 drove an increase in CERP's cash ADR from \$102 in 2014 to \$114 in 2015 and \$124 in 2016.

Scheduled room renovations caused a reduction of approximately 2% of room nights available during 2016 compared with 2015, primarily at Paris Las Vegas and Harrah's Las Vegas, which partially offset the 2016 increase in rooms revenue.

Casino revenues increased \$32 million in 2015 compared with 2014, due to a reduction in costs related to variable marketing programs, such as REEL REWARDS, discounts, and free play, that are treated as a reduction in revenue.

Other revenues increased \$18 million in 2016 compared with 2015, primarily due to new performers and additional scheduled performances at the Rio Las Vegas, which contributed to higher entertainment revenue in 2016.

CGP Performance

Net revenues increased \$77 million, or 4.8%, in 2016 compared with 2015 primarily due to increases in rooms revenue and other revenues. Net revenues increased \$301 million, or 22.8%, in 2015 compared with 2014, primarily due to increases in casino revenues as well as improved food and beverage revenues and rooms revenues. The increases were attributable to the following:

Rooms revenue increased \$38 million in 2016 and \$65 million in 2015. Room renovations at The LINQ Hotel & Casino (The LINQ Hotel) were substantially completed and available to guests in early May 2015, which resulted in increases in room nights available of approximately 14% in 2016 and 24% in 2015 compared with the corresponding prior year periods. In addition, the expansion of resort fees and improved hotel yield drove an increase in CGP's cash ADR from \$108 in 2014 to \$123 in 2015 and \$132 in 2016.

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Other revenues increased \$35 million in 2016 compared with 2015, primarily due to new performers at Planet Hollywood Resort & Casino, which contributed to higher entertainment revenue in 2016.

Casino revenues and food and beverage revenues increased \$214 million and \$28 million, respectively, in 2015 compared with 2014, primarily due to higher volume at The LINQ Hotel after the completion of renovations, and the benefit of The Cromwell and Horseshoe Baltimore operating for the full year in 2015 after opening during 2014.

Partially offsetting the 2015 increase in casino revenues was a decline at Harrah's New Orleans, which was mostly due to the New Orleans smoking ban that was enacted in April 2015.

Analysis of Key Drivers of Income/(Loss) from Operations Performance for CERP and CGP

Income from operations was \$257 million in 2016 compared with \$337 million in 2015 and a loss from operations of \$245 million in 2014. After net revenues, the key drivers of income/(loss) from operations during 2016 and 2015 were primarily property, administrative, general and other (including CIE stock-based compensation expense); impairments; corporate expense; and depreciation and amortization.

Income/(Loss) from Operations by Category CERP and CGP

<i>(Dollars in millions)</i>	Years Ended			2016 vs. 2015		2015 vs. 2014	
	December 31,			Fav/(Unfav)		Fav/(Unfav)	
	2016	2015	2014	\$	%	\$	%
Net revenues	\$ 3,877	\$ 3,771	\$ 3,372	\$ 106	2.8%	\$ 399	11.8%
Operating expenses							
Casino expense	1,128	1,122	1,071	(6)	(0.5)%	(51)	(4.8)%
Food and beverage	383	388	386	5	1.3%	(2)	(0.5)%
Rooms	249	223	209	(26)	(11.7)%	(14)	(6.7)%
Property, general, administrative, and other (PGA & O)	1,166	1,022	1,000	(144)	(14.1)%	(22)	(2.2)%
Depreciation and amortization	439	361	315	(78)	(21.6)%	(46)	(14.6)%
Impairments		1	435	1	100.0%	434	99.8%
Corporate expense	166	169	95	3	1.8%	(74)	(77.9)%
Other operating costs	89	148	106	59	39.9%	(42)	(39.6)%
Total operating expenses	3,620	3,434	3,617	(186)	(5.4)%	183	5.1%
Income/(loss) from operations	\$ 257	\$ 337	\$ (245)	\$ (80)	(23.7)%	\$ 582	*

* Not meaningful.

Table of Contents*Increase/(Decrease) in Income/(Loss) from Operations**Years Ended December 31, 2014 through December 31, 2016**Income/(Loss) from Operations by Segment*

<i>(Dollars in millions)</i>	Years Ended December 31,			2016 vs. 2015		2015 vs. 2014	
	2016	2015	2014	Fav/(Unfav) \$	%	Fav/(Unfav) \$	%
CERP	\$ 389	\$ 411	\$ (32)	\$ (22)	(5.4)%	\$ 443	*
CGP	20	253	(221)	(233)	(92.1)%	474	*
Other	(152)	(327)	8	175	53.5%	(335)	*
Total CERP and CGP	257	337	(245)	(80)	(23.7)%	582	*
CEOC		9	(323)	*	*	*	*
Other			13	*	*	*	*
Total CEOC		9	(310)	*	*	*	*
Consolidated CEC	\$ 257	\$ 346	\$ (555)	*	*	*	*

* Not meaningful.

Impairments by Segment⁽¹⁾

<i>(In millions)</i>	Years Ended December 31,		
	2016	2015	2014
CERP	\$	\$	\$ 277
CGP		1	158
CEOC			559
Total	\$	\$ 1	\$ 994

(1) See Notes 6 and 7 for additional information.

Table of Contents**CERP Performance**

Income from operations decreased \$22 million in 2016 compared with 2015 primarily due to increases in direct rooms expenses and depreciation and amortization. Income from operations improved \$443 million in 2015 compared with 2014, primarily due to increased revenue combined with a reduction in impairment charges and direct operating expenses. The fluctuations were attributable to the following:

In 2016, direct rooms expenses increased consistently with the increase in rooms revenues, and depreciation and amortization increased due to the removal and replacement of certain assets related to ongoing property renovation projects primarily at Harrah's Las Vegas, Paris Las Vegas, and Flamingo Las Vegas, as well as depreciation expense related to the Atlantic City Conference Center, which opened during 2015. The increase in operating expenses more than offset the increase in net revenues described above.

In 2015, the improvement was primarily attributable to the increase in net revenues and because there were no impairment charges during 2015 compared with \$277 million during 2014 (see Note 7 to the 2016 CEC Financial Statements). In addition, cost savings initiatives implemented in the fourth quarter of 2014 also contributed to the reduction in operating expenses.

CGP Performance

Income from operations decreased \$233 million in 2016 compared with 2015 and increased \$474 million in 2015 compared with 2014. CGP's income from operations includes the effect of the change in the liability associated with CGP's contingently issuable non-voting membership units due to CEC, which decreased CGP's income from operations \$117 million in 2016 and increased CGP's income from operations \$156 million in 2015 compared with the corresponding prior year periods. The units were issued to CEC during 2016, and no liability was outstanding for CGP as of December 31, 2016 (see Note 2 to the 2016 CEC Financial Statements). The effect of these changes is eliminated in consolidation with the offsetting amounts being reflected in Other in the Income/(Loss) from Operations by Segment table above.

Excluding the effect of CGP's contingently issuable non-voting membership units from both periods, CGP's income/(loss) from operations decreased \$116 million in 2016 and increased \$318 million in 2015 compared with the corresponding prior year periods.

In 2016, the decrease was primarily due to the accelerated vesting of CIE equity awards resulting in increases in CIE stock-based compensation expense. Stock-based compensation expense was \$189 million in 2016 compared with \$31 million in 2015. In addition, CIE incurred costs related to the sale of the SMG Business. Upon the closing of the SMG Business sale, all outstanding CIE stock-based compensation awards were deemed fully vested and were subsequently paid in cash in connection with the closing of the SMG Business sale, as described in Note 17 to the 2016 CEC Financial Statements.

The portion of CIE's stock-based compensation expense directly identifiable with employees of the SMG Business was reclassified to discontinued operations for all periods presented in the Statements of Operations (see Note 17 to the 2016 CEC Financial Statements). The portion of CIE's stock-based compensation expense not directly identifiable with employees of the SMG Business was included in property, general, administrative, and other in the Statements of Operations. For the year ended December 31, 2016, the majority of stock-based compensation expense resulted from

the acceleration of the vesting of CIE stock-based compensation awards.

In 2015, the improvement was primarily attributable to the increase in net revenues and because there were no material impairment charges during 2015 compared with \$158 million during 2014 (see Note 7 to the 2016 CEC Financial Statements). In addition, cost savings initiatives also contributed to the reduction in operating expenses.

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As described above, Other in the Income/(Loss) from Operations by Segment table above includes the intercompany elimination that offsets the change in liability associated with CGP's contingently issuable non-voting membership units. Excluding the effect of contingently issuable non-voting membership units, other loss from operations was \$152 million in 2016, \$210 million in 2015, and \$31 million in 2014.

During 2016 and 2015, as described above and in Note 1 to the 2016 CEC Financial Statements, CEC (the parent holding company) incurred expenses related to CEOC's bankruptcy activity and the RSAs and incurred other legal expenses related to ongoing litigation. During 2015, CEC also accrued \$35 million for a payment due to CEOC (see Note 1 to the 2016 CEC Financial Statements).

Interest Expense and Other Factors that Affect Net Income/(Loss)Interest Expense

<i>(Dollars in millions)</i>	Years Ended December 31,			2016 vs. 2015		2015 vs. 2014	
	2016	2015	2014	Fav/(Unfav)		Fav/(Unfav)	
	\$	\$	\$	\$	%	\$	%
CEOC	\$	\$ 87	\$ 2,184	\$ 87	*	\$ 2,097	*
CERP	396	399	389	3	0.8%	(10)	(2.6)%
CGP	198	195	169	(3)	(1.5)%	(26)	(15.4)%
Other ⁽¹⁾	5	2	(73)	(3)	(150.0)%	(75)	*
Total	\$ 599	\$ 683	\$ 2,669	\$ 84	*	\$ 1,986	*

* Not meaningful.

(1) Activity in 2014 primarily consisted of the elimination of intercompany interest paid by CEOC for debt instruments held by CGP.

Other Factors Affecting Net Income/(Loss) (including CEOC)

<i>(Dollars in millions)</i>	Years Ended			2016 vs. 2015		2015 vs. 2014	
	December 31,			Fav/(Unfav)		Fav/(Unfav)	
	2016	2015	2014	\$	%	\$	%
Interest expense	\$ 599	\$ 683	\$ 2,669	\$ 84	*	\$ 1,986	*
Deconsolidation and restructuring of CEOC and other	(5,758)	6,115	(95)	(11,873)	*	6,210	*
Income tax benefit/(provision)	(27)	119	596	(146)	*	(477)	(80.0)%
Discontinued operations	3,380	155	(143)	3,225	*	298	*

* Not meaningful.

Interest expense is primarily attributable to the outstanding debt described in Note 11 to the 2016 CEC Financial Statements. Interest expense decreased \$84 million in 2016 compared with 2015 and \$2.0 billion in 2015 compared with 2014, both of which were primarily due to the deconsolidation of CEOC. Excluding the effect of the CEOC deconsolidation, interest expense increased \$3 million in 2016 and \$38 million in 2015. The increase in 2015 was primarily due to:

a \$26 million increase in interest associated with the CGPH Term Loan and CGPH Notes, which provided funding for the four properties CGP acquired from CEOC in May 2014, and the Horseshoe Baltimore Credit and FF&E Facilities after Horseshoe Baltimore construction was completed in the second quarter of 2014;

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a \$27 million reduction in capitalized interest due to CERP completing The LINQ promenade in the first quarter of 2014 and CGP completing The Cromwell in the second quarter of 2014 and Horseshoe Baltimore in the third quarter; and

a partially offsetting \$15 million reduction related to the Planet Hollywood debt that was repaid in the second quarter of 2014 with proceeds from the CGPH Term Loan.

Deconsolidation and Restructuring of CEOC and Other

As described in Note 1 to the 2016 CEC Financial Statements, CEC recognized certain obligations that it believes will ultimately be settled under the Plan or the RSAs. As a result, during 2016, CEC accrued \$5.7 billion of expenses associated with the Restructuring. A portion of the obligations CEC recognized reflect its estimates of the fair value of the consideration CEC has agreed to provide in exchange for the settlement of litigation claims and potential claims against CEC and its affiliates. As described in Note 8 to the 2016 CEC Financial Statements, these obligations will be accounted for at fair value each period until they are ultimately settled as part of the Restructuring, and a fluctuation in the value of one or more of the inputs to CEC's fair value estimates could result in a significant adjustment to the fair value of these obligations.

As described in Note 2 to the 2016 CEC Financial Statements, effective January 15, 2015, CEC deconsolidated CEOC and recognized a gain of \$7.1 billion during 2015.

CEC recognized losses on extinguishment of debt of \$96 million in 2014, of which \$67 million related to CEOC debt transactions and \$28 million related to CGP.

Income Taxes

The effective tax rate was negative 0.4% for 2016, negative 2.1% for 2015, and 18.0% for 2014. See Note 16 to the 2016 CEC Financial Statements for a detailed discussion of income taxes and the effective tax rate.

Discontinued Operations

Discontinued operations primarily represent CIE's SMG Business, which was sold on September 23, 2016, as well as activity for certain properties owned by CEOC that occurred prior to its deconsolidation in January 2015. See Note 17 to the 2016 CEC Financial Statements for additional information.

Reconciliation of Non-GAAP Financial Measures

Property earnings before interest, taxes, depreciation and amortization (EBITDA) is presented as a measure of CEC's performance. Property EBITDA is defined as revenues less property operating expenses and is comprised of net income/(loss) before (i) interest expense, net of interest capitalized and interest income, (ii) income tax (benefit)/provision, (iii) depreciation and amortization, (iv) corporate expenses, and (v) certain items that CEC does not consider indicative of its ongoing operating performance at an operating property level. As a result of the sale of the SMG Business (see Note 17 to the 2016 CEC Financial Statements), CEC has determined that CIE stock-based compensation expense should be excluded from Property EBITDA as management no longer considers such expense to be indicative of CEC's ongoing consolidated or segment operating performance. Therefore, Property EBITDA has been recast for prior periods to be consistent to the current year presentation.

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

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Property EBITDA is a non-GAAP financial measure commonly used in CEC's industry and should not be construed as an alternative to net income/(loss) as an indicator of operating performance or as an alternative to cash flow provided by operating activities as a measure of liquidity (as determined in accordance with GAAP). Property EBITDA may not be comparable to similarly titled measures reported by other companies within the industry. Property EBITDA is included because management uses Property EBITDA to measure performance and allocate resources, and believes that Property EBITDA provides investors with additional information consistent with that used by management.

Reconciliation of Property EBITDA

<i>(In millions)</i>	Years Ended December 31,		
	2016	2015	2014
Net income/(loss) attributable to CEC	\$ (3,569)	\$ 5,920	\$ (2,783)
Net income/(loss) attributable to noncontrolling interests	822	132	(83)
Discontinued operations, net of income taxes	(3,380)	(155)	143
Income tax (benefit)/provision	27	(119)	(596)
Deconsolidation and restructuring of CEOC and other	5,758	(6,115)	95
Interest expense	599	683	2,669
Depreciation and amortization	439	374	658
Impairment of goodwill			695
Impairment of tangible and other intangible assets		1	299
Corporate expense	166	174	232
Other operating costs	89	152	203
CIE stock-based compensation	189	31	49
Property EBITDA	\$ 1,140	\$ 1,078	\$ 1,581

Segment Property EBITDA

<i>(Dollars in millions)</i>	Years Ended			2016 vs. 2015		2015 vs. 2014	
	December 31,			Increase/(Decrease)		Increase/(Decrease)	
	2016	2015	2014	\$	%	\$	%
CERP	\$ 697	\$ 672	\$ 520	\$ 25	3.7%	\$ 152	29.2%
CGP	439	370	235	69	18.6%	135	57.4%
Other	4	5	4	(1)	(20.0)%	1	25.0%
Total CERP and CGP	1,140	1,047	759	93	8.9%	288	37.9%
CEOC		31	822	(31)	*	(791)	*
Total Consolidated CEC	\$ 1,140	\$ 1,078	\$ 1,581	\$ 62	*	\$ (503)	*

* Not meaningful.

Liquidity and Capital Resources

Liquidity Discussion and Analysis

As described above, CEOC filed for reorganization under Chapter 11 of the Bankruptcy Code, and CEC deconsolidated CEOC effective January 15, 2015. As such, all amounts presented in the following analysis exclude the amounts related to CEOC as of December 31, 2016 and 2015, and for periods subsequent to the deconsolidation of CEOC.

As stated previously, there is substantial doubt as to CEC's ability to continue as a going concern as it has limited unrestricted cash available to meet the financial commitments of CEC, primarily resulting from significant expenditures made to (1) defend CEC in the litigation discussed in Note 3 to the 2016 CEC Financial

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Statements and (2) support the Restructuring. In addition, CEC has made material future commitments to support the Restructuring, and it is a defendant in litigation, including the Noteholder Disputes, and other noteholder disputes relating to certain CEOC transactions dating back to 2010, that if resolved against CEC would raise substantial doubt about its ability to continue as a going concern. See Note 1 to the 2016 CEC Financial Statements for a full description.

CEC is a highly-leveraged company and had \$6.9 billion in face value of debt outstanding as of December 31, 2016. As a result, a significant portion of CEC's liquidity needs are for debt service, including significant interest payments. As detailed in the table below, CEC's estimated debt service (including principal and interest) is \$659 million for 2017 and \$8.8 billion thereafter to maturity. See Note 11 to the 2016 CEC Financial Statements for details of CEC's debt outstanding and related restrictive covenants.

CEC is primarily a holding company with no independent operations, employees, or debt issuances of its own. It has ownership interests in CEOC, CERP and CGP. CEC has no requirement to fund the operations of CEOC, CERP, CGP, or their subsidiaries. CEC cash outflows are primarily used for corporate development opportunities, other corporate-level activity, litigation, and restructuring expenses associated with CEOC's bankruptcy. CEC does not receive any financial benefit from CEOC during the bankruptcy, as all earnings and cash flows are retained by CEOC. In addition, because CEC has no operations of its own and due to the restrictions under its subsidiaries' lending arrangements, CEC has limited ability to raise additional capital.

Consolidated cash and cash equivalents as of December 31, 2016 as shown in the table below, includes amounts held by CERP, CGP, and CES, which are not readily available to CEC. Other reflects amounts held by CEC and certain of its direct subsidiaries, included \$109 million related to its insurance captives.

Summary of Cash and Revolver Capacity

<i>(In millions)</i>	December 31, 2016			
	CERP	CGP	CES	Other
Cash and cash equivalents	\$ 168	\$ 1,050	\$ 107	\$ 188
Revolver capacity	270	160		
Revolver capacity drawn or committed to letters of credit	(40)			
Total	\$ 398	\$ 1,210	\$ 107	\$ 188

Annual Estimated Debt Service Requirements

<i>(In millions)</i>	Years ended December 31,						Total
	2017	2018	2019	2020	2021	Thereafter	
CERP	\$ 458	\$ 415	\$ 425	\$ 3,710	\$ 1,280	\$	\$ 6,288
CGP	201	215	388	460	1,189	727	3,180
Total principal and interest	\$ 659	\$ 630	\$ 813	\$ 4,170	\$ 2,469	\$ 727	\$ 9,468

CEC generated consolidated operating cash inflows of \$308 million for the year ended December 31, 2016, including operating cash inflows of \$227 million and \$238 million from CERP and CGP, respectively. CEC's cash flows from operations include outflows by CEC related to the Restructuring and by CES related to cash payments on behalf of its members for expenses accrued but not paid during 2015.

CERP and CGP's sources of liquidity are independent of one another and primarily include currently available cash and cash equivalents, cash flows generated from their operations, and borrowings under their separate revolving credit facilities (see Note 11 to the 2016 CEC Financial Statements). Operating cash inflows are typically used for operating expenses, debt service costs, and working capital needs. CERP and CGP are highly leveraged, and a significant portion of their liquidity needs are for debt service, as summarized above.

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CERP generated a net loss of \$3 million during the year ended December 31, 2016, which includes the effect of non-cash items, including depreciation and amortization expense, of \$279 million during the year. Other than additional depreciation and amortization expense compared with the prior year (described above), CERP's operating activities were relatively stable and yielded operating cash flows of \$227 million, a decrease of 5.8% from the prior year. The decrease was primarily due to the timing of interest payments, partially offset by the increase in net revenues discussed above.

CERP's capital expenditures were \$127 million during 2016 in support of its ongoing property renovations, a decrease of only 1.6% compared with the prior year. In 2016, CERP paid \$426 million in interest, of which \$396 million was incurred in 2016, and repaid \$76 million, net, of debt primarily on its revolving credit facility (\$181 million in payments less \$105 million in revolver draws).

CGP generated a net loss from continuing operations of \$175 million during the year ended December 31, 2016, which includes the effect of non-cash items, such as depreciation and amortization expense of \$180 million, and elevated stock-based compensation expense of \$189 million associated with acceleration of awards in advance of the sale of the SMG Business. CGP's operating cash flows increased to \$238 million, which is an improvement of \$129 million compared with the prior year, primarily due to the improved operating results described above for CGP.

CGP's capital expenditures were \$71 million during the year, which was down \$99 million compared with the prior year. For the year ended December 31, 2015, CGP's capital expenditures were primarily related to The LINQ Hotel renovation. In addition to acquisitions of property and equipment, CGP paid \$208 million in interest, of which \$198 million was incurred in 2016, and repaid \$72 million, net, of debt primarily on its revolving credit facility (\$87 million in payments less \$15 million in revolver draws).

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

CEC believes that CERP and CGP's cash flows from operations are sufficient to cover planned capital expenditures for ongoing property renovations during 2017 and estimated interest and principal payments due on long-term debt totaling \$659 million. However, if needed, their existing cash and cash equivalents and availability under their revolving credit facilities are available to further support operations during the next 12 months and the foreseeable future. In addition, restrictions under their lending arrangements generally prevent the distribution of cash to CEC, except for certain restricted payments.

The foregoing liquidity discussions are forward-looking statements based on assumptions as of the date of this filing that may or may not prove to be correct. Actual results may differ materially from CEC's present expectations. Factors that may cause actual results to differ materially from present expectations include, without limitation, the results of ongoing bankruptcy proceedings of CEOC and the positive or negative changes in the operational and other matters assumed in preparing the CEC forecasts.

Capital Spending and Development

CEC incurs capital expenditures in the normal course of business, and it performs ongoing refurbishment and maintenance at its existing casino entertainment facilities to maintain its quality standards. CEC also continues to pursue development and acquisition opportunities for additional casino entertainment and other hospitality facilities, and online businesses that meet its strategic and return on investment criteria. Cash used for capital expenditures in the

normal course of business is typically made available from cash flows generated by CEC's operating activities and established debt programs, while cash used for development projects is typically funded from established debt programs, specific project financing, and additional debt offerings.

Table of ContentsSummary of Consolidated Capital Expenditures

<i>(In millions)</i>	Years Ended December 31,			Increase/(Decrease)	
	2016	2015	2014	2016 vs 2015	2015 vs 2014
Development	\$ 3	\$ 96	\$ 360	\$ (93)	\$ (264)
Renovation/refurbishment	189	207	573	(18)	(366)
Other	28	38	58	(10)	(20)
Total capital expenditures	\$ 220	\$ 341	\$ 991	\$ (121)	\$ (650)

Included in capital expenditures:

Capitalized payroll costs	\$ 5	\$ 5	\$ 11
Capitalized interest	2	12	45

Summary of Capital Expenditures by Entity

<i>(In millions)</i>	Years Ended December 31,		
	2016	2015	2014
CEOC	\$	\$ 4	\$ 249
CERP	127	129	179
CGP	71	170	558
CES	22	38	5
Total	\$220	\$341	\$991

For the year ended December 31, 2016, capital expenditures were primarily related to hotel renovation projects at Harrah's Las Vegas, Paris Las Vegas, and Planet Hollywood. During the year ended December 31, 2015, capital expenditures were primarily related to The LINQ Hotel renovation and the Atlantic City Conference Center, which was still under construction in the first quarter of 2015. Capital expenditures decreased in 2015 compared with 2014 primarily due to expenditures in 2014 associated with the Horseshoe Baltimore development and renovations for The Cromwell, combined with the decline due to the deconsolidation of CEOC effective January 15, 2015.

Projected Capital Expenditures for 2017

<i>(In millions)</i>	Low	High
CERP	\$ 180	\$ 230
CGP	150	195
CES	40	50
Total	\$ 370	\$ 475

CEC expects to fund these capital expenditures from cash flows generated by its operating activities. CES capital expenditures will be funded by its Members. CEC's projected capital expenditures for 2017 include estimates for:

hotel remodeling projects at CGP's Planet Hollywood, Bally's Las Vegas, and Harrah's New Orleans;

hotel remodeling projects at CERP's Flamingo Las Vegas, Harrah's Atlantic City, Paris Las Vegas, and Harrah's Las Vegas;

hospitality and maintenance projects; and

IT, marketing, analytics, accounting, payroll, and other projects that benefit the operating structures.

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CEC's planned development projects, if they proceed, will require, individually and in the aggregate, significant capital commitments and, if completed, may result in significant additional revenues. The commitment of capital, the timing of completion, and the commencement of operations of development projects are contingent upon, among other things, negotiation of final agreements and receipt of approvals from the appropriate political and regulatory bodies. CEC must also comply with covenants and restrictions set forth in its debt agreements.

There are various risks and uncertainties and the expected capital expenditures set forth above may change for various reasons, including CEC's financial performance, market conditions and the CEOC bankruptcy process.

Summary of Debt and Revolving Credit Facility Cash Flows from Financing Activities

<i>(In millions)</i>	December 31, 2016		December 31, 2015	
	Proceeds	Repayments	Proceeds	Repayments
CERP Term Loan	\$	\$ (25)	\$	\$ (25)
CERP Senior Secured Revolving Credit Facility	105	(145)	230	(330)
CGPH Senior Secured Term Loan		(12)		(12)
CGPH Senior Secured Revolving Credit Facility	15	(60)	80	(35)
Horseshoe Baltimore Credit Facility		(3)		
Horseshoe Baltimore FF&E Facility		(5)		(3)
Cromwell Credit Facility		(3)		(10)
Other Debt Activity		(10)		(25)
Capital Lease Payments		(5)		(10)
Total	\$ 120	\$ (268)	\$ 310	\$ (450)

Related-Party Transactions

CEC participates with its subsidiaries, including CEOC, in marketing, purchasing, insurance, employee benefit, and other programs that are defined, negotiated and managed by CEC. CEC believes that participating in these consolidated programs is beneficial in comparison to the cost and terms for similar programs that it could negotiate on a standalone basis. For a more complete description of the nature and extent of these transactions, see Note 18 to the 2016 CEC Financial Statements.

Contractual Obligations and Commitments

The table below summarizes CEC's contractual obligations and other commitments through their respective maturity or ending dates as of December 31, 2016.

<i>(In millions)</i>	Total	Payments due by Period ⁽¹⁾			
		Less than 1 year	1-3 years	4-5 years	After 5 years

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Debt, face value	\$ 6,946	\$ 87	\$ 273	\$ 5,899	\$ 687
Capital lease obligations	2	2			
Estimated interest payments ⁽²⁾	2,520	570	1,170	740	40
Operating lease obligations	1,139	43	76	76	944
Purchase order obligations	378	230	112	24	12
Community reinvestment	47	6	12	12	17
Construction commitments	50	50			
Entertainment obligations ⁽³⁾	2	2			
Other contractual obligations ⁽⁴⁾	84	25	25	17	17
Total contractual obligations	\$ 11,168	\$ 1,015	\$ 1,668	\$ 6,768	\$ 1,717

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- (1) In addition to the contractual obligations disclosed in this table, CEC has unrecognized tax benefits for which, based on uncertainties associated with the items, it is unable to make reasonably reliable estimates of the period of potential cash settlements, if any, with taxing authorities.
- (2) Estimated interest for variable-rate debt included in this table is based on the 1-month and 3-month LIBOR curve available as of December 31, 2016. Estimated interest includes interest related to capital leases.
- (3) Entertainment obligations represent obligations to pay performers that have contracts for future performances. This amount does not include estimated obligations for future performances where payment is only guaranteed when the performances occur and/or is based on factors contingent upon the profitability of the performances.
- (4) Primarily includes licensing, management, and other fees.

Management of Caesars Entertainment Corporation**Board of Directors**

As of December 31, 2016, the authorized number of members of the board of directors of CEC was eleven directors.

Pursuant to CEC's certificate of incorporation, CEC's board of directors is divided into three classes. The members of each class will serve for a staggered, three-year term. Upon the expiration of the term of a class of directors, directors in that class will be elected for three-year terms at the annual meeting of stockholders in the year in which their term expires. The names and ages of CEC's directors as of December 31, 2016 are:

Name	Age	Director Since	Position(s)
<i>Class I Directors whose terms will expire in 2019</i>			
Jeffrey Benjamin	55	2008	Director
Fred J. Kleisner	72	2013	Director
Bernard Zuroff	61	2016	Director
<i>Class II Directors whose terms will expire in 2017</i>			
Kelvin Davis	53	2008	Director
Eric Press	51	2008	Director
David Sambur	36	2010	Director
Mark Frissora	61	2015	Director, Chief Executive Officer and President
<i>Class III Directors whose terms will expire in 2018</i>			
Gary Loveman	56	2000	Chairman of the Board
David Bonderman	74	2008	Director
Marc Rowan	54	2008	Director
Christopher J. Williams	59	2008	Director
<i>Class I Directors (Current Term Will Expire in 2019)</i>			

Jeffrey Benjamin became a member of CEC's board of directors in January 2008. Mr. Benjamin has nearly 25 years of experience in the investment industry and has extensive experience serving on the boards of directors of other public and private companies, including Mandalay Resort Group, another gaming company. He has been senior advisor to

Cyrus Capital Partners since June 2008 and serves as a consultant to Apollo Global Management, LLC with respect to investments in the gaming industry. He was a senior advisor to Apollo Global Management, LLC from 2002 to 2008. He has previously served on the boards of directors of Spectrum Group International, Inc., Goodman Global Holdings, Inc., Dade Behring Holdings, Inc., Chiquita Brands International,

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Inc., McLeod USA, Mandalay Resort Group and Virgin Media Inc. and Exco Resources, Inc. Mr. Benjamin is the Chairman of the board of directors of A-Mark Precious Metals, Inc., and also serves on the boards of directors of Chemtura Corporation and American Airlines Group Inc. He holds a bachelor's degree from Tufts University and a master's degree from the Massachusetts Institute of Technology Sloan School of Management. He is also a member of CEC's Human Resources Committee and was elected as a member of CEC's board of directors because the CEC board of directors concluded that Mr. Benjamin's extensive experience in the gaming and investment industries as well as his extensive directorial experience provide the CEC board of directors with a wealth of knowledge regarding the operational issues facing companies in the gaming industry and a business strategy essential to guiding CEC's strategy.

Fred J. Kleisner became a member of CEC's board of directors in July 2013. Mr. Kleisner has been Senior Advisor of Morgans Hotel Group Co. since 2006, served as the President and Chief Executive Officer of Hard Rock Hotel Holdings LLC from December 2007 through March 2011 and also served as the President and Chief Executive Officer of Morgans Hotel Group Co. from September 2007 through April 2011. He has also served in management positions with Rex Advisors, LLC, Wyndham International, Inc., and Starwood Hotels & Resorts Worldwide, Inc., Westin Hotels and Resorts, Interstate Hotels Company, The Sheraton Corporation, and Hilton Hotels, Corp. Mr. Kleisner currently serves as a director of Ashford Hospitality Trust, Kindred Healthcare, Inc., Playtime, LLC, as member of the board of managers of Ambridge Hospitality, and on the Advisory Council of Michigan State University's Broad School of Business, Hospitality Business/Real Estate Investment Management Program. He previously served on the board of directors of Apollo Residential Mortgage, Inc., Hard Rock Holdings, LLC, the Museum of Arts & Design, NYC, as a Trustee/Director for the Culinary Institute of America, and as a Trustee of National Outdoor Leadership School. He holds a degree from The School of Hospitality Business at Michigan State University. Mr. Kleisner serves as a member of CEC's Audit Committee and 162(m) Plan Committee and was elected as a member of CEC's board of directors because the board concluded that Mr. Kleisner's extensive experience in the management and operation of the companies in the hospitality and entertainment industry enable him to provide the board of directors with a wealth of knowledge regarding operational issues facing companies in the hospitality and entertainment industry and a business strategy essential to guiding CEC's strategy.

Bernard Zuroff became a member of CEC's board of directors in November 2016. Mr. Zuroff is a consultant and associate for Vertical Partners, a real estate development company. He previously held the position of Group Vice President, Secretary, and General Counsel at McLeodUSA, Inc. from August 2006 through February 2008. He has practiced law for over twenty-three years in both private practice and as corporate in-house counsel, and has over nine years of experience in the telecommunications industry. Specifically, from October 2004 to August 2006, Mr. Zuroff was an independent consultant in the telecommunications industry. He also served as General Counsel, Executive Vice President and Secretary of ICG Communications Inc. from October 2000 to October 2004. Prior to this position, Mr. Zuroff was the Assistant General Counsel and Corporate Attorney of ICG Communications Inc. since July 1996. Before joining ICG Communications Inc., he had eleven years of experience as an attorney with Gorsuch Kirgis, LLP, the Resolution Trust Company and Infotel, Inc. Mr. Zuroff has a Bachelor of Arts degree in Accounting from Carroll College, a Juris Doctorate from the University of Montana, and an LLM in Taxation Law from New York University. He served on the board of Directors of Fisker Automotive, Inc. from November 2012 to November 2014 and previously served on the board of trustees of InnKeepersUSA, Inc. from July 2010 to October 2011. Mr. Zuroff was also elected to serve on CEC's Audit Committee and 162(m) Plan Committee.

Class II Directors (Current Term Will Expire in 2017)

Kelvin Davis became a member of CEC's board of directors in January 2008 upon completion of the acquisition of CEC by the Sponsors. He is the Founder and Co-Head of TPG Real Estate. He has been a Partner at TPG based in San Francisco since 2000 and is a member of the Firm's Management Committee. From 2000 to 2009, Mr. Davis led TPG's North American Buyouts Group, encompassing investments in all non-technology industry sectors. Prior to joining

TPG in 2000, Mr. Davis was President and Chief Operating Officer of Colony

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Capital, LLC, a private international real estate investment firm, based in Los Angeles, which he co-founded in 1991. Prior to the formation of Colony Capital, LLC, Mr. Davis was a principal of RMB Realty, Inc. the real estate investment vehicle of Robert M. Bass. Prior to his affiliation with RMB Realty, Inc., he worked at Goldman, Sachs & Co. in New York and with Trammell Crow Company in Dallas and Los Angeles. Mr. Davis currently serves on the boards of directors of CEOC, Catellus Development Corporation, Taylor Morrison Home Corporation (NYSE:TMHC), AV Homes, Inc. (NASDAQ: AVHI), Evergreen Industrial Properties, Inc., AID Holdings, LLC and Cousins Properties Incorporated. He is also a long-time director (and past Chairman) of Los Angeles Team Mentoring, Inc. (a charitable mentoring organization), is a trustee of Los Angeles County Museum of Art (LACMA), and is on the board of overseers of the Huntington Library, Art Collections and Botanical Gardens. He holds a bachelor's degree in Economics from Stanford University and an M.B.A. from Harvard Business School. He is a member of CEC's Human Resources Committee, the Executive Committee, the Finance Committee and the Nominating and Corporate Governance Committee. Due to Mr. Davis' experience and wealth of knowledge regarding investments, including real-estate related investments, he provides CEC's board of directors with valuable knowledge and insight into investment related matters as well as business strategy relevant to the CEC.

Eric Press became a member of CEC's board of directors in January 2008 upon completion of the acquisition of CEC by the Sponsors. Mr. Press has been a Senior Partner at Apollo since 2007 and has been a Partner of other Apollo entities since 1998. Mr. Press has nearly 20 years of experience in financing, analyzing, investing in and/or advising public and private companies and their board of directors. Mr. Press currently serves on the boards of directors of Apollo Commercial Real Estate Finance, Inc., Constellis Holdings, LLC, Princimar Chemical Holdings, LLC, DSP Parent, L.P. and Prime Security Services Borrower, LLC. He has previously served on the board of directors of the Innkeepers Trust USA, Wyndham International, Inc., Quality Distribution, Inc. AEP Industries, Inc., Metals USA Holdings Corp., WMC Finance Corp., Prestige Cruise Holdings, Inc., Athene Holding, Ltd., Affinion Group Holdings, Inc., Noranda Aluminum Holding Corporation and Verso Corporation. Mr. Press graduated magna cum laude from Harvard University with a bachelor's degree in economics and received his law degree from Yale Law School. Mr. Press' extensive experience in financing, analyzing, investing in and/or advising public and private companies and their board of directors and, as such, he provides CEC's board of directors with key insights and knowledge into financing and investment matters as well as general management experience.

David Sambur became a member of CEC's board of directors in November 2010. Mr. Sambur is a Senior Partner of Apollo, having joined in 2004. Mr. Sambur has experience in financing, analyzing, investing in and/or advising public and private companies and their board of directors. Prior to joining Apollo, Mr. Sambur was a member of Salomon Smith Barney Inc. Mr. Sambur serves on the board of directors of AGS Capital LLC, CAC, CEOC, Coinstar, LLC, Diamond Resorts International Inc., Rackspace Inc., EcoATM, LLC and Redbox Automated Retail, LLC. Mr. Sambur previously served on the board of directors of Hexion Holdings, LLC, MPM Holdings Inc. and Verso Corporation. Mr. Sambur graduated summa cum laude and Phi Beta Kappa from Emory University with a bachelor's degree in Economics. He is a member of CEC's Executive Committee and Nominating and Corporate Governance Committee. Due to Mr. Sambur's foregoing experience and qualifications, Mr. Sambur was elected as a member of CEC's board of directors.

Mark Frissora became a member of CEC's board of directors in February 2015. Mr. Frissora serves as CEC's Chief Executive Officer and President. Mr. Frissora has 38 years of business experience that spans all levels of management and functional roles, including Chairman and CEO of two Fortune 500 companies over the last 14 years. Prior to joining CEC, he served as the Chairman and Chief Executive Officer of Hertz Global Holdings, Inc. from July 2006 until September 2014. Prior to joining Hertz in July 2006, Mr. Frissora led Tenneco, Inc. where he served as Chief Executive Officer from January 2000 to July 2006. His past positions include positions in sales, marketing and brand management at General Electric as well as senior roles overseeing supply chain, engineering and manufacturing at Tenneco and positions at Aeroquip-Vickers Corporation and Philips NV. He also serves as a director of Delphi

Automotive PLC, where he is a member of their Finance Committee and a member of their Nominating and Governance Committee. Mr. Frissora previously

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served as a director of Walgreens Boot Alliance. Mr. Frissora holds a bachelor's degree from The Ohio State University and has completed executive development programs at Babson College and the Thunderbird International School of Management. He is a member of the CEO Roundtables of the American Gaming Association and the U.S. Travel Association. Mr. Frissora was elected as a member of CEC's board because of his significant operational background and his past experience in leading large, complex organizations. He also serves as the Chairman of the CEC Executive Committee.

Class III Directors (Current Term Will Expire in 2018)

Gary Loveman has been Chairman of CEC's board of directors since January 2005 and has been a member of CEC's board of directors since February 2000. He served as CEC's Chief Executive Officer from January 2003 until July 2015 and President from April 2001 until July 2015. He has over 15 years of experience in retail marketing and service management, and he previously served as an associate professor at the Harvard University Graduate School of Business. Mr. Loveman also serves as Executive Vice President of Aetna, Inc. and President of its Healthagen division, and as Chairman of the board of directors of CEOC. He previously served as a director of Coach, Inc. and FedEx Corporation. He holds a bachelor's degree from Wesleyan University and a Ph.D. in Economics from the Massachusetts Institute of Technology. Mr. Loveman was elected as a member of CEC's board of directors because CEC's board concluded that Mr. Loveman's distinguished career and experience in retail marketing and service management as well as his long service on CEC's board provides continuity to the board and enables Mr. Loveman to contribute valuable insight and guidance on important issues facing the business of CEC.

David Bonderman became a member of CEC's board of directors in January 2008 upon completion of the acquisition of CEC by the Sponsors. Mr. Bonderman is a TPG Founding Partner. Prior to forming TPG in 1992, Mr. Bonderman was Chief Operating Officer of the Robert M. Bass Group, Inc. (now doing business as Keystone Group, L.P.) in Fort Worth, Texas. He has previously served on the boards of directors of JSC VTB Bank, General Motors Company, Gemalto N.V., Burger King Holdings, Inc., Washington Mutual, Inc., IASIS Healthcare LLC, Univision Communications, Inc., Armstrong World Industries, Inc. and CoStar Group, Inc. Mr. Bonderman also currently serves on the boards of directors of CEOC, Energy Future Holdings Corp., Kite Pharma, Inc., Pace Holdings Corp. and Ryanair Holdings PLC, of which he is Chairman. He holds a bachelor's degree from the University of Washington and a law degree from Harvard University. Mr. Bonderman was elected as a member of CEC's board of directors because the board concluded that Mr. Bonderman's extensive experience in investment and finance matters as well as his extensive directorial experience and deep understanding of operational issues enable Mr. Bonderman to provide CEC's board with valuable insight and guidance on strategic and operational issues of CEC.

Marc Rowan became a member of CEC's board of directors in January 2008 upon completion of the acquisition of CEC by the Sponsors. Mr. Rowan is a co-founder and Senior Managing Director of Apollo, a leading alternative asset manager focused on contrarian and value oriented investments across private equity, credit-oriented capital markets and real estate, a position he has held since 1990. He currently serves on the boards of directors of Apollo, Athene Holding Ltd., and CAC. He has previously served on the boards of directors of AMC Entertainment, Inc., Beats Music, LLC (until its acquisition by Apple Inc.), CableCom GmbH, Countrywide PLC, Culligan Water Technologies, Inc., Furniture Brands International, Inc., Mobile Satellite Ventures, L.P., National Cinemedia, Inc., National Financial Partners, Inc., New World Communications, Inc., New York REIT, Inc., Norwegian Cruise Lines Inc., Quality Distribution, Inc., Samsonite Corporation, SkyTerra Communications, Inc., Unity Media SCA, Vail Resorts, Inc., Wyndham International, Inc. and CEOC (until March 18, 2016). He is a founding member and Chairman of Youth Renewal Fund and a member of the board of overseers of The Wharton School. He serves on the boards of directors of Jerusalem Online and the New York City Police Foundation. Mr. Rowan graduated summa cum laude from the University of Pennsylvania's Wharton School of Business with a bachelor's degree and an M.B.A. in Finance. Mr. Rowan is a member of CEC's Human Resources Committee and Finance Committee. Mr. Rowan was elected as a

member of CEC's board of directors because the board concluded that Mr. Rowan's extensive experience in value oriented investments,

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credit-oriented capital markets and real estate as well as his extensive directorial experience enable Mr. Rowan to provide CEC's board of directors with insight and guidance on strategic matters of CEC.

Christopher J. Williams became a member of CEC's board of directors in April 2008. Mr. Williams has been Chairman of the board of directors and Chief Executive Officer of Williams Capital Group, L.P., an investment bank, since 1994, and Chairman of the board of directors and Chief Executive Officer of Williams Capital Management, LLC, an investment management firm, since 2002. Mr. Williams also serves on the boards of directors for Cox Enterprises, Inc., The Clorox Company, and Ameriprise Financial, Inc. Mr. Williams also serves as the Chairman of the board of overseers of the Tuck School of Business at Dartmouth College, and on the board of directors of the Lincoln Center for the Performing Arts and The Partnership for New York City. He previously served on the board of directors of Wal-Mart Stores, Inc. He is Chairman of CEC's Audit Committee and is a member of the 162(m) Plan Committee. Mr. Williams holds a bachelor's degree from Howard University and an M.B.A. from Dartmouth College's Tuck School of Business. Mr. Williams was elected as a member of CEC's board of directors because CEC's board of directors concluded that Mr. Williams' extensive management experience in investment banking provides CEC's board of directors with a wealth of knowledge regarding business operations and business strategy as well as valuable financial and investment experience essential to guiding CEC's strategy.

Director Independence

Hamlet Holdings, the members of which are comprised of five individuals affiliated with the Sponsors, as of December 31, 2016, beneficially owned approximately 59.6% of CEC Common Stock pursuant to the CEC Irrevocable Proxy that grants Hamlet Holdings sole voting and sole dispositive power over those shares, and, as a result, the Sponsors have the power to elect all of CEC's directors. Therefore, CEC is a controlled company under NASDAQ corporate governance standards, and CEC has elected not to comply with the NASDAQ corporate governance requirement that a majority of CEC's board of directors and human resources (i.e., compensation) and nominating and corporate governance committees consist of independent directors. See Certain Relationships and Related Party Transactions of Caesars Entertainment Corporation.

CEC's board of directors affirmatively determines the independence of each director and director nominee in accordance with guidelines it has adopted, which include all elements of independence set forth in the applicable rules of listing standards of NASDAQ. These guidelines are contained in CEC's Corporate Governance Guidelines which are posted on the Corporate Governance page of CEC's web site located at <http://investor.caesars.com>.

As of the date of this joint proxy statement/prospectus, CEC's board of directors consisted of 11 members: Gary Loveman, Jeffrey Benjamin, David Bonderman, Kelvin Davis, Mark Frissora, Fred J. Kleisner, Eric Press, Marc Rowan, David Sambur, Christopher J. Williams and Bernard Zuroff. Based upon the listing standards of the NASDAQ, CEC does not believe that Messrs. Loveman, Benjamin, Bonderman, Davis, Frissora, Press, Rowan, or Sambur would be considered independent because of their relationships with certain affiliates of the Sponsors or other relationships with CEC. CEC's board of directors has affirmatively determined that Messrs. Kleisner, Williams and Zuroff are independent from CEC's management under the NASDAQ listing standards. CEC's board of directors has also affirmatively determined that Messrs. Kleisner, Williams and Zuroff, the current members of CEC's Audit Committee, meet the independence requirements of Rule 10A-3 of the Exchange Act.

Executive Officers

Executive officers are elected annually and serve at the discretion of CEC's board of directors and hold office until their successors are duly elected and qualified or until their earlier resignation or removal. There are no family relationships among any of CEC's directors or executive officers. Gary Loveman serves as Chairman of the board of

directors and served as Chief Executive Officer and President until July 1, 2015. His business

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experience is discussed above. Mark Frissora serves as Director and, as of July 1, 2015, President and Chief Executive Officer. His business experience is discussed above. Other executive officers and their ages as of December 31, 2016 are:

Name	Age	Position(s)
Janis Jones Blackhurst	67	Executive Vice President, Communications and Government Relations
Richard D. Broome	58	Executive Vice President of Public Affairs and Communications
Timothy R. Donovan	61	Executive Vice President, General Counsel and Chief Regulatory and Compliance Officer
Eric Hession	42	Executive Vice President and Chief Financial Officer
Thomas M. Jenkin	61	Global President of Destination Markets
Robert Morse	61	President of Hospitality
Les Ottolenghi	55	Executive Vice President and Chief Information Officer
Ruben Sigala	41	Executive Vice President and Chief Marketing Officer
Mary Thomas	50	Executive Vice President, Human Resources
Steven Tight	61	President, International Development

Ms. Jones Blackhurst became CEC's Executive Vice President, Communications and Government Relations in November 2011. She served as Senior Vice President of Communications and Government Relations from November 1999 to November 2011. Prior to joining CEC, Ms. Blackhurst served as Mayor of Las Vegas from 1991 to 1999.

Mr. Broome became CEC's Executive Vice President of Public Affairs and Communications in January 2016. Prior to joining CEC, Mr. Broome served as the Executive Vice President, Corporate Affairs and Communications of Hertz Holdings and Hertz from March 2013 through July 2015. Previously, Mr. Broome served as Senior Vice President, Corporate Affairs and Communications of Hertz Holdings and Hertz from March 2008 to March 2013, and as Vice President, Corporate Affairs and Communications from August 2000 to March 2008.

Mr. Donovan became CEC's Executive Vice President in November 2011, General Counsel in April 2009 and CEC's Chief Regulatory and Compliance Officer in January 2011. He served as Senior Vice President from April 2009 to November 2011. Prior to joining CEC, Mr. Donovan served as Executive Vice President, General Counsel and Corporate Secretary of Republic Services, Inc. from December 2008 to March 2009 after a merger with Allied Waste Industries, Inc., where he served in the same capacities from April 2007 to December 2008. Mr. Donovan earlier served as Executive Vice President-Strategy & Business Development and General Counsel of Tenneco, Inc. from July 1999 to March 2007. He currently serves on the board of John B. Sanfilippo Sons, Inc.

Mr. Hession became CEC's Executive Vice President and Chief Financial Officer in January 2015 and has been CEC's Treasurer since November 2011. Prior to becoming Senior Vice President and Treasurer in November 2011, Mr. Hession served as CEC's Vice President and Treasurer from July 2010 to November 2011. Prior to his employment with CEC, Mr. Hession spent five years with Merck and Company, working in various capacities in Pennsylvania, North Carolina, and at their New Jersey corporate headquarters.

Mr. Jenkin became CEC's Global President of Destination Markets in May 2013. He served as President of Operations from November 2011 through May 2013. He served as Western Division President from January 2004 through November 2011. He served as Senior Vice President-Southern Nevada from November 2002 to December 2003 and Senior Vice President and General Manager-Rio from July 2001 to November 2002.

Mr. Morse became CEC's President of Hospitality in April 2014. Prior to joining CEC, he served as Chief Operating Officer for the Americas region of Intercontinental Hotel Group (IHG) from February 2012 through April 2014. In his prior role, he was responsible for leading IHG's operations for franchised and managed hotels, including InterContinental Hotels & Resorts, Crowne Plaza Hotels & Resorts, Hotel Indigo, Holiday Inn

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Hotels & Resorts, Holiday Inn Express, Staybridge Suites and Candlewood Suites. Mr. Morse joined IHG from Noble Investment Group where he served as managing principal and Chief Operating Officer from February 2005 through October 2011.

Mr. Ottolenghi became CEC's Executive Vice President and Chief Information Officer in January 2016. Prior to joining CEC in early 2016, Mr. Ottolenghi held the same role at Las Vegas Sands Corporation from June 2013 to August 2015. Mr. Ottolenghi was also the Founder and served as CEO of Plat4m Technologies, formerly Firebox, LLC, from August 2007 to May 2013.

Mr. Sigala became currently CEC's Executive Vice President and Chief Marketing Officer in December, 2016. He previously served as Senior Vice President and Chief Analytics Officer for the Enterprise Analytics division. Mr. Sigala has been employed with CEC since August 2005 and has held various roles in Revenue Management, Business Intelligence, Planning and Analysis, and Business Strategy. Prior to joining CEC, he worked for Princess Cruises within their Analytics organization and as a consultant in Ernst and Young's National Cash Management Practice. Mr. Sigala has an MBA from Harvard Business School and a B.S. in Finance/Business Administration from the University of Kansas.

Ms. Thomas became CEC's Executive Vice President, Human Resources in November 2011. She served as CEC's Senior Vice President, Human Resources from January 2006 to November 2011. Prior to joining CEC, Ms. Thomas served as Senior Vice President, Human Resources North America for Allied Domecq Spirits & Wines from October 2000 to December 2005.

Mr. Tight became CEC's President, International Development in July 2011. Prior to joining CEC, Mr. Tight served as Chief Executive Officer of Aquiva Development from August 2008 to August 2009 and Chief Executive Officer of Al Sharq Investment from December 2004 to July 2008. Mr. Tight earlier served as Senior Vice President International Development for the Walt Disney Company from March 2000 to April 2004 and as Vice President of Business Development from July 1996 to February 2000 and Vice President of Finance from July 1992 to June 1996.

Executive Compensation of Caesars Entertainment Corporation in 2016

Compensation Risk Assessment

The Human Resources Committee of CEC's board of directors (the CEC HRC) evaluates CEC's compensation structure from the perspective of enterprise risk management and the terms of CEC's compensation policies generally. As discussed below, CEC's executive compensation practices are intended to compensate executives primarily on performance, with a large portion of potential compensation at risk. The CEC HRC has set senior executive compensation with two driving principles in mind: (1) delivering financial results to CEC's stockholders, and (2) ensuring that CEC's customers receive a great experience when visiting CEC's properties. To that end, historically the CEC HRC has set CEC's senior executive compensation so that at least 50% of CEC's senior executives' total compensation is at risk based on these objectives. In addition, the CEC HRC has the authority to claw back bonuses paid to participants in the event of a termination for cause or material noncompliance resulting in financial restatement by a plan participant. As a result, together with the restrictions placed on CEC by gaming, compliance and other regulations, the CEC HRC does not believe that CEC's compensation policies and practices provide incentives to take inappropriate business risks.

Named Executive Officers

CEC's named executive officers in 2016 were Mark Frissora (President and Chief Executive Officer), Eric Hession (Executive Vice President and Chief Financial Officer), Thomas Jenkin (Global President of Destination Markets), Timothy Donovan (Executive Vice President, General Counsel and Chief Regulatory and Compliance Officer), Gary Loveman (Former President and Chief Executive Officer and current Chairman of the Board) and Robert Morse (President, Hospitality).

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Compensation Discussion and Analysis

Executive Summary

Adjusted EBITDA (as further defined below under Elements of Compensation Cash Incentive Payments Senior Executive Incentive Plan and Annual Management Bonus Plan) results for 2016 were \$2,516 million. Customer satisfaction, measured through CEC's customer surveys, continued to improve, reaching record high results in 2016.

The CEC HRC set senior executive compensation with two driving principles in mind: (1) delivering financial results to CEC's stockholders and (2) ensuring that CEC's customers have a great experience when visiting its properties. To that end, historically the CEC HRC set CEC's senior executive compensation so that at least 50% of its senior executives' total compensation is based on these objectives:

The most significant compensation plan that is directly affected by the attainment of performance goals is CEC's Annual Management Bonus Plan (the Bonus Plan). The financial measure for the Caesars Entertainment Corporation 2009 Senior Executive Incentive Plan (the Senior Executive Incentive Plan) is EBITDA. The financial measurement used to determine the bonus under the Bonus Plan is Adjusted EBITDA. The non-financial measurement used to determine plan payments for all participants is customer satisfaction, as measured by a third party from customer surveys of the loyalty program in which CEC participates (Total Rewards).

The 2016 annual cash incentives paid to CEC's named executive officers were based on its Adjusted EBITDA of \$2,516 million and customer satisfaction improvement of 4.1%. The EBITDA results reached 106% of plan. The CEC HRC approved the corporate score of 125 points in December 2016.

CEC has adopted the CEC 2012 PIP, pursuant to which CEC grants annual equity awards to maintain a competitive long-term incentive program. In 2016, CEC granted restricted stock units (RSUs) with a target value made up of 100% RSUs for Mr. Frissora, Jenkin, Hession, Morse, and Donovan. Mr. Loveman did not participate in the annual grant. The equity compensation analysis performed by Towers Watson and the available shares under the plan were considered when determining the mix for each participant.

CEC's named executive officers did receive increases in base salary in 2016. Mr. Frissora received an increase in base salary to \$2,000,000, effective July 5, 2016. The increase for Mr. Frissora was approved on July 5, 2016. Msrs. Jenkin, Hession, Morse, and Donovan received 2.5% increases in base salary, effective October 1, 2016.

2016 Say on Pay Vote

At the 2016 Annual Meeting, the stockholders approved, on an advisory basis, CEC's named executive officer compensation. Approximately 96% of the votes cast on the 2016 say-on-pay vote were in favor of CEC's named executive officer compensation. Also in 2016, the stockholders approved, on an advisory basis, holding future say-on-pay votes every three years (the say-on-frequency vote). In light of the result of the 2016 say-on-frequency vote, the CEC HRC decided that CEC will present future say-on-pay votes every three years until the next required say-on-frequency vote. Accordingly, CEC expects to hold a say-on-pay vote at its 2019 Annual Meeting.

Process

CEC's Human Resources Committee. The CEC HRC serves as CEC's compensation committee with the specific purpose of designing, approving, and evaluating the administration of its compensation plans, policies, and programs. The CEC HRC's role is to ensure that compensation programs are designed to encourage high performance, promote accountability and align employee interests with the interests of CEC's stockholders. The CEC HRC is also charged with reviewing and approving the compensation of the Chief Executive Officer and

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CEC's other senior executives, including all of the named executive officers. The CEC HRC operates under CEC's Human Resources Committee Charter. The CEC HRC Charter was last updated on February 21, 2013. It is reviewed no less than once per year with any recommended changes presented to CEC's board of directors for approval.

The CEC HRC currently consists of Kelvin Davis, Marc Rowan and Jeffrey Benjamin. The qualifications of the CEC HRC members stem from roles as corporate leaders, private investors, and board members of several large corporations. Their knowledge, intelligence, and experience in company operations, financial analytics, business operations, and understanding of human capital management enables the members to carry out the objectives of the CEC HRC. CEC has chosen the controlled company exception under the NASDAQ rules which exempts CEC from the requirement that CEC have a compensation committee composed entirely of independent directors.

In fulfilling its responsibilities, the CEC HRC is entitled to delegate any or all of its responsibilities to a subcommittee of the CEC HRC or to specified executives of CEC, except that it may not delegate its responsibilities for any matters where it has determined such compensation is intended to comply with the exemptions under Section 16(b) of the Exchange Act.

In February 2009, CEC's board of directors formed the 162(m) Plan Committee. Christopher Williams, Fred Kleisner, and Bernard Zuroff are members of the 162(m) Plan Committee. The purpose of the 162(m) Plan Committee is to administer the Senior Executive Incentive Plan.

CEC HRC Consultant Relationships. The CEC HRC has the authority to engage services of independent legal counsel, consultants and subject matter experts in order to analyze, review, recommend and approve actions with regard to director compensation for members of CEC's board of directors, executive officer compensation, or general compensation and plan provisions. CEC provides for appropriate funding for any such services commissioned by the CEC HRC. These consultants are used by the CEC HRC for purposes of executive compensation review, analysis, and recommendations. The CEC HRC has engaged and expects to continue to engage external consultants for the purposes of determining Chief Executive Officer and other senior executive compensation. However, with respect to 2016 compensation, the CEC HRC did not engage any consultants. Rather, consultants were engaged by CEC's Human Resources executives, and these consultants helped formulate information that was then provided to the CEC HRC. See *Role of outside consultants in establishing compensation* below.

2016 CEC HRC Activity

During six meetings in 2016, as delineated in the Human Resources Committee Charter and as outlined below, the CEC HRC performed various tasks in accordance with their assigned duties and responsibilities, including:

Chief Executive Officer Compensation: reviewed and approved corporate goals and objectives relating to the compensation of the current and former Chief Executive Officer, evaluated the performance of the current and former Chief Executive Officer in light of these approved corporate goals and objectives and relative to peer group, evaluated and awarded the equity compensation and annual bonus of the current and former Chief Executive Officer based on such evaluation.

Other Senior Executive Officer Compensation: set base compensation and annual bonus compensation (other than for those executives that receive bonuses under the Senior Executive Incentive Plan), and awarded equity compensation for all senior executives, which included an analysis relative to CEC's competition peer

group.

Director Compensation: reviewed base compensation and awarded equity compensation for non-management directors, which included a review of CEC's practices against peers both in the gaming industry and outside the gaming industry.

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Executive Compensation Plans: reviewed status of various executive compensation plans, programs, and incentives, CEC's various deferred compensation plans, its various equity plans and amendments to plans.

Equity Compensation Plans: approved awards of equity to certain employees under the CEC 2012 PIP.

Talent Succession: reviewed and evaluated the succession plans relating to the Chief Executive Officer and other executive officer positions; approved the Chief Executive Officer succession plan.

Role of Human Resources Committee. The CEC HRC has sole authority in setting the material compensation of CEC's senior executives, including base pay, incentive pay (other than those executives that receive bonuses under the Senior Executive Incentive Plan, whose compensation under that plan is determined by the Section 162(m) Plan Committee) and equity awards. The CEC HRC receives information and input from CEC's senior executives and outside consultants (as described below) to help establish these material compensation determinations, but the CEC HRC is the final arbiter on these decisions.

Role of CEC executives in establishing compensation. When determining the pay levels for the Chief Executive Officer and CEC's other senior executives, the CEC HRC solicits advice and counsel from internal and external resources. Internal CEC resources include the Chief Executive Officer, Executive Vice President of Human Resources, and Vice President of Compensation & HR Analytics. The Executive Vice President of Human Resources is responsible for developing and implementing CEC's business plans and strategies for all company-wide human resource functions, as well as day-to-day human resources operations. The Vice President of Compensation & HR Analytics is responsible for the design, execution, and daily administration of CEC's compensation operations. Both of these Human Resources executives attend the CEC HRC meetings, at the request of the CEC HRC, and act as a source of informational resources and serve in an advisory capacity.

In 2016, the CEC HRC communicated directly with the Chief Executive Officer and Human Resources executives in order to obtain external market data, industry data, internal pay information, individual and CEC's performance results, and updates on regulatory issues. The CEC HRC also delegated specific tasks to the CEC's Human Resources executives to facilitate the decision making process and to assist in the finalization of meeting agendas, documentation, and compensation data for CEC HRC review and approval.

The Chief Executive Officer annually reviews the performance of CEC's senior executives and, based on these reviews, recommends to the CEC HRC compensation for all senior executives, other than his own compensation. The CEC HRC, however, has the discretion to modify the recommendations and makes the final decisions regarding material compensation to senior executives, including base pay, incentive pay (other than those executives that receive bonuses under the Senior Executive Incentive Plan), and equity awards.

Role of outside consultants in establishing compensation. CEC's internal Human Resources executives regularly engage outside consultants to provide advice related to its compensation policies. Standing consulting relationships are held with several global consulting firms specializing in executive compensation, human capital management, and board of director pay practices. During 2016, the services performed by consultants that resulted in information provided to the CEC HRC are set forth below:

Towers Watson provided CEC with advice regarding its equity program and external benchmarking.

Steven Hall provided CEC with advice regarding executive retention and its equity program.

Mercer Investment Consulting was retained by the Savings & Retirement Plan (401k) and Executive Deferred Compensation Plan Investment Committees to advise these committees on investment management performance, monitoring, investment policy development, and investment manager searches.

Stoel Rives LLP was retained by the Savings & Retirement Plan (401k) Administrative Committee to advise this committee on plan design, compliance and operational consulting for CEC's qualified defined contribution plan.

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The consultants provided the information described above to CEC's Human Resources executives to help formulate information that is then provided to the CEC HRC. The direct fees paid to Stoel Rives LLP in 2016 were \$120,308 for the 401(k) Plan. There were additional fees paid to Stoel Rives LLP in 2016, but they were paid for by the plan. For 401(k), Mercer switched to a discretionary consulting model in late 2013, and therefore, the fees for investment consulting are a part of the investment management fees paid by the plan. No direct fees are paid to Mercer Investment Consulting from CEC. For the Executive Deferred Compensation Plans, the fees paid to Mercer Investment Consulting in 2016 are \$76,147. The fees paid to Towers Watson were \$64,322. The fees paid to Mr. Hall were \$116,264.

The CEC HRC has determined that the work of Towers Watson, Steven Hall, Mercer Investment Consulting and Stoel Rives LLP did not raise any conflicts of interest in fiscal 2016. In making this assessment, the CEC HRC considered that neither Towers Watson, Steven Hall, Mercer Investment Consulting nor Stoel Rives LLP provided any other services to CEC unrelated to executive compensation, except for some work performed by Towers Watson related to employee benefits that CEC does not believe raises any potential conflicts, and the other factors enumerated in Rule 10C-1(b) under the Exchange Act.

Objectives and Philosophy of Compensation Programs

CEC's executive compensation program is designed to achieve the following objectives:

align CEC's rewards strategy with its business objectives, including enhancing stockholder value and customer satisfaction;

support a culture of strong performance by rewarding employees for results;

attract, retain and motivate talented and experienced executives; and

foster a shared commitment among CEC's senior executives by aligning its and their individual goals.

These objectives are ever-present and are at the forefront of CEC's compensation philosophy and all compensation design decisions.

CEC's compensation philosophy provides the foundation upon which all of its compensation programs are built. CEC's goal is to compensate its executives with a program that rewards loyalty, results-driven individual performance, and dedication to the organization's overall success. These principles define CEC's compensation philosophy and are used to align CEC's compensation programs with its business objectives. Further, the CEC HRC specifically outlines in its charter the following duties and responsibilities in shaping and maintaining CEC's compensation philosophy:

assess whether the components of executive compensation support CEC's culture and business goals;

consider the impact of executive compensation programs on stockholders;

consider issues and approve policies regarding qualifying compensation for executives for tax deductibility purposes;

approve the appropriate balance of fixed and variable compensation; and

approve the appropriate role of performance based and retention based compensation.

CEC's executive compensation programs are structured to reward its executives for their contributions in achieving CEC's mission of providing outstanding customer service and attaining strong financial results, as discussed in more detail below. CEC's executive compensation policy is designed to attract and retain high caliber executives and motivate them to superior performance for the benefit of CEC's stockholders.

Various CEC policies are in place to shape its executive pay plans, including:

salaries are linked to competitive factors, internal equity, and can be increased as a result of successful job performance;

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CEC’s annual bonus programs are competitively based and provide incentive compensation based on CEC’s financial performance and customer service scores;

long-term incentives are tied to enhancing stockholder value and to CEC’s financial performance; and

qualifying compensation paid to senior executives is designed to maximize tax deductibility, where possible. The executive compensation practices are intended to compensate executives primarily on performance, with a large portion of potential compensation at risk. The CEC HRC sets senior executive compensation with two driving principles in mind: (1) delivering financial results to CEC’s stockholders and (2) ensuring that CEC’s customers receive a great experience when visiting CEC’s properties. To that end, historically the CEC HRC has set CEC’s senior executive compensation so that at least 50% of CEC’s senior executives’ total compensation is at risk based on these objectives.

Compensation Program Design Emphasizes Variable and At Risk Compensation

The executive compensation program is designed with CEC’s executive compensation objectives in mind and is comprised of fixed and variable pay plans, cash and non-cash plans, and short and long-term payment structures in order to recognize and reward executives for their contributions to CEC today and in the future. The impact of individual performance on compensation is reflected in base pay merit increases, setting the Bonus Plan payout percentages as compared to base pay, and the amount of equity awards granted. The impact of CEC’s financial performance and customer satisfaction is reflected in the calculation of the annual bonus payment and the intrinsic value of equity awards. Supporting a performance-based culture and providing compensation that is directly linked to outstanding individual and overall financial results is at the core of CEC’s compensation philosophy and human capital management strategy.

The table below reflects CEC’s short-term and long-term executive compensation programs during 2016:

Short-term

Fixed and Variable Pay

Base Salary

Senior Executive Incentive Plan (employing the goals under the Annual Management Bonus Plan)

Market Review and Competitiveness

Long-term

Variable Pay

Equity Awards Cash retention awards and RSUs

CEC periodically assesses and evaluates the internal and external competitiveness for all components of its executive compensation program. Internally, CEC looks at critical and key positions that are directly linked to its profitability and viability. CEC reviews its compensation structure to determine whether the appropriate hierarchy of jobs is in place with appropriate ratios of Chief Executive Officer compensation to other senior executive compensation. CEC believes the appropriate ratio of Chief Executive Officer cash compensation compared to other senior executives ranges from 2.63:1 on the low end to 8.83:1 on the high end. These ratios are merely a reference point for the CEC HRC in setting the compensation of CEC’s Chief Executive Officer, and were set after reviewing the job responsibilities of CEC’s Chief Executive Officer versus other senior executives and a gaming peer group. Internal equity is based on both quantitative and qualitative job evaluation methods, including span of control, required skills

and abilities, long-term career growth opportunities as well as relevant comparative financial and non-financial job metrics. Externally, benchmarks are used to provide guidance and to improve CEC's ability to attract, retain, and recruit talented senior executives. Due to the highly competitive nature of the gaming industry, as well as the competitiveness across industries for talented senior executives, it is important for CEC's compensation programs to provide CEC the ability to internally develop executive talent, as well as recruit highly qualified senior executives.

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The overall design of the executive compensation program and the elements thereof is a culmination of years of development and compensation plan design adjustments. Each year the plans are reviewed for effectiveness, competitiveness, and legislative compliance. The current plans have been put into place with the approval of the CEC HRC and in support of the principles of the compensation philosophy and objectives of CEC's pay practices and policies.

CEC's Human Resources department conducts an annual review of compensation practices of competitors in the gaming industry. The review covers a range of senior roles, including those of CEC's named executive officers and board of directors, and competitive practices relating to cash compensation. The findings of the peer group analysis are presented to the CEC HRC when reviewing cash compensation for CEC's executives. As a result of this review, the CEC HRC believes that the current compensation program adequately compensates and provides incentive to CEC's executives. The companies comprising CEC's peer group for 2016 were:

Boyd Gaming Corporation
Carnival Corporation
Hilton Worldwide
Isle of Capri Casinos, Inc.
Las Vegas Sands Corp.
MGM Resorts International

Penn National Gaming, Inc.
Pinnacle Entertainment, Inc.
Royal Caribbean
Starwood
Station Casinos, Inc.
Wynn Resorts, Limited

Elements of Active Employment Compensation and Benefits

The total cash compensation mix for each named executive officer varies. For CEC's Chief Executive Officer, Mark Frissora, the allocation for 2016 was 30% for base salary and 70% for annual bonus. For the other named executive officers in 2016, the average allocation was 48% for base salary and 52% for annual bonus. Each compensation element is considered individually and as a component within the total compensation package. In reviewing each element of CEC's senior executives' compensation, the CEC HRC reviews peer data, internal and external benchmarks, CEC's performance over the calendar year (as compared to CEC's internal plan as well as compared to other gaming companies) and the executive's individual performance. Prior compensation and wealth accumulation is considered when making decisions regarding current and future compensation; however, it has not been a decision point used to cap a particular compensation element.

Table of Contents*Named Executive Officer Compensation*

	Base Salary(\$)	Option Awards(\$)	Stock Units or Non-Equity Incentive Awards(\$)	Plan Compensation(\$)	All Other Compensation(\$)
Mark Frissora President and Chief Executive Officer	1,976,923		2,565,001	4,756,771	212,237
Gary Loveman Chairman of the board of directors	1,900,000			3,250,000	822,699
Eric Hession Executive Vice President and Chief Financial Officer	703,990		1,233,440	791,889	21,658
Thomas Jenkin Global President of Destination Markets	1,206,841		1,859,630	1,357,596	45,250
Robert Morse President of Hospitality	854,845		1,393,751	881,459	35,682
Timothy Donovan Executive Vice President, General Counsel and Chief Regulatory & Compliance Officer	703,990		1,351,484	659,891	33,304

In 2016, CEC continued its annual equity program of awarding RSUs to CEC's leadership population, including to the majority of CEC's named executive officers. The Stock Units figures in the above table reflect grant date fair value of the awards granted during 2016. With respect to non-equity incentive plan compensation, CEC's Senior Executive Incentive Plan (in which each of CEC's named executive officers participate) is a program based on CEC's financial performance and customer service improvement. Bonus amounts are determined at the sole discretion of the 162(m) Plan Committee (subject to certain plan limitations), with input from the Chief Executive Officer for the other named executive officers. With respect to all other compensation related to the costs of Mr. Loveman's personal security, aircraft usage and hotel lodging expense while in Las Vegas. See Note 5 of the Summary Compensation Table.

Elements of Compensation***Base Salary***

Salaries are reviewed each year and increases, if any, are based primarily on an executive's accomplishment of various performance objectives and salaries of executives holding similar positions within the peer group, or within CEC. Adjustments in base salary may be attributed to one of the following:

Merit: increases in base salary as a reward for meeting or exceeding objectives during a review period. The

size of the increase is directly tied to pre-defined and weighted objectives (qualitative and quantitative) set forth at the onset of the review period. The greater the achievement in comparison to the goals, generally, the greater the increase.

Market: increases in base salary as a result of a competitive market analysis, or in coordination with a long term plan to pay a position at a more competitive level.

Promotional: increases in base salary as a result of increased responsibilities associated with a change in position.

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Additional Responsibilities: increases in base salary as a result of additional duties, responsibilities, or organizational change. A promotion may be, but is not necessarily, involved.

Retention: increases in base salary as a result of a senior executive's being recruited by or offered a position by another employer.

All of the above reasons for base salary adjustments for senior executives must be approved by the CEC HRC and are not guaranteed as a matter of practice or in policy. On July 5, 2016, Mr. Frissora received an increase in base salary to \$2,000,000 pursuant to an amendment to Mr. Frissora's contract on July 5, 2016. CEC's other named executive officers received a 2.5% increase in base salary on October 1, 2016.

Cash Incentive Payments

Senior Executive Incentive Plan and Annual Management Bonus Plan

CEC's annual cash incentive plan for the named executive officers is the Senior Executive Incentive Plan. The awards granted pursuant to the Senior Executive Incentive Plan are intended to qualify as performance-based compensation under Section 162(m) of the Code. Eligibility to participate in the Senior Executive Incentive Plan is limited to senior executives of CEC and its subsidiaries who are, or may at some future date be, subject to Section 16 of the Exchange Act. The 162(m) Plan Committee set the performance criteria, target percentages, and participants under the Senior Executive Incentive Plan in May 2016. The 162(m) Plan Committee set the bonus target for each participant in the Senior Executive Incentive Plan at 0.5% of CEC's EBITDA for 2016. Subject to the foregoing and to the maximum award limitations, no awards will be paid for any period unless CEC achieves positive EBITDA. The Senior Executive Incentive Plan is discretionary, including making no payments under the plan.

Messrs. Frissora, Loveman, Hession, Jenkin, Donovan, and Morse and certain other executive officers participated in the Senior Executive Incentive Plan for 2016. As noted above, the 162(m) Plan Committee has authority to reduce bonuses earned under the Senior Executive Incentive Plan and also has authority to approve bonuses outside of the Senior Executive Incentive Plan to reward executives for special personal achievement.

It has been the 162(m) Plan Committee's practice to implement its discretion under the Senior Executive Incentive Plan (decrease the bonus target of 0.5% of EBITDA) by reference to the achieved performance goals and bonus formulas used under the Bonus Plan discussed below.

The Bonus Plan provides the opportunity for CEC's senior executives and other participants to earn an annual bonus payment based on meeting corporate financial and non-financial goals. The goals may change annually to support CEC's short or long-term business objectives. These goals are set at the beginning of each fiscal year by the CEC HRC. In accordance with the terms of the Bonus Plan, the CEC HRC is authorized to revise the financial goals on a semi-annual basis if external economic conditions indicated that the original goals did not correctly anticipate movements of the broader economy. In order for participants in the Bonus Plan to receive a bonus, CEC must achieve at least 85% of the financial goals approved by the CEC HRC, although the CEC HRC has the discretion to award bonuses even if the target threshold is not met.

The Bonus Plan performance criteria, target percentages, and plan awards for bonus payments for the fiscal year ended December 31, 2016 (paid in 2017) were set in February 2016; however, the CEC HRC continued its past practice of periodically reviewing performance criteria against plan. For the 2016 plan year, the Bonus Plan's goal for CEC's named executive officers and other members of senior management consisted of a combination of Adjusted EBITDA and customer satisfaction improvement. Although officers that participated in the Senior Executive

Incentive Plan during 2016 did not participate in the Bonus Plan, goals were set for all officers under this plan. The measurement used to gauge the attainment of these goals is called the corporate score.

For 2016, financial goals were based on Adjusted EBITDA, representing up to 80% of the corporate score. EBITDA is a common measure of company performance in the gaming industry and as a basis for valuation of gaming companies and, in the case of Adjusted EBITDA, as a measure of compliance with certain debt covenants.

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Adjusted EBITDA under the Bonus Plan means Adjusted EBITDA as defined by CEC to be consistent with agreements governing certain senior secured credit facilities, which are publicly available on CEC's website and the SEC's website, and is further adjusted by exceptions approved by the CEC HRC to account for unforeseen events that directly impact Adjusted EBITDA results. EBITDA under CEC's Senior Executive Incentive Plan means CEC's consolidated net income before deductions for interest expense, income tax expense, depreciation expense, amortization expense for the performance period, each computed in accordance with accounting principles generally accepted in the United States. The CEC HRC may make adjustments to the calculation of CEC's EBITDA when the performance goal is established.

The non-financial goal is based on CEC's customer satisfaction score. CEC distinguishes itself from competitors by providing excellent customer service. Supporting CEC's property team members who have daily interaction with its external customers is critical to maintaining and improving guest service. Customer satisfaction is measured by surveys of Total Rewards customers taken by a third party. These surveys are taken weekly across a broad spectrum of customers. Customers are asked to rate CEC's casinos' performance using a simple 1-10 rating scale, with a score of 9 or 10 being considered an A score. The survey questions focus on friendly/helpful and wait time in key operating areas, such as beverage service, slot services, Total Rewards, cashier services and hotel operation services. Each of CEC's casino properties works against an annual baseline defined by a composite of their performance in these key operating areas from previous years. Customer satisfaction comprised 20% of the corporate score for 2016, and the target was set at a 2% change from non-A to A scores for 2016. A minimum 1% change from non-A to A scores is required to receive any portion of the customer satisfaction payout. Actual customer satisfaction score for 2016 was 4.1% change in non A to A scores.

After the corporate score has been determined, a bonus matrix approved by the CEC HRC provides for bonus amounts of participating executive officers and other participants that will result in the payment of a specified percentage of the participant's salary if the target objective is achieved. The target payout percentage for Mr. Frissora is 175% and target payout percentage for Messrs. Hession, Jenkin, Donovan, and Morse is 75%. This percentage of salary is adjusted upward or downward based upon the level of corporate score achievement.

After the end of the fiscal year, the Chief Executive Officer assesses CEC's performance against the financial and customer satisfaction targets set by the CEC HRC. Taking into account CEC's performance against the targets set by the CEC HRC, the Chief Executive Officer develops and recommends a performance score of 0 to 200 to the CEC HRC. If the minimum of 85% of the financial goal is not met, the performance score is 0. If the threshold of 85% of the financial goal is met but not exceeded, the performance score is 16. To achieve the maximum score of 200 points, the financial performance must meet or exceed 115% of the financial goals and the customer satisfaction score must meet or exceed a 2% shift in 2016. A score of 200 results in payment of two times target bonus, while a score of 100 results in payment of target bonus opportunity.

The 2016 corporate score of 125 was approved by the CEC HRC. See the Summary Compensation Table for actual payouts.

The CEC HRC has the authority under the Bonus Plan to adjust any goal or bonus points with respect to executive officers, including making no payment under the Bonus Plan. These decisions are subjective and based generally on a review of the circumstances affecting results to determine if any events were unusual or unforeseen.

Discretionary Bonus Awards

The CEC HRC has the discretion to award special discretionary bonuses to CEC's named executive officers. In August 2015 the CEC HRC awarded Mr. Donovan a special one-time retention bonus of \$200,000 in order to help CEC retain

his services, payable in two equal installments of \$100,000 on each final regular payroll day of 2015 and 2016. No other named executive officer received a discretionary bonus in 2016.

Table of Contents*Equity Awards**Retention Awards*

In July 2016, the CEC HRC approved one-time discretionary awards of RSUs to certain employees to help retain those employees in light of the ongoing Chapter 11 restructuring of CEOC. Messrs. Jenkin, Donovan, Hession, and Morse received awards of 86,786; 90,730; 72,979; and 72,979 RSUs, respectively. The CEC HRC also approved long-term retention cash awards in July 2016. Messrs. Jenkin, Donovan, Hession, and Morse received cash awards of \$366,667; \$383,333; \$308,333; and \$308,333. Both, the RSUs and long-term retention cash awards vest 18 months after the date of grant, subject to continued employment, and are otherwise on substantially the same terms as CEC's previously awarded RSUs.

Annual Awards

In March 2016, the CEC HRC approved annual CEC equity grants (in the form of RSUs and cash awards) for most of the named executive officers and certain other members of management under the CEC 2012 PIP. The CEC 2012 PIP is designed to offer long term value to CEC's leaders through a mix of RSUs and time based stock options in order to attract and retain top talent, and in 2016, cash awards. When determining the size of the grants, the CEC HRC considers individual performance, market practice, and target value. Both RSUs and cash awards granted in March 2016 vest ratably over a three year period and require continued service with CEC, in order to promote retention. As with CEC's other variable compensation plans, this annual long term incentive plan is discretionary and grants under the plan require approval from the CEC HRC.

In March 2016, the CEC HRC approved the following annual grants to the named executive officers:

Executive	Cash-Based Award	Number of Shares of Restricted Stock Units	Grant Date Fair Value of Stock Awards⁽¹⁾
Mark Frissora	\$ 990,000	409,091	\$ 2,565,001
Gary Loveman			
Eric Hession	\$ 288,745	119,319	\$ 748,130
Thomas Jenkin	\$ 494,997	204,546	\$ 1,282,503
Robert Morse	\$ 350,621	144,887	\$ 908,441
Timothy Donovan	\$ 288,745	119,319	\$ 748,130

(1) The figures in this column reflect the grant date fair value of stock awards granted during the year in accordance with Accounting Standards Codification, or ASC, Topic 718.

Clawbacks and Forfeitures

Under CEC's Senior Executive Incentive Plan, unless an award agreement provides otherwise (a) in the event of an accounting restatement due to material noncompliance by CEC with any financial reporting requirement under applicable securities laws that reduces the amount payable or due in respect of an award under the plan that would have become payable had CEC's EBITDA been properly reported (as determined by the CEC HRC), (i) the award will be canceled and (ii) a participant will forfeit the cash payable pursuant to the award and the amount(s) (if any) paid to the participant in respect of the award (and the participant may be required to return or pay such amount to CEC); (b) if, following a participant's termination of employment with CEC, the CEC HRC determines that CEC had grounds to

terminate such participant for cause (as such term is defined in the CEC HRC's discretion, or as set forth in a written employment or award agreement between CEC and the participant) then the CEC HRC may, in its sole discretion, (i) cancel any outstanding portion of an award granted under the plan (whether earned or unearned) that is held by such participant without payment therefore and/or (ii) require the participant or other person to whom any payment has been made in connection with such award after the date of the conduct constituting cause, to forfeit and pay to CEC, on demand, all or any portion of the amount(s) received upon the payment of any other award granted under the plan following the date of conduct constituting cause; (c) to the extent required (i) by applicable law (including without limitation the Sarbanes

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Oxley Act and Section 954 of the Dodd Frank Act), (ii) the rules and regulations of any United States national securities exchange or inter-dealer quotation system on which shares of CEC Common Stock are listed or quoted, and/or (iii) pursuant to a written policy adopted by CEC (as in effect and/or as amended from time to time), awards under the plan shall be subject (including on a retroactive basis) to clawback, forfeiture or similar requirements (and such requirements shall be deemed incorporated by reference into the plan and all written agreements evidencing the grant of any outstanding award (if any)).

Under the CEC 2012 PIP, unless an award agreement provides otherwise: (a) In the event of an accounting restatement due to material noncompliance by CEC with any financial reporting requirement under the securities laws, which reduces the amount payable or due in respect of an award under the plan that would have been earned had the financial results been properly reported, (as determined by the CEC HRC) (i) the award will be canceled and (ii) the participant will forfeit (A) the cash or shares of common stock received or payable on the vesting, exercise or settlement of the award and (B) the amount of the proceeds of the sale, gain or other value realized on the vesting or exercise of the award or the shares of common stock acquired in respect of the award (and the participant may be required to return or pay such shares of common stock or amount to CEC). (b) If, after a termination by a participant from employment or services with CEC and its subsidiaries, the CEC HRC determines that CEC or any of its subsidiaries had grounds to terminate such participant for Cause, then (i) any outstanding vested or unvested, earned or unearned portion of an award under the plan that is held by such participant may, at the CEC HRC's discretion, be canceled without payment therefor and (ii) the CEC HRC, in its discretion, may require the participant or other person to whom any payment has been made or shares of common stock or other property have been transferred in connection with the award after the date of conduct constituting Cause to forfeit and pay over to CEC, on demand, all or any portion of the compensation, gain or other value (whether or not taxable) realized upon the exercise of any Option or SAR, or the subsequent sale of shares of common stock acquired upon exercise of such Option or SAR and the value realized (whether or not taxable) on the vesting, payment or settlement of any other award during the period following the date of the conduct constituting Cause. (c) To the extent required by applicable law (including without limitation the Sarbanes Oxley Act and Section 954 of the Dodd Frank Act) and/or the rules and regulations of any U.S. national securities exchange or inter-dealer quotation system on which shares of common stock are listed or quoted, or if so required pursuant to a written policy adopted by CEC (as in effect and/or amended from time to time), awards under the plan shall be subject (including on a retroactive basis) to clawback, forfeiture or similar requirements (and such requirements shall be deemed incorporated by reference into this plan and all outstanding award agreements).

Employment Agreements

CEC has entered into employment agreements with each of CEC's named executive officers, which are described below in Discussion of the Summary Compensation Table. The CEC HRC and CEC's board of directors put these agreements in place in order to attract and retain the highest quality executives. At least annually, CEC's compensation department reviews CEC's termination and change in control arrangements against peer companies as part of its review of CEC's overall compensation package for executives to ensure that it is competitive. The compensation department's analysis is performed by reviewing each of CEC's executives under several factors, including the individual's role in the organization, the importance of the individual to the organization, the ability to replace the executive if he/she were to leave the organization, and the level of competitiveness in the marketplace to replace an executive while minimizing the affect to CEC's on-going business. The compensation department presents its assessment to the CEC HRC for feedback. The CEC HRC reviews the information and determines if changes are necessary to the termination and severance packages of CEC's executives.

CEC's employment agreements generally do not provide for any equity acceleration in connection with a change in control or any terminations of employment, except in certain cases in connection with termination without cause or by

the employee for good reason. See Discussion of the Summary Compensation Table.

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Policy Concerning Tax Deductibility

The CEC HRC's policy with respect to qualifying compensation paid to its executive officers for tax deductibility purposes is that executive compensation plans will generally be designed and implemented to maximize tax deductibility. However, non-deductible compensation may be paid to executive officers when necessary for competitive reasons or to attract or retain a key executive, or where achieving maximum tax deductibility would be considered disadvantageous to CEC's best interests. CEC's Senior Executive Incentive Plan is designed to comply with Section 162(m) of the Code so that annual bonuses paid under these plans, if any, will be eligible for deduction by CEC. See "Cash Incentive Payments - Senior Executive Incentive Plan."

Stock Ownership Requirements

CEC does not have a policy regarding stock ownership.

Chief Executive Officer's Compensation

The objectives of CEC's Chief Executive Officer are typically approved annually by the CEC HRC. These objectives are revisited each year. Mr. Frissora's objectives were approved by the CEC HRC in February 2016.

The CEC HRC's assessment of the Chief Executive Officer's performance is generally based on a subjective or objective review (as applicable) of performance against these objectives. Specific weights may be assigned to particular objectives at the discretion of the CEC HRC, and those weightings, or more focused objectives, are communicated to the Chief Executive Officer at the time the goals are set.

As Chief Executive Officer, Mr. Frissora's base salary was based on his performance, his responsibilities and the compensation levels for comparable positions in other companies in the hospitality, gaming, entertainment, restaurant and retail industries. Merit increases in his salary are a subjective determination by the CEC HRC, which bases its decision upon his prior year's performance versus his objectives as well as upon an analysis of competitive salaries. Although base salary increases are subjective, the CEC HRC reviews Mr. Frissora's base salary against peer groups, his roles and responsibilities within CEC, his contribution to CEC's success and his individual performance against his stated objective criteria.

Mr. Frissora's salary, bonus and equity awards differ from those of CEC's other named executive officers in order to (a) keep Mr. Frissora's compensation in line with Chief Executive Officers of other gaming, hotel and lodging companies, as well as other consumer-oriented companies, (b) compensate him for the role as the leader and public face of CEC and (c) compensate him for attracting and retaining CEC's senior executive team.

Personal Benefits and Perquisites

CEC provided for Mr. Loveman's and Mr. Frissora's personal use of CEC's aircraft at certain times during 2016. Lodging and certain other expenses were incurred by Mr. Loveman for use during his Las Vegas-based residence. CEC also provided security for Mr. Loveman and his family.

These perquisites are more fully described in the "Summary Compensation Table."

CEC's use of perquisites as an element of compensation is limited. CEC does not view perquisites as a significant element of CEC's comprehensive compensation structure, but does believe that they can be used in conjunction with base salary to attract, motivate and retain individuals in a competitive environment.

Under CEC's group life insurance program, senior executives, including the named executive officers, are eligible for an employer provided life insurance benefit equal to three times their base annual salary, with a maximum benefit of \$5.0 million. Mr. Loveman was provided with a life insurance benefit of \$3.5 million under

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CEC's group life insurance program and additional life insurance policies with a benefit of \$5.5 million. In addition to group long term disability benefits, which are available to all benefits eligible employees, Mr. Loveman and Mr. Jenkin are covered under a CEC-paid individual long-term disability insurance policy paying an additional \$5,000 monthly benefit. Messrs. Frissora, Donovan, Hession and Morse were not employed with CEC at the time this policy was in effect and do not receive this benefit. Mr. Loveman also had an individual long-term disability insurance policy with a \$5 million paid benefit. Under CEC's group short-term disability insurance program, senior executives, including the named executive officers, are eligible for an employer provided CEC-paid short-term disability policy with a maximum \$5,000 weekly benefit.

Other Benefits

During 2016, all of CEC's named executive officers were eligible to participate in CEC's health and welfare benefit plans, including the Caesars Savings and Retirement Plan (the "S&RP").

Deferred Compensation Plans

Certain named executive officers have balances in two deferred compensation plans, each of which have been frozen and no longer provide for voluntary deferrals by active employees. These are the Harrah's Executive Supplemental Savings Plan, or ESSP, and the Harrah's Executive Supplemental Savings Plan II, or ESSP II, which was implemented in 2005 and structured to comply with the Section 409A of the Code. Deferrals to the ESSP II were frozen as of January 1, 2015 and deferrals to the ESSP were discontinued upon the adoption of the ESSP II in December 2004. Certain of CEC's named executive officers may also have balances in certain other deferred compensation plans attributable to CEOC, as described in further detail in Note 17 to the 2016 CEC Financial Statements.

Table of Contents**Summary Compensation Table**

The Summary Compensation Table below sets forth certain compensation information for CEC's Chief Executive Officer, CEC's former Chief Executive Officer and current executive Chairman, CEC's Chief Financial Officer, and CEC's three additional most highly compensated executive officers during 2016 (CEC's named executive officers).

(a) Name and Principal Position	(b) Year	(c) Salary (\$)	(d) Bonus ⁽¹⁾ (\$)	(e) Stock Awards ⁽²⁾ (\$)	(f) Option Awards ⁽²⁾ (\$)	(g) Non-Equity and Incentive Compensation ⁽³⁾ (\$)	(h) Change in Pension Value	(i) Nonqualified- Deferred Compensation ⁽⁴⁾ (\$)	All Other Compensation ⁽⁵⁾ (\$)	Total ⁽⁶⁾ (\$)
Mark Frissora, President and Chief Executive Officer ⁽⁶⁾	2016	1,976,923		2,565,001		4,756,771		212,237		9,510,932
	2015	1,599,231		2,302,000	5,012,000	3,645,025		254,574		12,812,830
Gary Loveman, Chairman of CEC's board of directors (Former CEO)	2016	1,900,000				3,250,000		822,699		5,972,699
	2015	1,900,000				4,062,500		1,655,742		7,618,242
	2014	1,900,000		20,799,680	6,025,403	2,437,500		1,488,158		32,650,741
Eric Hession, Executive Vice President, Chief Financial Officer ⁽⁷⁾	2016	703,990		1,233,440		791,889		21,658		2,750,977
	2015	696,706		1,859,956	89,250	787,500		16,663		3,450,075
Thomas Jenkin, Global President of Destination Markets	2016	1,206,841		1,859,630		1,357,596		45,250		4,469,317
	2015	1,200,000		1,327,061	170,136	1,350,000		43,768		4,090,965
	2014	1,200,000		1,712,480	903,742	525,000		32,598		4,373,821
Robert Morse,	2016	854,845		1,393,751		881,459		35,682		3,165,737

President of Hospitality								
Timothy Donovan,	2016	703,990	100,000	1,351,484		659,891	33,304	2,848,669
Executive	2015	700,000	100,000	2,046,892	82,705	787,500	30,948	3,748,045
Vice President,	2014	700,000	100,000	1,094,780	527,190	500,000	26,039	2,948,009
General Counsel and Chief Regulatory and Compliance Officer								

- (1) Reflects discretionary cash bonuses to Mr. Donovan.
- (2) Amounts in these columns reflect the grant date fair value of stock awards and option awards granted during the applicable year and were determined as required by Accounting Standards Codification (ASC) Topic 718. Assumptions used in the calculations of these amounts are set forth in Note 14 to the 2016 CEC Financial Statements.

Performance-based options are valued using a Monte Carlo simulation option pricing model. This model approach provides a probable outcome fair value for these types of awards.

In December 2013, the CEC HRC approved a change to the \$57.41 performance options vesting that applied to all relevant outstanding performance options and required no action from the option holder. The vesting for the outstanding \$57.41 performance options was revised to vest 50% of options on March 15, 2014 and

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50% of options on March 15, 2015. If CEC's 30-day trailing average stock price equals or exceeds \$57.41 per share prior to the revised vesting dates, the outstanding \$57.41 performance options will vest immediately. There was no incremental fair value associated with this modification under FASB ASC 718 and thus there is no reportable compensation from this modification.

- (3) Messrs. Frissora, Loveman, Hession, Jenkin, Morse and Donovan received 2016 bonuses pursuant to the Senior Executive Incentive Plan in the amounts of \$4,756,771, \$3,250,000, \$791,889, \$1,357,596, \$881,459, and \$659,891, respectively.
- (4) This table excludes earnings of \$320,364 earned by Mr. Jenkin from his participation in deferred compensation plans with liabilities attributable to CEOC.
- (5) All Other Compensation includes perquisites, which may include executive security, personal aircraft usage, company lodging, health, life and disability insurance, financial planning, and tax reimbursements based on taxable earnings for company lodging and on premiums paid for life and disability insurance.

The table below details the amount of (i) tax gross-up payments and 401K employer match; (ii) the value of life and disability insurance premiums paid by CEC for coverage in excess of the nondiscriminatory group insurance generally available to all salaried employees; and (iii) any other perquisites to the extent that the amount of any individual item exceeds the greater of \$25,000 or 10% of the executive's total perquisites:

Name	2016			Allocated amount for aircraft usage	Relocation Reimbursements	Tax Reimbursements
	401K Employer Match	Cost of Life and Disability Insurance	Executive Security			
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Mark Frissora	600			168,676		
Gary Loveman	600	78,114	273,618	423,097		11,184
Eric Hession	600					
Thomas Jenkin	600					
Robert Morse	600					
Timothy Donovan	600					

CEC has provided Mr. Loveman with executive security protection. See Compensation Discussion and Analysis Elements of Compensation Personal Benefits and Perquisites for additional information. For security reasons, Mr. Loveman uses private aircraft for personal and business travel. The amount allocated to Mr. Loveman for personal and/or commuting aircraft usage is calculated based on the incremental cost to CEC of fuel, trip-related maintenance, crew travel expenses, on-board catering, landing fees, trip-related hangar/parking costs, and other miscellaneous variable costs. Since CEC's aircraft are used primarily for business travel, CEC does not include the fixed costs that do not change based on usage, such as pilots' salaries, depreciation of the purchase costs of CEC's aircraft, and the cost of maintenance not specifically related to trips. In addition, because CEC provides usage of its aircraft to customers, CEC sometimes provides a private charter service to Mr. Loveman when CEC's aircraft are not available. As a result, the compensation associated with Mr. Loveman's aircraft usage includes the costs of such private charters, which are significantly higher than the costs of CEC's aircraft. CEC's customers prefer using CEC's aircraft over private charters and generally prioritize use of CEC's aircraft accordingly. If Mr. Loveman had not been required to use the charter service during 2016, his compensation associated with aircraft usage would have been approximately one-half of what is reflected above.

- (6) The amount reported under Stock Awards for Mr. Frissora does not include the aggregate grant date fair value of the 272,976 RSUs awarded to Mr. Frissora in June of 2016 pursuant to the terms of the CAC 2014 PIP, since such award was made in respect of Mr. Frissora's services to CAC (and not in respect of services to CEC or any of its subsidiaries).
- (7) Mr. Hession was appointed Executive Vice President and Chief Financial Officer of CEC on January 1, 2015.

Table of Contents***Discussion of the Summary Compensation Table***

Each of CEC's named executive officers has entered into employment agreements with CEC that relate to the benefits that the named executive officers receive upon termination.

Former Chief Executive Officer and Current Chairman of the board of directors. Mr. Loveman entered into an employment agreement to serve as Chief Executive Officer and President effective on December 21, 2014, which employment agreement expired by its terms on December 31, 2016. The employment agreement provided Mr. Loveman with a base salary for 2015 and 2016 of \$1,900,000 along with a right to participate in CEC's Senior Executive Incentive Plan with a target annual bonus of \$3,250,000. The agreement also provided Mr. Loveman with continued participation in CEC's deferred compensation plan, the ESSP II, and CEC's health and welfare benefit plans, including the S&RP. It also expanded CEC's commitment to provide health and dental benefits to Mr. Loveman's spouse. In addition, the agreement provided Mr. Loveman with a right to an individual long-term disability policy with a \$180,000 annual maximum benefit and an individual long term disability excess policy with an additional \$540,000 annual maximum benefit, subject to insurability.

The employment agreement, also provided that Mr. Loveman would be awarded (i) an option to purchase 675,000 shares of CAC Class A common stock (the "New CAC Options"), and (ii) 375,000 RSUs, each representing the right to receive one share of CAC Class A common stock upon vesting of the award ("New CAC RSUs"). Both the New CAC Options and the New CAC RSUs were scheduled to vest in equal increments on each of December 31 of 2015 and 2016, generally subject to Mr. Loveman's continued provision of consulting services to CAC on such dates. The employment agreement provided for continued vesting pursuant to the original vesting schedule if Mr. Loveman were terminated by CEC without Cause or if Mr. Loveman were to resign for Good Reason.

The employment agreement also provided for the modification of certain equity awards granted to Mr. Loveman under the CEC 2012 PIP or CEC's Management Equity Incentive Plan (the "CEC Equity Plans"). First, all of Mr. Loveman's options granted under the CEC Equity Plans that included as a vesting condition, the achievement of a \$35.00 stock-price target (the "Performance Options"), would now vest in two equal installments, on March 31 of each of 2015 and 2016, subject to Mr. Loveman's continued employment on each such date. Second, as long as Mr. Loveman remained employed through December 31, 2016, he would continue to have the opportunity to vest in any awards that were granted under the CEC Equity Plans that had not yet vested as of such date. Last, if the employment agreement were to be terminated by CEC without Cause or by Mr. Loveman for Good Reason, in each case prior to December 31, 2016, then (i) the Performance Options would vest on March 31 of each of 2015 and 2016, and (ii) all other equity awards that were granted under the CEC Equity Plans would fully vest as of such date.

In connection with the transition from Mr. Loveman to Mr. Frissora (described below), on February 4, 2015, CEC entered into a letter agreement with Mr. Loveman. The letter agreement provided that, if at any time after the date of the letter agreement and prior to December 31, 2016, Mr. Loveman ceased to be the Chief Executive Officer and President of CEC, Mr. Loveman could resign all of his positions with CEC and its related entities (subject to notice requirements). Upon any such separation from service, Mr. Loveman was entitled to the compensation under his Employment Agreement as if he had been terminated without cause or left for good reason.

Mr. Loveman's employment agreement, as described above, expired by its terms on December 31, 2016. Effective as of such date, Mr. Loveman is no longer employed by CEC, though he continues to serve as Chairman of CEC's board of directors. In connection with his termination of employment, and notwithstanding anything to the contrary in the employment agreement, the CEC HRC determined that Mr. Loveman was entitled to the following benefits upon his termination of employment: (i) payment of an annual bonus at target in the amount of \$3,250,000, which amount was paid on December 29, 2016, and (ii) acceleration of any and all unvested equity awards under the CEC Equity Plans

(as opposed to continued vesting in accordance with the

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original vesting schedule). All other rights, benefits, and obligations that survive the termination of Mr. Loveman's employment agreement otherwise continued in full force and effect in accordance with their original terms.

Chief Executive Officer. On February 4, 2015, CEC's board of directors appointed Mark Frissora to the role of Chief Executive Officer Designate of CEC, effective February 5, 2015, and to succeed Mr. Loveman in the role of Chief Executive Officer and President of CEC, effective July 1, 2015. CEC and CES entered into an employment agreement with Mr. Frissora on February 5, 2015. The term of the agreement is four years beginning on February 5, 2015, and automatically renews for successive one-year terms thereafter, absent 60 days' notice by CEC or Mr. Frissora not to renew. Mr. Frissora's annual base salary pursuant to the terms of the employment agreement was \$1,800,000, and the employment agreement provides that he will participate in CEC's Senior Executive Incentive Plan with a target of 150% of his base salary. Mr. Frissora is entitled to certain perquisites, including (i) the use of corporate aircraft (up to a maximum of \$200,000 per fiscal year), and (ii) certain relocation benefits (including up to six months of temporary housing, reimbursements of costs incurred in connection with locating a suitable residence in Las Vegas for purchase, and gross-up for any taxes that may apply to such relocation benefits).

Upon a termination of the employment agreement by CEC without cause, by Mr. Frissora for good reason (as such terms are defined in the employment agreement) or due to CEC's non-renewal of its term upon any expiration date, CEC will (i) pay Mr. Frissora cash severance equal to two times his base salary plus one times his target bonus paid in installments over 24 months, (ii) pay him a bonus for the year of termination of employment, based on actual full-year performance, pro-rated to reflect service through date of termination, paid when bonuses are payable generally to active employees; and (iii) continue his benefits coverage for 24 months. In addition, upon any such termination within the (i) six month period prior to a change in control or (ii) 12 month period following a change in control, CEC will (a) pay Mr. Frissora severance equal to two and a half times the sum of his base salary plus target bonus, paid in a lump sum (unless otherwise provided by the employment agreement); (b) pay him a bonus for the year of termination of employment, based on actual full-year performance, pro-rated to reflect service through date of termination, paid when bonuses are payable generally to active employees; and (c) continue his benefits coverage for 30 months.

Mr. Frissora has agreed not to, during the 24 month period following the termination of his employment, (i) compete with CEC or its affiliates, (ii) solicit or hire certain employees of CEC and its affiliates, and (iii) solicit customers or clients of CEC and its affiliates. In addition, Mr. Frissora is subject to ongoing confidentiality obligations with respect to CEC's matters.

In addition, on February 5, 2015, Mr. Frissora was awarded (i) an option to purchase 1,000,000 shares of CEC Common Stock (the Option) and (ii) 200,000 RSUs, where each RSU represents the right to receive one share of CEC Common Stock upon vesting. The Option and the RSUs are granted under the Caesars Entertainment Corporation 2012 Performance Incentive Plan. The exercise price for the Option is equal to the closing price of one share of CEC Common Stock on the NASDAQ on the date of grant. Of the 1,000,000 shares subject to the Option, 400,000 shares vest and become exercisable in equal annual installments of 25% over a four-year period, 200,000 vest based on the achievement of a \$30.00 stock-price target, and 400,000 vest based on the achievement of certain EBITDA goals. The RSUs vest in equal annual installments of 25% over a four-year period. Upon a change in control or within the six month period prior to a change in control, if Mr. Frissora is terminated by CEC other than for cause (including death or disability) or by Mr. Frissora for good reason the RSUs immediately vest and are settled. If Mr. Frissora is terminated by CEC other than for cause (including death or disability) or by Mr. Frissora for good reason within the (i) six month period prior to a change in control or (ii) 12 month period following a change in control the Option immediately vests.

On July 5, 2016, Mr. Frissora's employment agreement was amended to account for the fact that Mr. Frissora would provide strategic advisory consulting services to CAC. In consideration for these services,

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Mr. Frissora was awarded RSUs under the CAC 2014 PIP having an aggregate grant date fair value of \$3,000,000, which RSUs are scheduled to vest in equal installments on each of June 29, 2017, 2018, and 2019. In addition to the foregoing, (a) Mr. Frissora's base salary was increased to \$2,000,000, (b) his target bonus opportunity was increased to 175%, and (c) to the extent that Mr. Frissora's employment is terminated without Cause, due to his death or disability, or by Mr. Frissora for Good Reason other than in connection with a change in control, Mr. Frissora would be entitled to one year of additional vesting in respect of (i) his award of his CAC RSUs, (ii) his award of CEC RSUs granted on March 23, 2016, and (iii) any other equity awards granted to Mr. Frissora on July 5, 2016.

Other Named Executive Officers. CEC entered into an employment agreement with Thomas Jenkin on January 3, 2012 which superseded his original agreement from February 28, 2008. The agreement is for a term of four years beginning on January 3, 2012 and is automatically renewed for successive one year terms unless either CEC or the executive delivers a written notice of nonrenewal at least six months prior to the end of the term. CEC entered into an employment agreement with Timothy Donovan on April 2, 2009. Mr. Donovan's agreement was for a term of four years beginning on April 2, 2009 and expiring on April 2, 2013, but was automatically renewed for a one year term and will continue to be renewed for successive one year terms unless either CEC or the executive delivers a written notice of nonrenewal at least 60 days prior to the end of the term. CEC entered into an employment agreement with Eric Hession on November 10, 2014. The agreement with Mr. Hession was for a term of four years beginning on November 10, 2014 and is automatically renewed for successive one year terms unless either CEC or the executive delivers a written notice of nonrenewal at least six months prior to the end of the term. CEC entered into an employment agreement with Robert Morse on April 14, 2014. The agreement with Mr. Morse was for a term of four years beginning on April 14, 2014 and is automatically renewed for successive one year terms unless either CEC or the executive delivers a written notice of nonrenewal at least six months prior to the end of the term.

Pursuant to the employment agreements, the executives received base salaries as follows: Mr. Jenkin, \$1,200,000 (currently, \$1,230,000); Mr. Donovan, \$700,000 (currently, \$717,500); Mr. Hession, \$700,000 (currently, \$717,500); and Mr. Morse, \$850,000 (currently, \$871,250). The CEC HRC reviews base salaries on an annual basis with a view towards merit increases (but not decreases) in such salary. In addition, each executive participates in CEC's annual incentive bonus program applicable to the executive's position and shall have the opportunity to earn an annual bonus based on the achievement of performance objectives.

During 2016, each of Messrs. Frissora, Jenkin, Hession, Morse and Donovan was entitled to participate in benefits and perquisites, group health insurance, long term disability benefits, life insurance, vacation, reimbursement of expenses, director and officer insurance and the ability to participate in CEC's 401(k) plan. With respect to Mr. Jenkin, if (a) the executive attains age 50 and, when added to his number of years of continuous service with CEC, including any period of salary continuation, the sum of his age and years of service equals or exceeds 65, and at any time after the occurrence of both such events executive's employment is terminated and his employment then terminates either (1) without cause or (2) due to non-renewal of the agreement, or (b) the executive attains age 55 and, when added to his number of years of continuous service with CEC, including any period of salary continuation, the sum of his age and years of service equals or exceeds 65 and the executive's employment is terminated other than for cause, he will be entitled to lifetime coverage under CEC's group health insurance plan. Mr. Jenkin has met both of the criteria noted above. Mr. Jenkin will be required to pay 20% of the premium for this coverage and CEC will pay the remaining premium, which will be imputed taxable income to the executive. This insurance coverage terminates if Mr. Jenkin competes with CEC.

Table of Contents**Grants of Plan-Based Awards**

The following table gives information regarding potential incentive compensation for 2016 to CEC's executive officers named in the Summary Compensation Table. Non-Equity Incentive Plan payouts approved for 2016 are included in the Non-Equity Incentive Plan Compensation column in the Summary Compensation Table.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards ⁽¹⁾			Option Awards: Number of Exercise or Value of Stock and Option Awards		
		Threshold (\$)	Target (\$)	Maximum (\$)	Units (#)	Options (#)	Base Price (\$/Sh)
Mark Frissora	n/a 3/23/2016 ⁽³⁾	553,538	3,459,616	6,919,231			
					409,091		2,565,001
Gary Loveman	n/a	456,000	3,250,000	6,501,800			
Eric Hession	n/a 3/23/2016 ⁽³⁾ 7/5/2016 ⁽³⁾	84,479	527,993	1,055,986			
					119,319		748,130
					72,979		485,310
Thomas Jenkin	n/a 3/23/2016 ⁽³⁾ 7/5/2016 ⁽³⁾	144,821	905,131	1,810,261			
					204,546		1,282,503
					86,786		577,127
Robert Morse	n/a 3/23/2016 ⁽³⁾ 7/5/2016 ⁽³⁾	102,581	641,134	1,282,268			
					144,887		908,441
					72,979		485,310
Timothy Donovan	n/a 3/23/2016 ⁽³⁾ 7/5/2016 ⁽³⁾	84,479	527,993	1,055,986			
					119,319		748,130
					90,730		603,354

- (1) Represents potential threshold, target, and maximum incentive compensation for 2016. The threshold, target, and maximum payouts are calculated by applying the percentage payouts set by the 162(m) Committee to each named executive officer's base salary. Actual target and maximum payouts are determined by Adjusted EBITDA performance and customer satisfaction results under CEC's Bonus Plan, as the means by which the 162(m) committee exercises its negative discretion under the Senior Executive Incentive Plan, described more fully under the section entitled Elements of Compensation Cash Incentive Payments Senior Executive Incentive Plan and Annual Management Bonus Plan.
- (2) The figures in this column reflect the grant date fair value of stock awards and option awards granted during the year in accordance with ASC Topic 718. Assumptions used in the calculations of these amounts are set forth in Note 18 to the 2016 CEC Financial Statements.
- (3) Reflects CEC RSUs granted under the CEC 2012 PIP as described under Elements of Compensation Equity Awards Annual Awards.

Table of Contents**Outstanding Equity Awards at Fiscal Year-End**

The following table shows the outstanding options to purchase CEC Common Stock and CEC RSUs, held by each of CEC's named executive officers as of December 31, 2016. See Elements of Compensation Equity Awards Annual Awards and Elements of Compensation Equity Awards Retention Awards for more information.

Name	Option Awards Equity Incentive Plan Awards:				Stock Awards		
	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Unearned Options (#)	Options Exercise Price (\$)	Options Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)
Mark Frissora ⁽¹¹⁾	200,000	300,000 ⁽¹⁾	500,000 ⁽²⁾	11.51	2/5/2025	150,000 ⁽¹⁾	1,275,000
					NA	409,091 ⁽⁸⁾	3,477,243
Gary Loveman	231,918			14.35	4/16/2022		
	3,438,626			8.22	8/21/2022		
	110,834			13.70	6/28/2023		
	185,778			21.18	5/7/2024		
	337,500			9.84	12/23/2024		
Eric Hession	12,782	2,325 ⁽⁵⁾	3,486 ⁽⁶⁾	8.23	7/25/2022		
	22,116		1,705 ⁽⁶⁾	8.22	8/21/2022		
	2,343	782 ⁽³⁾		13.7	6/28/2023	3,750 ⁽³⁾	31,875
	10,000	10,000 ⁽⁴⁾		21.18	5/7/2024	6,112 ⁽⁴⁾	51,952
	6,562	19,688 ⁽⁷⁾		9.36	5/29/2025	68,907 ⁽⁷⁾	585,710
					NA	119,319 ⁽⁸⁾	1,014,212
					NA	72,979 ⁽⁹⁾	620,322
Thomas Jenkin	363,541		35,947 ⁽⁶⁾	8.22	8/21/2022		
	28,125	9,375 ⁽³⁾		13.70	6/28/2023	14,063 ⁽³⁾	119,536
	44,000	44,000 ⁽⁴⁾		21.18	5/7/2024	18,000 ⁽⁴⁾	153,000
	12,510	37,530 ⁽⁷⁾		9.36	5/29/2025	106,335 ⁽⁷⁾	903,848
					NA	204,546 ⁽⁸⁾	1,738,641
					NA	86,786 ⁽⁹⁾	737,681
Robert Morse					NA	17,706 ⁽¹⁰⁾	150,501
					NA	144,887 ⁽⁸⁾	1,231,540
					NA	72,979 ⁽⁹⁾	620,322
	8,865	26,595		9.36	5/29/2025	75,353 ⁽⁷⁾	640,501
Timothy Donovan	67,473		9,737 ⁽⁶⁾	8.22	8/21/2022		
	15,234	5,079 ⁽³⁾		13.70	6/28/2023	7,618 ⁽³⁾	64,753
	25,667	25,667 ⁽⁴⁾		21.18	5/7/2024	10,500 ⁽⁴⁾	89,250
	6,081	18,244 ⁽⁷⁾		9.36	5/29/2025	63,854 ⁽⁷⁾	542,759
					NA	119,319 ⁽⁸⁾	1,014,212

- (1) One-fourth of the options and RSUs vest on February 5, 2016, February 5, 2017, February 5, 2018, and February 4, 2019, respectively.
- (2) 200,000 of the options vest based on the achievement of a \$30.00 stock-price target, and 300,000 vest based on the achievement of certain EBITDA goals. In February 2017, 100,000 of the 300,000 stock options vested as a result of the CEC HRC's certification of the achievement of portion of the EBITDA goal.
- (3) One-half of options and RSUs vest on each of January 2, 2016 and 2017, respectively.
- (4) One-third of options and RSUs vest on each of May 7, 2016, 2017, and 2018, respectively.
- (5) One-half of options vest on each of July 25, 2016 and 2017, respectively.

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- (6) Performance options vest if the simple average of the last reported sale prices per share of the option shares for the 30 calendar day period ending on the day immediately preceding the date of determination is equal to or greater than \$35.
- (7) One-fourth of the options and RSUs vest on February 29, 2016, March 1, 2017, March 1, 2018, and March 1, 2019, respectively.
- (8) One-third of these RSUs will vest on each of March 23, 2017, 2018, and 2019, respectively.
- (9) 100% of these RSUs will vest on each of January 5, 2018.
- (10) One-half of these RSUs vest on each of May 7, 2017, and 2018, respectively.
- (11) In addition to the foregoing, Mr. Frissora was also awarded 272,976 RSUs of CAC, which were granted pursuant to the terms of the CAC 2014 PIP. One-third of these RSUs are scheduled to vest on June 29, 2017, 2018, and 2019, respectively.

Option Exercises and Stock Vested

The following table gives certain information concerning stock option and stock award exercises and vesting during 2016.

Name	Option Awards Number of Shares Exercised (#)	Stock Awards Number of Shares Vesting (#)	Value Realized on Exercise or Vesting (\$) ⁽¹⁾
Mark Frissora		50,000	319,500 ⁽¹⁾
Gary Loveman		108,459	860,591 ⁽¹⁾
		187,500	5,000,000 ⁽²⁾
	337,500		3,751,875 ⁽³⁾
Eric Hession		105,532	770,789 ⁽¹⁾
		14,052	166,667 ⁽²⁾
Thomas Jenkin		58,507	492,302 ⁽¹⁾
		19,428	233,333 ⁽²⁾
Robert Morse		109,728	799,874 ⁽¹⁾
			(2)
Timothy Donovan		128,848	929,147 ⁽¹⁾
		13,770	166,667 ⁽²⁾

(1) Value realized is calculated as the number of shares vested times the CEC closing price on the date vested.

(2) Value realized is calculated as the number of shares vested times the CAC closing price on the date vested.

(3) Value realized is the intrinsic value of options (which amounts is equal to the aggregate of the excess of the CEC closing price on the date of exercise over the exercise price of such stock options).

For discussion of how equity grants are determined, see Elements of Compensation Equity Awards.

Nonqualified Deferred Compensation

Name

Executive	CEC s	Aggregate	Aggregate	Aggregate Balance
Contributions	Contributions	in Earnings	Withdrawals/	at
in	in 2015⁽¹⁾	in 2016⁽¹⁾	Distributions	December 31,
2015⁽¹⁾	(\$)	(\$)	(\$)	2015
(\$)				(\$)
Mark Frissora				
Gary Loveman			7,248	78,372
Eric Hession			14,310	139,093
Thomas Jenkin ⁽²⁾				
Tim Donovan				
Robert Morse				

(1) Since none of the earnings are above-market or preferential earnings, no deferred compensation contribution or earnings amounts were reported in the 2016 Summary Compensation Table.

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(2) Mr. Jenkin also has a balance of \$9,833,414 in respect of his participation in deferred compensation plans with liabilities attributable to CEOC. Please see Note 15 to the 2016 CEC Financial Statements for further details regarding such deferred compensation plans. All other earnings were at market rates from deferred compensation investments directed by the executives. This table excludes earnings of \$320,364 earned by Mr. Jenkin from his participation in deferred compensation plans with liabilities attributable to CEOC.

CEC does not provide a fixed benefit pension plan for CEC's executives but maintain two deferred compensation plans: the ESSP and ESSP II. As of January 1, 2015, both plans were frozen and no longer provide for voluntary deferrals by active employees. Therefore, no deferrals were made to any deferred compensation plan in 2016 by CEC's executives, which is reflected in the above table.

The table below shows the investment funds available under the ESSP and the ESSP II and the annual rate of return for each fund for the year ended December 31, 2016:

Name of Fund	2016 Rate of Return
500 Index Trust B	11.64%
Aggressive Growth Lifecycle	6.36%
American International Trust	3.12%
BlackRock Small Cap Index	20.66%
Capital Appreciation Trust	(1.00)%
Conservative Lifecycle	5.04%
Diversified Bond	5.04%
Equity-Income Trust	19.18%
Growth Lifecycle	6.17%
Inflation Managed	5.12%
International Equity Index Trust B	4.43%
International Growth	(1.19)%
Mid Cap Stock Trust	0.58%
Mid Value Trust	24.09%
Moderate Lifecycle	5.55%
Money Market Trust B	%
PSF Real Estate	6.59%
Small Cap Growth Trust	2.27%
Small Cap Value Trust	22.68%

Potential Payments Upon Termination or Change of Control

CEC has entered into employment agreements with the named executive officers that require CEC to make payments and provide various benefits to the executives in the event of the executive's termination or a change in control. Some of the named executive officers also have award agreements which require payments in the event of the executive's termination or a change in control. The terms of the agreements are described below. The estimated value of the payments and benefits due to the executives pursuant to their agreements under various termination events are detailed in the tables below.

Mr. Frissora

If CEC terminates the employment agreement without Cause, or if Mr. Frissora resigns for Good Reason:

CEC must pay Mr. Frissora any accrued and unpaid base salary and unreimbursed business expenses;

Mr. Frissora will be entitled to be reimbursed for any unreimbursed business expenses;

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Mr. Frissora will be entitled to receive any amounts or benefits due under any benefit or equity plan, program or arrangement or payroll practice in accordance with the terms of such plan, program arrangement or payroll practice;

Mr. Frissora will be paid his pro-rated bonus (at target) for the year of termination and any annual bonus for the year prior to the year that includes the year of his termination of employment (to the extent previously approved by the board of directors or CEC HRC and not theretofore paid); and

Mr. Frissora will be paid a severance amount equal to two times his base salary and one times his target bonus.

If a change in control were to occur during the term of Mr. Frissora's employment agreement, and his employment was terminated involuntarily or he resigned for Good Reason within 12 months following such change in control, or if his employment was involuntarily terminated within six months before the change in control by reason of the request of the buyer, Mr. Frissora would be entitled to receive the benefits described above under termination without Cause by CEC or by Mr. Loveman for Good Reason, provided that he would be entitled to receive a severance payment of two and one-half times the sum of his base salary and target bonus.

If a change in control were to occur and Mr. Frissora was terminated for any reason without cause 6 months prior or 12 months after the change in control, any unvested options to purchase stock would accelerate and vest in full. Additionally, if a change in control were to occur, Mr. Frissora's RSUs would accelerate and vest in full. Lastly, if Mr. Frissora was terminated 6 months prior to a change in control for any reason without cause, his RSUs would become fully vested and be settled upon the date of such change in control.

Mr. Frissora has agreed not to, during the 24 month period following the termination of his employment: (i) compete with CEC or its affiliates, (ii) solicit or hire certain employees of CEC and its affiliates, and (iii) solicit customers or clients of CEC and its affiliates.

Cause is defined under the agreement as:

- (i) the willful failure of Mr. Frissora to substantially perform his duties with CEC or to follow a lawful reasonable directive from CEC's board of directors (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to Mr. Frissora by CEC's board of directors which specifically identifies the manner in which CEC's board of directors believes that Mr. Frissora has willfully not substantially performed his duties or has willfully failed to follow a lawful reasonable directive and Mr. Frissora is given a reasonable opportunity (not to exceed thirty (30) days) to cure any such failure, if curable;
- (ii) (a) any willful act of fraud, or embezzlement or theft by Mr. Frissora, in each case, in connection with his duties under the employment agreement or in the course of his employment or (b) Mr. Frissora's admission in any court, or conviction of, or plea of nolo contendere to, a felony that could reasonably be expected to result in damage to CEC's business or reputation;

(iii) Mr. Frissora being found unsuitable for or having a gaming license denied or revoked by the gaming regulatory authorities in Arizona, California, Illinois, Indiana, Iowa, Louisiana, Maryland, Mississippi, Missouri, Ohio, Ontario (Canada), Pennsylvania, Nevada, New Jersey, North Carolina or South Africa; or

(iv) Mr. Frissora's willful and material violation of, or noncompliance with, any securities laws or stock exchange listing rules, including, without limitation, the Sarbanes-Oxley Act of 2002, provided that such violation or noncompliance resulted in material economic harm to CEC, or a final judicial order or determination prohibiting Mr. Frissora from service as an officer pursuant to the Exchange Act or the rules of the New York Stock Exchange.

Good Reason is defined under the agreement as: without Mr. Frissora's express written consent, the occurrence of any of the following circumstances unless, in the case of paragraphs (a), (d), (e), (f), or

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(g) below, such circumstances are fully corrected prior to the date of termination specified in the written notice given by Mr. Frissora notifying CEC of his resignation for Good Reason:

- (a) the assignment to Mr. Frissora of any duties materially inconsistent with his status as CEC's Chief Executive Officer and President or a material adverse alteration in the nature or status of his responsibilities, duties or authority, including a material adverse alteration in his title or reporting structure to or by him;
- (b) the requirement that Mr. Frissora report to anyone other than CEC's board of directors (or, in his capacity as Chief Executive Officer and President of CES, to the Steering Committee of CES);
- (c) the failure of Mr. Frissora to be elected or re-elected as a member of CEC's board of directors;
- (d) a reduction by CEC in Mr. Frissora's annual base salary as it may be increased from time to time, other than a uniform reduction applied to all executive officers of CEC that does not result in a reduction of more than 5% of Mr. Frissora's highest base salary;
- (e) the relocation of CEC's principal executive offices from Las Vegas, Nevada, to a location more than fifty (50) miles from such offices, or CEC requiring Mr. Frissora either: (i) to be based anywhere other than the location of CEC's principal offices in Las Vegas (except for required travel on CEC's business);
- (f) CEC's failure to pay to Mr. Frissora any material portion of his current compensation, except pursuant to a compensation deferral elected by Mr. Frissora, or to pay to Mr. Frissora any material portion of an installment of deferred compensation under any of CEC's deferred compensation programs within thirty (30) days of the date such compensation is due;
- (g) any reduction by CEC of Mr. Frissora's base salary, target bonus or maximum bonus, unless any such reduction is a part of a uniform reduction applied to all executive officers of CEC and does not result in either (i) the sum of the base salary and target bonus being reduced by more than 5% of the highest of each and (ii) the sum of the base salary and maximum bonus being reduced by more than 5% of the highest of each; or
- (h) CEC's failure to obtain a satisfactory agreement from any successor to assume and agree to perform the employment agreement.

Other Named Executive Officers

Upon a termination without Cause (as defined in the employment agreement and set forth below), a resignation by the executive for Good Reason (as defined in the employment agreement and set forth below) or upon CEC's delivery of a non-renewal notice, the executive shall be entitled to his or her accrued but unused vacation, unreimbursed business

expenses and base salary earned but not paid through the date of termination. In addition, Messrs. Jenkin, Hession, Donovan, and Morse will receive a cash severance payment equal to one and a half times his base salary payable in equal installments during the 18 months following such termination and for Messrs. Jenkin and Donovan only, a pro-rated bonus for the year in which the termination occurs based on certain conditions. In the event that the employment of Messrs. Jenkin, Hession, Donovan, or Morse is terminated by reason of his disability, he will be entitled to apply for CEC's long term disability benefits, and, if he is accepted for such benefits, he will receive 18 months of base salary continuation offset by any long term disability benefits to which he is entitled during such period of salary continuation. Furthermore, during the time that the executive receives his base salary during the period of salary continuation, he will be entitled to all benefits. Payment of any severance benefits is contingent upon the execution of a general release in favor of CEC and its affiliates.

The executives each have covenants to not compete, not to solicit and not to engage in communication in a manner that is detrimental to the business. The executive's non-compete period varies based on the type of termination that the executive has. If the executive has a voluntary termination of employment with CEC without

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Good Reason, the non-compete period is six months. If CEC has terminated the executive's employment without Cause, or the executive has terminated for Good Reason, CEC has delivered a notice of non-renewal to the executive or if the executive's employment terminates by reason of disability, the non-compete period is for 18 months with respect to Messrs. Jenkin, Hession, Donovan and Morse. If the executive's employment is terminated for Cause, the non-compete period is for six months. The non-solicitation and non-communication periods last for 18 months following termination with respect to Messrs. Jenkin, Hession, Donovan. A breach of the non-compete covenant will Cause CEC's obligations under the agreement to terminate. In addition, the executives each have confidentiality obligations.

Cause under the employment agreements for Messrs. Jenkin, Hession and Donovan is generally defined as:

- (i) the willful failure of executive to substantially perform executive's duties with CEC or to follow a lawful, reasonable directive from CEC's board of directors or the Chief Executive Officer or such other executive officer to whom executive reports (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to executive by CEC's board of directors (or the Chief Executive Officer, as applicable) which specifically identifies the manner in which CEC's board of directors (or the Chief Executive Officer, as applicable) believes that executive has willfully not substantially performed executive's duties or has willfully failed to follow a lawful, reasonable directive that such written CEC policy, as determined by the board of directors, after a thorough investigation by the CEC HRC or CEC's Law or Internal Audit Departments, or such third party as the board of directors deems appropriate to investigate the matter;
- (ii) (a) any willful act of fraud, or embezzlement or theft, by executive, in each case, in connection with executive's duties under the employment agreement or in the course of executive's employment under the employment agreement or (b) executive's admission in any court, or conviction of, or plea of nolo contendere to, a felony;
- (iii) executive being found unsuitable for or having a gaming license denied or revoked by the gaming regulatory authorities in any jurisdiction in which CEC conducts gaming operations;
- (iv) (a) executive's willful and material violation of, or noncompliance with, any securities laws or stock exchange listing rules, including, without limitation, the Sarbanes-Oxley Act of 2002, provided that such violation or noncompliance resulted in material economic harm to CEC, or (b) a final judicial order or determination prohibiting executive from service as an officer pursuant to the Securities and Exchange Act of 1934 or the rules of the NYSE or NASDAQ, as applicable; or
- (v) a willful breach of the employment agreement.

For purposes of the definition of cause, no act or failure to act on the part of executive, shall be considered willful unless it is done, or omitted to be done, by executive in bad faith and without reasonable belief that executive's action or omission was in CEC's best interests. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by CEC's board of directors or based upon the advice of CEC's counsel shall be conclusively presumed to be done, or omitted to be done, by executive in good faith and in CEC's best interests of CEC. The cessation of

employment of the executive shall not be deemed to be for Cause unless and until executive has been provided with written notice of the claim(s) against him under the above provision(s) and a reasonable opportunity (not to exceed 30 days) to cure, if possible, and to contest said claim(s) before CEC's board of directors.

The definition of Cause in Mr. Morse's employment agreement is generally defined as:

- (i) an admission in any court, or conviction of, or plea of *nolo contendere* to, a felony or other crime involving moral turpitude;

- (ii) conduct that constitutes fraud or embezzlement, or any acts of dishonesty in relation to executive's duties;

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- (iii) gross negligence, bad faith or willful misconduct which causes either reputation or economic harm to CEC and its subsidiaries or affiliates;
- (iv) failure or refusal to perform executive's duties as determined by CEC in its sole discretion;
- (v) executive's knowing misrepresentation of any material fact that CEC reasonably requests;
- (vi) executive being found unsuitable for or having a gaming license denied or revoked by the gaming regulatory authorities in any jurisdiction in which CEC conducts gaming operations;
- (vii) executive's violation, as determined by CEC, of any securities or employment laws or regulations; or
- (viii) executive's breach of his obligations under the employment agreement or violation of any CEC policies.

Good Reason under the employment agreements is generally defined as the occurrence, without executive's express written consent, of any of the following circumstances unless such circumstances are fully corrected prior to the date of termination specified in the written notice given by executive notifying CEC of his or her intention to terminate his or her employment for Good Reason:

- (i) a reduction by CEC in executive's annual base salary, other than a reduction in base salary that applies to a similarly situated class of CEC's employees or its affiliates (in the case of Mr. Morse, a material reduction);
- (ii) solely with respect to Messrs. Jenkin, or Donovan, any material diminution in the duties or responsibilities of such executive as of the date of the employment agreement; provided that a change in control of CEC that results in CEC's becoming part of a larger organization will not, in and of itself and unaccompanied by any material diminution in the duties or responsibilities of the executive, constitute Good Reason;
- (iii) solely with respect to Mr. Morse, a material diminution in his duties or responsibilities for a period of 45 days or more;
- (iv) CEC's failure to pay or provide to the executive any material portion of his or her then current Base Salary or then current benefits under the employment agreement (except pursuant to a compensation deferral elected by the executive) or (ii) the failure to pay executive any material portion of deferred compensation under any of CEC's deferred compensation programs within 30 days of the date such compensation is due and permitted to be paid under Section 409A of the Code, in each case other than any such failure that results from a modification to any compensation arrangement or benefit plan that is generally applicable to similarly situated officers;

- (v) solely with respect to Mr. Jenkin, CEC's requiring such executive to be based anywhere other than Atlantic City, New Orleans or Las Vegas, with respect to Mr. Donovan, anywhere other than Las Vegas, depending on the executive (except for required travel on CEC business to an extent substantially consistent with the executive's present business travel obligations);

- (vi) CEC's failure to obtain a satisfactory agreement from any successor to assume and agree to perform the employment agreement; or

- (vii) solely with respect to Mr. Morse, a material breach of any of CEC's material obligations owed to Mr. Morse under the employment agreement.

The following tables show the estimated amount of potential cash severance payable to each of the named executive officers, as well as the estimated value of continuing benefits, based on compensation and benefit levels in effect on December 31, 2016.

For each of the named executive officers, CEC has assumed that their employment was terminated on December 31, 2016 and the market value of their unvested equity awards was \$8.50 per share, which was the fair

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market value of CEC Common Stock as of December 31, 2016. Due to the numerous factors involved in estimating these amounts, the actual value of benefits and amounts to be paid can only be determined upon a named executive officer's termination of employment.

	Voluntary Termination (\$)	Retirement (\$)	Involuntary Not for Cause or Good Reason Termination (\$)	For Cause Termination (\$)	Involuntary Not for Cause or Good Reason Termination (Change in Control) (\$)	Disability (\$)	Death (\$)
Gary Loveman⁽¹⁾							
Compensation:							
Severance Payment							
Short Term Incentive							
Excise tax gross-up payment							
Benefits and Perquisites:							
Post-retirement Health Care ⁽²⁾	237,361	237,361	237,361	237,361	237,361	237,361	
Medical Benefits							
Life & Accident Insurance and Benefits ⁽³⁾							
Disability Insurance and Benefits ⁽⁴⁾							
Accrued Benefits Under Savings and Retirement Plan ⁽⁵⁾		600	600	600	600	600	600
Totals	\$ 237,361	\$ 237,961	\$ 237,961	\$ 237,961	\$ 237,961	\$ 237,961	\$ 600

	Voluntary Termination (\$)	Retirement (\$)	Involuntary Not for Cause or Good Reason Termination (\$) ⁽⁶⁾	For Cause Termination (\$)	Involuntary Not for Cause or Good Reason Termination (Change in Control) (\$) ⁽⁷⁾	Disability (\$)	Death (\$)
Mark Frissora							
Compensation:							
Severance Payment			7,500,000		13,750,000	7,500,000	
Short Term Incentive			4,756,771		4,756,771	4,756,771	4,756,771
Accelerated Vesting of Stock and/or Cash Award			1,159,094		5,742,274	1,159,094	1,159,094

Benefits and Perquisites:

Post-retirement Health Care ⁽²⁾							
Medical Benefits		30,949		38,686		30,949	
Life & Accident Insurance and Benefits ⁽³⁾		51,712		64,640		51,712	3,500,000
Disability Insurance and Benefits ⁽⁴⁾						25,000 per mo.	
Accrued Benefits Under Savings and Retirement Plan ⁽⁵⁾	600	600	600	600	600	600	600
Totals						\$ 5,999,126 less	
	\$	\$ 600	\$ 13,499,126	\$ 600	\$ 24,352,971	\$ 25,000 per mo.	\$ 9,416,465

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	Voluntary Termination (\$)	Retirement (\$)	Involuntary Not for Cause or Good Reason Termination (\$) ⁽⁶⁾	For Cause Termination (\$)	Involuntary Not for Cause or Good Reason Termination (Change in Control) (\$) ⁽⁷⁾	Disability (\$)	Death (\$)
Eric Hession							
Compensation:							
Severance Payment			1,076,250		1,076,250	1,076,250	
Short Term Incentive							
Accelerated Vesting of Stock and/or Cash Award			928,655		928,655	928,655	928,655
Benefits and Perquisites:							
Post-retirement Health Care ⁽²⁾							
Medical Benefits			23,985		23,985		
Life & Accident Insurance and							
Benefits ⁽³⁾			36,123		36,123	36,123	2,100,000
Disability Insurance and Benefits ⁽⁴⁾						25,000 per mo.	
Accrued Benefits Under Savings and Retirement Plan ⁽⁵⁾		600	600	600	600	600	600
Totals	\$	\$ 600	\$ 2,065,613	\$ 600	\$ 2,065,613	\$ 2,041,628 less 25,000 per mo.	\$ 3,029,255

	Voluntary Termination (\$)	Retirement (\$)	Involuntary Not for Cause or Good Reason Termination (\$) ⁽⁶⁾	For Cause Termination (\$)	Involuntary Not for Cause or Good Reason Termination (Change in Control) (\$) ⁽⁷⁾	Disability (\$)	Death (\$)
Thomas Jenkin							
Compensation:							
Severance Payment			1,845,000		1,845,000	1,845,000	
Short Term Incentive			1,357,596		1,357,596		
Accelerated Vesting of Stock and/or Cash Award			1,104,348		1,104,348	1,104,348	1,104,348

Benefits and Perquisites:							
Post-retirement Health Care ⁽²⁾	163,380	163,380	163,380		163,380	163,380	
Life & Accident Insurance and Benefits ⁽³⁾			35,938		35,938	35,938	3,500,000
Disability Insurance and Benefits ⁽⁴⁾						30,000 per mo.	
Accrued Benefits Under Savings and Retirement Plan ⁽⁵⁾		600	600	600	600	600	600
Totals	\$ 163,380	\$ 163,980	\$ 4,506,862	\$ 600	\$ 4,506,862	\$ 3,149,266 less 30,000 per mo.	\$ 4,604,948

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	Voluntary Termination (Qualifying Retirement)		Involuntary Not for Cause or Good Reason Termination	For Cause Termination	Involuntary Not for Cause or Good Reason Termination (Change in Control)	Disability	Death
	(\$)	(\$)	(\$) ⁽⁶⁾	(\$)	(\$) ⁽⁷⁾	(\$)	(\$)
Robert Morse Compensation:							
Severance Payment			1,306,875		1,306,875	1,306,875	
Short Term Incentive							
Accelerated Vesting of Stock and/or Cash Award			928,655		928,655	928,655	928,655
Benefits and Perquisites:							
Post-retirement Health Care ⁽²⁾							
Medical Benefits			18,506		18,506		
Life & Accident Insurance and Benefits ⁽³⁾			32,427		32,427	32,427	2,550,000
Disability Insurance and Benefits ⁽⁴⁾						25,000 per mo.	
Accrued Benefits Under Savings and Retirement Plan ⁽⁵⁾		600	600	600	600	600	600
Totals	\$	\$ 600	\$ 2,287,063	\$ 600	\$ 2,287,063	\$ 2,268,557 less 25,000 per mo.	\$ 3,479,255

	Voluntary Termination (Qualifying Retirement)		Involuntary Not for Cause or Good Reason Termination	For Cause Termination	Involuntary Not for Cause or Good Reason Termination (Change in Control)	Disability	Death
	(\$)	(\$)	(\$) ⁽⁶⁾	(\$)	(\$) ⁽⁷⁾	(\$)	(\$)
Timothy Donovan Compensation:							
Severance Payment			1,076,250		1,076,250	1,076,250	
Short Term Incentive			659,891		659,891		
Accelerated Vesting of Stock and/or Cash Award			1,154,538		1,154,538	1,154,538	1,154,538
Benefits and Perquisites:							
Post-Retirement Health Care ⁽²⁾							

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Medical Benefits		20,287		20,287		20,287	
Life & Accident Insurance and Benefits ⁽³⁾		30,815		30,815		30,815	2,100,000
Disability Insurance and Benefits ⁽⁴⁾						25,000 per mo.	
Accrued Benefits Under Savings and Retirement Plan ⁽⁵⁾		600	600	600	600	600	600
Totals	\$	\$ 600	\$ 2,942,381	\$ 600	\$ 2,942,381	\$ 2,282,490 less 25,000 per mo.	\$ 3,255,138

- (1) Mr. Loveman's employment agreement terminated by its terms on December 31, 2016. See Discussion of the Summary Compensation Table above for Mr. Loveman's employment arrangements.
- (2) Reflects the estimated present value of all future premiums under CEC's health plans.

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- (3) Reflects the estimated present value of the cost of coverage for life and accident insurance policies and the estimated amount of proceeds payable to the executive's beneficiaries in the event of the executive's death.
- (4) Reflects the estimated amount of proceeds payable to the executive in the event of the executive's disability. Severance payments will be offset by these long-term disability benefits to which the executive is entitled.
- (5) Reflects the employer match portion for CEC's 401K plan.
- (6) For Messrs. Jenkin, Donovan, Hession, and Morse, the amount under Accelerated Vesting of Stock and/or Cash Award reflects the fair value as of December 31, 2016, of the retention stock and cash awards granted in July 2016. For Mr. Frissora, the amount represents one year of additional vesting in respect of his award of CEC RSUs granted in March 2016.
- (7) For Messrs. Jenkin, Donovan, Hession, and Morse, the amount under Accelerated Vesting of Stock and/or Cash Award reflects the fair value as of December 31, 2016, of the retention stock and cash awards granted in July 2016. For Mr. Frissora, it represents the fair value as of December 31, 2016, of all of his outstanding equity awards and his retention cash award granted in March 2016.

Human Resources Committee Interlocks and Insider Participation

None of the members of the CEC HRC is a current or former officer or employee of our Company. No executive officer of our Company serves on the compensation committee of any company that employs any member of the Compensation Committee.

Compensation of Directors of Caesars Entertainment Corporation

The following table sets forth the compensation provided by CEC to non-management directors during 2016:

Name	Fees Earned or Paid in Cash (\$)	Stock Award or Unit ⁽¹⁾	Total (\$)
Jeffrey Benjamin			
David Bonderman			
Kelvin Davis			
Fred Kleisner ⁽²⁾	646,035	150,000	796,035
Eric Press			
Marc Rowan			
David Sambur			
Lynn Swann ⁽³⁾	163,563	150,000	313,563
Christopher Williams ⁽⁴⁾	496,035	150,000	646,035
Bernard Zuroff	16,667		16,667

(1) Amounts in this column represent the grant date fair value computed in accordance with ASC Topic 718.

(2) Mr. Kleisner had a total of 9,537 options and 30,841 RSUs outstanding on December 31, 2016.

(3) Mr. Swann resigned from the CEC board of directors effective June 30, 2016.

(4) Mr. Williams had a total of 14,453 options and 29,591 RSUs outstanding on December 31, 2016.

In March 2016, as part of CEC's annual equity program, Messrs. Williams, Swann, and Kleisner each received 51,138 RSUs, which vest 33.33% on March 23, 2017, 2018, and 2019, respectively.

In addition, each of these directors received annual cash compensation paid monthly in arrears. Board members receive a base salary of \$75,000, plus an additional \$25,000 for service on the Audit Committee, an additional \$15,000 for service on the Human Resource Committee, and an additional \$10,000 for committee chairmanship. Mr. Williams received \$110,000 annually, Mr. Swann received \$57,498 through June 30, 2016, Mr. Kleisner received \$100,000 annually and Mr. Zuroff received \$16,667. Additionally, for their service on the CEC SAC, Mr. Kleisner received \$546,035, Mr. Swann received \$106,035, Mr. Williams received \$386,035 and Mr. Zuroff received \$60,000.

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The board of directors of CEC is engaged in the planning for and assessment of potential strategic alternatives and contingency planning in connection with its ongoing goals and objectives, CEC's ongoing participation in the bankruptcy proceedings and related litigation of CEC's subsidiary, CEOC and certain of CEOC's subsidiaries (each a Strategic Alternatives Matter and collectively, the Strategic Alternatives Matters). The board of directors of CEC formed the CEC SAC and authorized it to act on behalf of CEC's board of directors to undertake any review, analysis, assessment, valuation or other actions necessary or appropriate in connection with CEC's role in any or all of the Strategic Alternatives Matters, whether involving a single transaction or a series of related transactions.

The remaining directors do not receive compensation for their service as a member of CEC's board of directors and all of CEC's directors are reimbursed for any expenses incurred in connection with their service.

None of the members of the CEC HRC is a current or former officer or employee of CEC. No executive officer of CEC serves on the compensation committee of any company that employs any member of the CEC HRC.

Certain Relationships and Related Party Transactions of Caesars Entertainment Corporation

Related Party Transaction Policy

CEC's board of directors has a written related party transaction policy and procedures which gives CEC's Audit Committee the power to approve or disapprove potential related party transactions of CEC's directors and executive officers, their immediate family members, and entities where they hold a 5% or greater beneficial ownership interest. CEC's Audit Committee is charged with reviewing all relevant facts and circumstances of a related party transaction, including if the transaction is on terms comparable to those that could be obtained in arm's length dealings with an unrelated third-party and the extent of the person's interest in the transaction.

The policy has pre-approved the following related party transactions:

compensation to an executive officer or director that is reported in CEC's public filings and has such been approved or recommended to CEC's board of directors for approval by CEC's Human Resources Committee or the 162(m) Plan Committee;

transactions where the interest arises only from (a) the person's position as a director on the related party's board; (b) direct or indirect ownership of less than 5% of the related party; or (c) the person's position as a partner with the related party and all other related parties, in the aggregate, have an interest of less than 5% interest and is not the general partner of and does not have another position in the partnership;

transactions involving services as a bank depository of funds, transfer agent, registrar, trustee under a trust indenture, or similar services;

any transaction where the related party's interest arises solely from the ownership of any class of CEC's securities and all holders of that class of CEC's securities receive the same benefit on a pro rata basis; and

any transaction involving a related party where the rates or charges involved are determined by competitive bids.

A related party transaction is defined as a transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) in which CEC (including any of its subsidiaries) was, is or will be a participant and the amount involved exceeds \$120,000, and in which any related party had, has or will have a direct or indirect interest.

Table of Contents***Background***

The following discussion reflects CEC's relationships and related party transactions entered into in connection with (1) the acquisition of CEC by affiliates of the Sponsors (the Acquisition), (2) the contribution by CEC of its shares of CIE outstanding common stock held by one of CEC's subsidiaries and approximately \$1.1 billion in aggregate principal amount of senior notes (the CEOC Notes) previously issued by CEOC that were owned by another one of CEC's subsidiaries for non-voting units of CGP (collectively, the CGP Contribution Transaction), (3) the affiliates of the Sponsors exercising their basic subscription rights in full to purchase \$457.8 million worth of CAC Common Stock and CAC using such proceeds to acquire all of the voting units of CGP and (4) CGP using such proceeds to purchase from subsidiaries of CEC (x) the Planet Hollywood located in Las Vegas, Nevada, (y) CEC's joint venture interests in a casino then under development by CBAC Gaming, LLC (the Maryland Joint Venture) in Baltimore, Maryland and (z) a 50% interest in the management fee revenues for both of those properties (collectively, the Purchase Transaction, and together with the CGP Contribution Transaction, the Initial CGP Transactions). The following discussion also reflects other related party transactions since January 1, 2013. Each of CAC and CEC is under the control of Hamlet Holdings, the members of which are comprised of individuals affiliated with each of the Sponsors. Eric Press, David Sambur and Marc Rowan, each members of CEC's board of directors, are affiliated with Apollo, and David Bonderman and Kelvin Davis, each members of CEC's board of directors, are affiliated with TPG. CIE and CGP are each subsidiaries of CAC (and CEC also holds an interest in CGP). CEOC is a majority owned subsidiary of CEC. CES is a joint venture among CEOC, CERP, a subsidiary of CEC, and CGPH, an indirect, wholly owned subsidiary of CGP. Certain of CEC's executive officers and directors hold equity interests in CEC, CAC, CIE and CEOC.

Transactions with Related Persons***Hamlet Holdings Operating Agreement***

All holders of Hamlet Holdings' equity securities are parties to Hamlet Holdings' limited liability company operating agreement. The operating agreement provides, among other things, for the various responsibilities of the members. The members include Leon Black, Joshua Harris, and Marc Rowan, each of whom is affiliated with Apollo (the Apollo Members), and David Bonderman, and James Coulter, each of whom is affiliated with TPG (the TPG Members and, together with the Apollo Members, the Members). The Members have the full and exclusive right to manage Hamlet Holdings, and the consent of at least one Apollo Member and one TPG Member is required for all decisions by or on behalf of Hamlet Holdings. The operating agreement also contains customary indemnification rights.

Stockholders' Agreement

In connection with the Acquisition, Hamlet Holdings, the Sponsors and certain of their affiliates, the co-investors, and certain of their affiliates entered into a stockholders' agreement with CEC (the Stockholders' Agreement). The Stockholders' Agreement contains, among other things, the agreement among the stockholders to restrict their ability to transfer stock of CEC, as well as rights of first refusal, tag-along rights and drag-along rights. Pursuant to the Stockholders' Agreement, certain of the stockholders have, subject to certain exceptions, preemptive rights on future offerings of equity securities by CEC. The Stockholders' Agreement also provides the stockholders with certain rights with respect to the approval of certain matters and the designation of nominees to serve on CEC's board of directors, as well as registration rights of securities of CEC that they own.

Following the Acquisition, CEC's board of directors was initially comprised of at least nine directors, (1) four of whom were designated by the Apollo Members and (2) four of whom were designated by the TPG Members, and

(3) one of whom is the chairman. As ownership in CEC by either of the Sponsors decreases, the Stockholders Agreement provides for the reduction in the number of directors the respective Members can designate.

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Pursuant to the Stockholders' Agreement, approval of CEC's board of directors and at least two directors (one designated by Apollo Members and one designated by TPG Members) is required for various transactions by CEC, including, among other things, CEC's liquidation, dissolution, merger, sale of all or substantially all of CEC's assets as well as the issuance of CEC's securities in connection with certain acquisitions and joint ventures.

The Stockholders' Agreement was amended in connection with CEC's initial public offering to prevent certain rights under the Stockholders' Agreement (including certain rights described above) from terminating.

Management Investor Rights Agreement

In connection with the Acquisition, CEC entered into a Management Investor Rights Agreement, as amended (the MIRA), with certain holders of securities of CEC, including certain members of management of CEC. The agreement governs certain aspects of CEC's relationship with its management security holders. The agreement, among other things:

restricts the ability of management security holders to transfer shares of CEC Common Stock, with certain exceptions, prior to a qualified public offering;

allows the Sponsors to require management security holders to participate in sale transactions in which the Sponsors sell more than 40% of their shares of CEC Common Stock;

allows management security holders to participate in sale transactions in which the Sponsors sell shares of CEC Common Stock, subject to certain exceptions;

allows management security holders to participate in registered offerings in which the Sponsors sell their shares of CEC Common Stock, subject to certain limitations;

allows management security holders below the level of senior vice president to require CEC to repurchase shares of CEC Common Stock in the event that a management security holder below the level of senior vice president experiences an economic hardship prior to an initial public offering, subject to annual limits on CEC's repurchase obligations;

allows management security holders to require CEC to repurchase shares of CEC Common Stock upon termination of employment without cause or for good reason; and

allows CEC to repurchase, subject to applicable laws, all or any portion of the CEC Common Stock held by management security holders upon the termination of their employment with CEC or its subsidiaries, in certain circumstances.

On May 6, 2013, CEC amended the MIRA to provide that shares of CEC Common Stock issued upon exercise of an award granted under CEC's Management Equity Incentive Plan and/or the CEC 2012 PIP are not subject to the terms

and provisions of the MIRA, including, but not limited to, the restrictions on transfers set forth in the MIRA.

The MIRA will terminate upon the earliest to occur of the dissolution of Hamlet Holdings or the occurrence of any event that reduces the number of security holders to one.

Services Agreement

Upon the completion of the Acquisition, the Sponsors and their affiliates entered into a services agreement with CEC relating to the provision of certain financial and strategic advisory services and consulting services. CEC reimburses the Sponsors for expenses they incur related to these management services. CEC historically paid a monitoring fee for management services of \$7.5 million each quarter, however, the Sponsors granted a waiver of the monitoring fees due for 2015 and 2016. In 2015, CEC reimbursed the Sponsors \$20 million in

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expenses incurred. Also, under the services agreement, the Sponsors have the right to act, in return for additional fees based on a percentage of the gross transaction value, as CEC's financial advisor or investment banker for any merger, acquisition, disposition, financing or the like if CEC decides it needs to engage someone to fill such a role. CEC has agreed to indemnify the Sponsors and their affiliates and their directors, officers and representatives for losses relating to the services contemplated by the services agreement and the engagement of affiliates of the Sponsors pursuant to, and the performance by them of the services contemplated by, the services agreement.

Agreements with CAC and its Subsidiaries

For a discussion regarding agreements with CAC and its subsidiaries, please see the section entitled "CEC and CAC Proposal 1: Adoption of the Merger Agreement and Approval of the Merger - Certain Relationships Between CEC and CAC" beginning on page 303.

Agreements Relating to the CEOC Restructuring

For a discussion regarding the agreements relating to the Restructuring, see "The CEOC Restructuring" below.

WSOP Trademarks

CIE owns the WSOP trademarks and associated rights. CEOC has a perpetual, royalty-free license to use the WSOP trademarks in connection with operating WSOP branded poker rooms and selling certain WSOP branded retail items. Under a Trademark License Agreement entered into in 2011, CEC pays CIE \$2 million per year for the right to host the WSOP tournaments at the Rio All-Suites Hotel & Casino in Las Vegas or at such other property agreed to by the parties. CEC also has the right to host a number of WSOP circuit events at CEC affiliate properties under a Circuit Event Agreement with CIE. CEC must pay CIE \$75,000 for each such circuit event. Both the Trademark License Agreement and Circuit Event Agreement expire on September 1, 2016, unless terminated earlier pursuant to the terms of each agreement.

XOJet, Inc.

XOJet, Inc. ("XOJet"), a private aviation company, is a TPG portfolio company. CEC and XOJet are parties to a Custom Membership Program Agreement pursuant to which, among other things, CEC has access to XOJet aircrafts at contractually agreed upon hourly rates. Pursuant to the terms of this agreement, CEC incurred expenses of approximately \$0.6 million, \$0.9 million, and \$3.0 million for the years ended December 31, 2016, 2015, and 2014, respectively.

SunGard Availability Service LP

SunGard Availability Service LP ("SunGard"), a private software solutions company, is a TPG portfolio company. CEC and SunGard are parties to a Master Agreement for U.S. Availability Services pursuant to which, among other things, SunGard provides CEC enterprise cloud services and solutions for managed information technology. Pursuant to the terms of this agreement, CEC incurred expenses of approximately \$0.4 million, \$0.3 million, and \$1.5 million for the years ended December 31, 2016, 2015, and 2014, respectively.

Sabre, Inc.

Sabre, Inc. ("Sabre"), a private travel sector technology company, is a TPG portfolio company. CEC and Sabre are parties to a Hotel Associate Distribution and Services Agreement pursuant to which, among other things, CEC uses

Sabre's technology to assist customers with booking hotel rooms. Pursuant to the terms of this agreement, CEC incurred expenses of approximately \$0.3 million, \$0.2 million, and \$0.5 million for the years ended December 31, 2016, 2015, and 2014, respectively.

Table of Contents***Avaya Inc.***

Avaya Inc. (Avaya), a public communications solutions company, is a TPG portfolio company. CEC and Avaya are parties to a Customer Agreement pursuant to which, among other things, Avaya supplies CEC with technology products and services, software licenses and support for such products and services. Pursuant to the terms of this agreement, CEC incurred expenses of approximately \$0.3 million, \$0.3 million, and \$1.1 million for the years ended December 31, 2016, 2015, and 2014, respectively.

Norwegian Cruise Line Holdings Ltd.

Norwegian Cruise Line Holdings Ltd. (NCL), a public cruise ship operations company, is an Apollo funds and TPG portfolio company. CEC and NCL are parties to a Marketing Agreement pursuant to which, among other things, NCL pays CEC a percentage of NCL 's gaming revenue. Pursuant to the terms of this agreement, CEC and NCL 's mutual business transactions amounted to approximately \$0.1 million, \$1.1 million, and \$2.0 million for the years ended December 31, 2016, 2015, and 2014, respectively.

Classic Party Rentals

Classic Party Rentals, a private event rental company, is an Apollo portfolio company. CEC and Classic Party Rentals are parties to an Equipment Rental Agreement pursuant to which, among other things, Classic Party Rentals supplies CEC with tenting, draping, lighting, furniture, tableware, and linens for parties and events. Pursuant to the terms of this agreement, CEC incurred expenses of approximately \$0.3 million for the year ended December 31, 2014, and did not incur material expenses during 2016 and 2015.

Creative Artists Agency LLC

Creative Artists Agency, LLC. (CAA), a private talent and sports agency, is an Apollo funds and TPG portfolio company. CEC and CAA are parties to multiple entertainment agreements pursuant to which, among other things, CEC pays CAA fees in connection with artists ' performances at CEC 's properties. Pursuant to the terms of these agreements, CEC incurred expenses of approximately \$0.2 million for each of the years ended December 31, 2015 and 2014, and did not incur material expenses during 2016.

LINQ Access and Parking Easement Lease Agreement

Under the LINQ Access and Parking Easement lease agreement, CEOC leases the parking lot behind The LINQ promenade and The LINQ Hotel to CERP and CGP. Together, CERP and CGP pay approximately \$2 million annually, subject to a 3% annual increase through expiration in April 2028.

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THE CEOC RESTRUCTURING

Overview

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

Following January 15, 2015, the Debtors continued to negotiate with their creditors throughout the Chapter 11 Cases. These negotiations led to the entry into the Creditor RSAs as well as the Caesars RSAs. Pursuant to the RSAs, the parties thereto agreed, among other things, to support the Plan. On January 17, 2017, the Bankruptcy Court issued the Confirmation Order confirming the terms of the Plan, which provides for, among other things, the implementation of the Restructuring and the entry into the Restructuring Documents.

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

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

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

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

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

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

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

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RSA Forbearance Fees;

the Bank Guaranty Settlement Purchase Price to the Debtors for the benefit of CEOC's first lien bank lenders;

\$700 million commitment (with no associated fee) to purchase 100% of New CEOC Common Stock;

call rights to PropCo to purchase the real property and the related fixtures associated with the Harrah's Laughlin, Harrah's Atlantic City and Harrah's New Orleans properties;

a guarantee of New CEOC's monetary obligations under the Master Lease Agreements and, if necessary, the \$1,235 million of New CEOC debt to be issued at the Plan Effective Time;

approximately \$1.1 billion of the Convertible Notes issued by CEC;

at least \$1.0 billion and up to \$1.2 billion in cash to repurchase shares of CEC Common Stock from certain creditors of the Debtors;

\$60 million for the Additional CEC Bank Consideration and \$80 million for the Additional CEC Bond Consideration, each of which may be paid in cash or in CEC Common Stock at CEC's discretion (subject to CAC's prior written consent if CEC Common Stock is issued) and, for accounting and financial reporting purposes, assuming a Plan Effective Time as of August 31, 2017; and

issuance of up to 58.4% of CEC Common Stock to creditors of CEOC and the other Debtors (after giving effect to the Merger Stock Issuance and assuming completion of \$1.0 billion of the CEC Common Equity Buyback), the issuance of which is the subject of approval at the CEC Special Meeting and will be provided upon exchange of New CEOC Preferred Stock in connection with the CEOC Merger.

After the Emergence, New CEC will be responsible for CEC's ongoing obligations arising from these contributions, including with respect to any guarantees.

Additionally, under the Plan, CAC will waive its recoveries on approximately \$293 million (including accrued and unpaid interest) of the Senior Notes.

Because certain of CEC's contributions to the Debtors under the Plan take the form of direct credit support, such as the guarantee of New CEOC's operating lease obligations, the Plan provides for, among other things, (1) a global settlement of all claims the Debtors may have against CEC and its affiliates and CAC and its affiliates and (2) comprehensive releases for CEC and its affiliates and CAC and its affiliates for claims or causes of action that the Debtors' creditors may have against CEC and its affiliates and CAC and its affiliates, including with respect to any obligations CEC may have related to guarantees of CEOC's debt.

At the Plan Effective Time, the terms of the Plan confirmed by the Confirmation Order will be binding upon the Debtors and all other parties affected by the Plan.

The Restructuring will significantly de-lever the Debtors' capital structure, leaving New CEOC and its subsidiaries with approximately \$1.6 billion in outstanding debt at the Plan Effective Time.

The Plan

The following description summarizes CEC's contributions to the Debtors under the Plan as well as the Restructuring Documents to be entered into in connection with the Plan. After the Emergence, New CEC will be responsible for CEC's obligations arising from the contributions and the Restructuring Documents entered into at the Plan Effective Time. The description below is qualified in its entirety by reference to the Plan and the related Disclosure Statement, which is available at <https://cases.primeclerk.com/CEOC>.

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The Separation Structure

The separation of the Debtors into OpCo, PropCo and the REIT (the Separation Structure) will occur through a spin-off of the REIT in a transaction intended to generally constitute a tax-free reorganization under section 368(a)(1)(G) of the Code (the Spin Structure). In the Spin Structure, the distribution of the new debt and new equity under the Plan will be made in a manner that is intended to not generate taxable income to the Debtors other than cancellation of indebtedness income.

On March 20, 2015, the Debtors submitted a formal request to the IRS seeking a ruling from the IRS with respect to certain federal income tax consequences of the Spin Structure (the PLR Request). In response to the PLR Request, the IRS requested additional information from the Debtors and the Debtors provided such information to the IRS. On January 5, 2017, CEC and CEOC received private letter rulings from the IRS in connection with the formation of, and distribution to certain creditors of CEOC of interests in, a REIT pursuant to the Plan (the PLRs). In the PLRs, the IRS addressed and favorably ruled on certain issues necessary for the Spin Structure to qualify as tax-free under Sections 355 and 368(a)(1)(G) of the Code, and for the REIT to qualify as a REIT under the Code.

Below is a chart representing the anticipated structure of New CEC after the completion of the Merger and the Restructuring (based solely on the number of shares of CEC and CAC Common Stock issued and outstanding as of December 31, 2016):

- (1) As part of the Restructuring, affiliates of the Sponsors that granted a proxy to Hamlet Holdings will contribute the shares of CEC Common Stock they currently own to CEC and, accordingly, will not have any interests in New CEC after completion of the Merger and the Restructuring other than through their former interests in CAC.

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- (2) Affiliates of the Sponsors that granted a proxy to Hamlet Holdings will beneficially own approximately 21.4% of New CEC through their former interests in CAC, while former CAC public stockholders will own approximately 11.5% of New CEC through their former interests in CAC, in each case calculated after giving effect to the Emergence Stock Issuance and assuming completion of \$1.0 billion of the CEC Common Equity Buyback.
- (3) Calculated after giving effect to the Emergence Stock Issuance and assuming completion of at least \$1.0 billion of the CEC Common Equity Buyback (which may be up to \$1.2 billion under certain circumstances). In the event that \$1.2 billion of CEC Common Stock is repurchased in the CEC Common Equity Buyback, CEC Stockholders would own 9.1% of New CEC, CAC stockholders would own 34.3% of New CEC, including approximately 22.3% beneficially owned by affiliates of the Sponsors that granted a proxy to Hamlet Holdings, and CEC's creditors would own 56.6% of New CEC, in each case, after giving effect to the Emergence Stock Issuance.
- (4) CERP owns six casinos in the United States and The LINQ promenade along with leasing Octavius Tower to OpCo and gaming space at The LINQ promenade to CGP.
- (5) CGP owns six casinos in the United States and, through its indirect subsidiary CIE, owns and operates a regulated online real money gaming business and owns the WSOP tournaments and brand. As discussed above, on September 23, 2016, CIE sold its social and mobile games business as it existed at that time, including Playtika, Ltd., to Alpha Frontier Limited for approximately \$4.4 billion in cash.
- (6) Managers will be newly formed subsidiaries that will provide management services to OpCo, or New CEOC, with respect to properties leased from PropCo pursuant to the MLSAs. See the section entitled "The CEOC Restructuring - The Plan - Shared Services" beginning on page 206 for additional information.
- (7) Consists primarily of captive insurance subsidiaries and certain international development companies.
- (8) OpCo or New CEOC, as CEOC's successor, is expected to lease and operate 18 casinos in the United States, own and operate one casino in the United States and nine internationally, most of which are located in the United Kingdom, and manage seven casinos owned by unrelated third parties.
- (9) CES provides certain corporate, administrative and management services for the CERP, New CEOC and CGPH casino properties and casinos owned by unrelated third parties. CES also manages certain enterprise assets and the other assets it owns, licenses or controls, and employs certain of the corresponding employees.

New CEOC Funded Debt Obligations

At the Plan Effective Time, pursuant to the Plan, New CEOC will have funded debt obligations of at least \$1,235 million, or the New CEOC Debt. As of February 21, 2017, CEOC and the other Debtors had entered into committed financing agreements for proposed new senior secured credit facilities, comprising up to \$1,235 million in the aggregate principal amount of a seven-year senior secured term loan facility and up to \$200 million in the aggregate principal amount of a five-year senior secured revolving credit facility (collectively, the New CEOC Senior Facilities). The closing of the New CEOC Senior Facilities is subject to syndication, the negotiation and execution of definitive documentation, receipt of regulatory approvals and satisfaction of customary closing conditions.

If the New CEOC Senior Facilities are not fully syndicated and issued to third parties and the requisite consenting bank creditors waive the Plan's requirement that New CEOC Debt be syndicated and issued to third parties, then New CEOC may issue up to \$916 million in principal amount of New CEOC Debt in the form of first lien term loans (New CEOC First Lien Term Loans) on a pro rata basis to holders of Prepetition Credit Agreement Claims. Similarly, if the New CEOC Debt is not fully syndicated and issued to third parties and the requisite consenting bond creditors waive the Plan's requirement that New CEOC Debt be syndicated and issued to third parties, then New CEOC may issue up to \$318 million in principal amount of New CEOC Debt in the form of first lien notes (New CEOC First Lien Notes) on a pro rata basis to holders of Secured First Lien Notes Claims, provided however, that if the amount of New CEOC First Lien Notes that would be issued is less than \$159.05 million, then the holders of Secured First Lien Notes Claims will receive the New CEOC First Lien Term Loans in lieu of the New CEOC First Lien Notes.

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The following table sets forth the estimated sources and uses of cash for CEC in connection with the Plan, which, for accounting and financial reporting purposes, assumes a Plan Effective Time as of August 31, 2017.

Sources of Funds	(in millions)		Uses of Funds
CIE cash ⁽¹⁾	\$ 2,950	Cash to CEOC creditors ⁽⁴⁾	\$ 3,719
CEC insurance proceeds ⁽²⁾	126	Purchase of New CEOC Equity	700
New CEOC Debt proceeds	1,235	CEC Common Equity Buyback ⁽⁵⁾	1,000
CEOC and CGP cash ⁽³⁾	1,353	Capitalization of PropCo ⁽⁶⁾	45
		Financing, professional and other fees ⁽⁷⁾	200
Total sources of funds	\$ 5,664	Total uses of funds	\$ 5,664

- (1) This includes all cash expected to be remaining at CIE after the sale of the SMG Business, less (i) \$260 million of cash held in escrow related to the sale, approximately \$196 million of which is expected to be released to New CEC in September 2017, subject to certain conditions and any indemnity claims made by the buyers of the SMG Business, and (ii) \$15 million of minimum cash.
- (2) Reflects cash proceeds from the settlement of certain claims under director and officer insurance policies.
- (3) Assumes remaining funding requirements are funded using cash held at CEOC and CGP.
- (4) Includes the (i) \$925 million CEC Cash Contribution under the Plan, net of \$94 million of forbearance fees already paid prior to the Plan Effective Time, (ii) \$801 million Bank Guaranty Settlement, net of \$61 million for an upfront payment paid prior to the Plan Effective Time, (iii) \$140 million of ticking fees, which consists of \$60 million to be paid for the Additional CEC Bank Consideration and \$80 million to be paid for the Additional CEC Bond Consideration and (iv) \$2,006 million of other cash distributions to CEOC creditors pursuant to the Plan. Does not include cash to CEOC creditors from the issuance of CPLV Market Debt or issuance of PropCo Preferred Equity, in each case, pursuant to the Plan.
- (5) May be increased to \$1,200 million depending on the elections of certain creditors of the Debtors and an evaluation of the potential tax consequences of the buyback.
- (6) Represents cash from CEOC that will be transferred to PropCo to fund PropCo at the Plan Effective Time.
- (7) Includes estimates for financing fees and professional fees related to the CPLV Market Debt and New CEOC Debt, backstop fees related to the PropCo Preferred Equity, professional fees for financial advisors related to the Restructuring and Merger, and other fees due pursuant to the RSAs.

Under the Plan, CEC will be making significant cash and non-cash contributions to the Debtors reorganization and to facilitate the Restructuring. These contributions will be funded, in part, by cash currently held by CAC or its subsidiaries that will become available upon completion of the Merger, which is expected to occur substantially concurrently with the Emergence at the Plan Effective Time.

CEC Cash Contributions and Payments

At the Plan Effective Time, CEC will pay to the Debtors (1) approximately \$925.2 million in cash, plus (2) the Bank Guaranty Settlement Purchase Price (as defined below), plus (3) (i) the Additional CEC Bank Consideration and (ii) the Additional CEC Bond Consideration, plus (4) any proceeds or settlement received on behalf of CEOC s, CEC s,

or the Sponsors applicable insurance policies prior to the Plan Effective Time, less (5) the RSA forbearance fees under the RSA with the holders of claims in respect of CEOC's first lien bonds (Secured First Lien Notes Claims and such RSA, the First Lien Bond RSA), the RSA with the holders of claims in respect of CEOC's first lien bank debt (Prepetition Credit Agreement Claims and such RSA, the Bank RSA) and the RSA with the holders of claims in respect of CEOC's second lien bonds (Second Lien Notes Claims and such RSA, the Second Lien Bond RSA) paid by CEC (collectively, the RSA Forbearance Fees).

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For additional discussion on Additional CEC Bank Consideration and the Additional CEC Bond Consideration, see the section entitled *Additional CEC Bank Consideration; Additional CEC Bond Consideration* below. For additional discussion of the RSA Forbearance Fees, see the section entitled *RSA Forbearance Fees* below.

RSA Forbearance Fees

At the Plan Effective Time, CEC will pay the RSA Forbearance Fees in the amount of 1.625% of the face amount of the first lien bonds held by (1) holders of Secured First Lien Notes Claims who signed the First Lien Bond RSA prior to 5:00 p.m. EST on January 12, 2015, so long as the First Lien Bond RSA is in effect, (2) holders of Prepetition Credit Agreement Claims who signed the Bank RSA (provided that those first lien bonds held by such bank lenders that have not already received the first payment of 1.625%, will receive 3.25% of the face amount of their first lien bonds at the Plan Effective Time) and (3) holders of Second Lien Notes Claims who signed the Second Lien Bond RSA within two business days following its effective date, so long as the Bank RSA, First Lien Bond RSA and Second Lien Bond RSA are in effect.

Bank Guaranty Settlement

As part of a settlement by and among CEC, CEOC and lenders party to the Bank RSA with respect to the entitlement of certain holders Prepetition Credit Agreement Claims to post-petition interest and the rate of any such post-petition interest, and to facilitate a settlement with the holders of claims with respect to CEOC's subsidiary-guaranteed notes, at the Plan Effective Time, CEC will contribute to the Debtors sufficient cash to cover the settlement amounts outlined in the Plan to be paid for such Prepetition Credit Agreement Claims (the *Bank Guaranty Settlement Purchase Price*). At the Plan Effective Time, the Debtors will distribute the Bank Guaranty Settlement Purchase Price to the holders of Prepetition Credit Agreement Claims in compliance with each such holder's respective accrued post-petition interest in accordance with the Plan.

CEC Stock Purchase of New CEOC Equity

At the Plan Effective Time, CEC will complete the purchase of 100% of the common equity interests in New CEOC (*New CEOC Common Stock*) for \$700 million, at which time CEC will own 100% of the New CEOC Common Stock.

PropCo Call Right Agreements

At the Plan Effective Time, PropCo, CEC, CERP, CGP and their respective applicable subsidiaries (if applicable) will enter into certain call right agreements (the *PropCo Call Right Agreements*), and each PropCo Call Right Agreement will become effective in accordance with its terms and the Plan. The PropCo Call Right Agreements will provide PropCo with an option, exercisable within five years following the Plan Effective Time, to purchase and lease back to, as applicable, CERP's, CGP's or their respective applicable subsidiaries' real property interest and all improvements associated with Harrah's Atlantic City, Harrah's Laughlin and Harrah's New Orleans (each PropCo Call Right Agreement relating to a different property). If PropCo does not exercise its call right within the exercise period, the respective PropCo Call Right Agreement will automatically terminate. The purchase price will equal ten times the agreed annual rent for such properties under the applicable lease, and the purchase will be on other customary terms and conditions, with the closing of such purchase(s) to occur following regulatory approvals. The rent under each lease will be determined based on an EBITDAR coverage ratio and will be adjusted on terms consistent with the Non-CPLV Master Lease. If CEC is unable to timely deliver a property pursuant to the call right due to limitations set forth in agreements governing CEC's subsidiaries' indebtedness and if CEC is not able to provide replacement property providing equal or greater economic benefits to PropCo, CEC will pay to PropCo an amount in cash equal to the loss

in value to PropCo as specified in the applicable PropCo Call Right Agreement, subject to certain conditions.

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If necessary regulatory approvals in connection with the purchase of a property are not obtained, CEC will be required to use commercially reasonable efforts to sell the property to an alternative purchaser, subject to certain conditions. The proceeds of such sale will go first to CEC to compensate it for the funds it would have received had it sold the applicable property to PropCo, with the remainder of funds to be distributed to PropCo. If a sale of a property is not completed due to CEC's failure to obtain necessary regulatory approvals, PropCo may terminate the PropCo Call Right Agreement and CEC will pay to PropCo an amount in cash equal to the loss in value to PropCo as specified in the applicable PropCo Call Right Agreement.

Additionally, the call rights will be subject: (1) in the case of Harrah's Atlantic City and Harrah's Laughlin, to the terms of the CERP debt documents and (2) in the case of Harrah's New Orleans, to the terms of the CGP debt documents; provided, further, that in no event will such right be dilutive of covenant compliance after CEC's, CERP's and CGP's commercially reasonable efforts to obtain waivers or amendments to permit such transactions.

CEC Guarantees

At the Plan Effective Time, OpCo Tenant (as defined below) and PropCo Landlord (as defined below) will enter into the Master Lease Agreements, whereby OpCo Tenant will lease from PropCo Landlord certain real property assets and related fixtures formerly owned by CEOC. Additionally, New CEOC and Golf TRS (as defined below) will enter into the Golf Course Use Agreement pursuant to which New CEOC will have lease and usage rights from Golf TRS for certain golf course properties formerly owned by CEOC. Each of the Master Lease Agreements and the Golf Course Use Agreement will become effective in accordance with their terms and the Plan. The payment of all monetary obligations of each OpCo Tenant under its Master Lease Agreement will be guaranteed by CEC under the terms of a MLSA, and the payment of all monetary obligations of New CEOC (and/or its applicable subsidiaries) under the Golf Course Use Agreement will be guaranteed by CEC under the terms of the Non-CPLV MLSA. For additional information on these lease arrangements. See the section entitled "Master Lease Agreements, Golf Course Use Agreement" below for additional information.

CEC has agreed to enter a "New CEOC Guaranty Agreement" whereby CEC will guarantee the New CEOC Debt if necessary to ensure syndication thereof to third parties. If not all of the New CEOC Debt is syndicated and the New CEOC First Lien Term Loans and/or New CEOC First Lien Notes are issued to the holders of Prepetition Credit Agreement Claims or Secured First Lien Notes Claims, CEC will guarantee such debt.

CEC Convertible Notes

At the Plan Effective Time, CEC will issue approximately \$1.1 billion of the Convertible Notes to the Debtors, and the Debtors will distribute the Convertible Notes pursuant to the terms of the Plan to the holders of non-first lien claims.

The Convertible Notes will accrue interest at 5.00% per annum and mature in 2024. The Convertible Notes will be convertible at the option of holders into a number of shares of CEC Common Stock that, were they issued at the Plan Effective Time, would represent approximately 17.9% of the CEC shares outstanding at the Plan Effective Time, assuming completion of \$1.0 billion of the CEC Common Equity Buyback. The Convertible Notes will be subject to conversion at the option of CEC following the third anniversary of the issuance of the Convertible Notes if the last reported sale price of CEC Common Stock equals or exceeds 140% of the conversion price for the Convertible Notes in effect on each of at least 20 trading days during any 30 consecutive trading day period. CEC will not have any other redemption rights.

If CEC undergoes a Fundamental Change (as defined in the indenture governing the Convertible Notes), holders may require CEC to purchase for cash all or part of their Convertible Notes at a purchase price equal to 100% of the principal amount of the Convertible Notes to be purchased, plus accrued and unpaid interest, if any, to, but excluding, the Fundamental Change purchase date. In addition, if certain make-whole fundamental

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changes occur, CEC will, in certain circumstances, increase the conversion rate for any Convertible Notes converted in connection with such make-whole fundamental change.

The Convertible Notes will be senior unsecured obligations of CEC and rank equally and ratably in right of payment with all existing and future senior unsecured obligations and senior to all future subordinated indebtedness. The Convertible Notes will not be guaranteed.

The indenture that will govern the Convertible Notes will have covenants that limit CEC's and its restricted subsidiaries' ability to, among other things: (1) incur additional debt or issue certain stock; (2) pay dividends on or make other distributions in respect of its capital stock or make other restricted payments, including certain investments; (3) put any restriction on the ability of restricted subsidiaries to pay dividends, make loans or sell assets to CEC or its restricted subsidiaries; (4) sell certain assets; (5) create liens on certain assets to secure debt; (6) consolidate, merge, sell or otherwise dispose of all or substantially all of its assets; and (7) enter into certain transactions with their affiliates. These covenants will be subject to a number of important limitations and exceptions outlined in the indenture. The indenture will also provide for events of default, which, if any of them occurs, would permit or require the principal, premium, if any, interest and any other monetary obligations on all of the then outstanding Convertible Notes to be due and payable immediately. The terms of the Convertible Notes must be in the form and substance reasonably acceptable to CEC's major creditor groups.

CEC Common Equity Buyback

At the Plan Effective Time, CEC will use at least \$1.0 billion and up to \$1.2 billion of the proceeds received in the sale of CIE's social and mobile games business as it existed at that time, including Playtika, Ltd. (the CIE Proceeds), to repurchase CEC Common Stock (the CEC Common Equity Buyback) from certain creditors of the Debtors at a predetermined price as follows:

First, \$1.0 billion of the CIE Proceeds (the Initial Buyback Amount) will be used to repurchase CEC Common Stock from holders of Second Lien Notes Claims and senior unsecured notes, general unsecured claims and claims in respect of an asserted personal injury tort or workers compensation against any Debtor who elect to sell such holders' shares of CEC Common Stock (the Initial Buyback);

Second, in the event that less than all of the Initial Buyback Amount is used in the previous step, CEC will use the remaining portion to repurchase CEC Common Stock from the holders in the previous step pro rata based on the amount of equity they receive under the Plan, but excluding those holders who participated at their pro rata or higher amount in step one above;

Third, a portion of \$200.0 million of the CIE Proceeds (the Additional Buyback Amount) will be used to repurchase such holders' shares of CEC Common Stock pro rata based on the quantum of equity they elected to sell in an amount equal to the lesser of (x) the maximum amount permitted without violating continuity of interest tests related to the Spin Structure and (y) the amount of remaining stock that the holders above elected to sell but was not satisfied in the Initial Buyback; and

Fourth, any unused portion of the Additional Buyback Amount will be used to repurchase CEC Common Stock from holders of Secured First Lien Notes Claims, Prepetition Credit Agreement Claims and subsidiary-guaranteed notes who elect to sell such holders' shares of CEC Common Stock, so long as such amount is permitted without violating the continuity of interest tests.

To the extent the Debtors determine in good faith that the CEC Common Equity Buyback would have negative consequences with respect to the tax treatment of the Spin Structure, the Debtors may modify the CEC Common Equity Buyback solely in a manner necessary to avoid such negative consequences only if the Second Lien Committee has given its written consent. Any modifications to the CEC Common Equity Buyback that adversely impacts CEO's or CEC's ability to provide the treatment of, and the identical economic recoveries available to, the holders of Secured First Lien Notes Claims or Prepetition Credit Agreement Claims require the consent of the requisite consenting bond creditors or the requisite consenting bank creditors, respectively.

Table of Contents*Additional CEC Bank Consideration; Additional CEC Bond Consideration*

At the Plan Effective Time, CEC will pay to the Debtors an amount equal to \$10 million per month earned from January 1, 2017 through the earlier of the Plan Effective Time or June 30, 2017 (such amount, the Additional CEC Bank Consideration). Additionally, to the extent the Plan Effective Time has not occurred by May 1, 2017, CEC will pay an amount equal to \$20 million per month from May 1, 2017 until the Plan Effective Time, less \$4.8 million (such amount, the Additional CEC Bond Consideration). Assuming a Plan Effective Time as of August 31, 2017 for accounting and financial reporting purposes, CEC estimates payments of \$60 million for the Additional CEC Bank Consideration and \$80 million for the Additional CEC Bond Consideration. Each amount may be paid at CEC's election either in cash or CEC Common Stock (subject to CAC's prior written consent if CEC Common Stock is issued), which will be issued in exchange for New CEOC Preferred Stock in connection with the CEOC Merger.

CEC Common Stock

At the Plan Effective Time, New CEOC will first issue Series A Preferred Stock (New CEOC Preferred Stock) to certain creditors of the Debtors. New CEOC will merge with and into a newly formed subsidiary of CEC (the CEOC Merger). In exchange for the New CEOC Preferred Stock in connection with the CEOC Merger and in accordance with the Plan, at the Plan Effective Time, CEC will issue to certain creditors of the Debtors CEC Common Stock in an amount up to 58.4% of the outstanding shares of CEC Common Stock (after giving effect to the Merger Stock Issuance and assuming completion of \$1.0 billion of the CEC Common Equity Buyback). The percentages of CEC Common Stock issued pursuant to the Plan will take into account any dilution that would otherwise occur based on the conversion of the Convertible Notes to CEC Common Stock.

Shared Services

On or before the Plan Effective Time, the limited liability agreement of CES and the Omnibus Agreement will be amended or modified as necessary or appropriate to reflect the formation of New CEOC and PropCo, including (1) to provide that Total Rewards and other enterprise-wide and property specific resources are allocated, and services provided, in a way that does not discriminate against PropCo or New CEOC, and (2) for so long as CEC, or an entity that is a wholly owned subsidiary of CEC that provides management services pursuant to certain management and lease support agreements (the MLSAs), and each such subsidiary of CEC that will provide management services, a Manager), or any of their respective affiliates or subsidiaries, manages pursuant to the MLSAs or otherwise, CES will ensure that, in the event CEC, the Manager, or any of their respective affiliates and subsidiaries cease to provide the resources and services provided by such agreements, CES will provide such resources and services directly to PropCo on equivalent terms to or via an alternative arrangement reasonably acceptable to PropCo; provided that if CEC, the Manager, or any of their respective affiliates or subsidiaries are terminated as manager under the applicable management agreement other than by or with the consent of PropCo, CES will provide such resources and services pursuant to a management agreement on substantially the same terms and conditions, notwithstanding such termination, if so elected by PropCo. In the event PropCo terminates or consents to the termination of the management relationship with CEC or its affiliates, for so long as the transition period under the applicable management agreement(s) continues, PropCo will continue to have access to such resources and services on no less favorable terms.

CES will, at the request of the board of the REIT Entity, have meetings or conference calls once a quarter with a designee of the board of the REIT Entity to discuss, and consult on, the strategic and financial business plans, budgeting (including capital expenditures), and other topics as reasonably requested by the board of the REIT Entity. The REIT Entity will also have audit and information rights with respect to CES.

Master Lease Agreements, Golf Course Use Agreement

At the Plan Effective Time, OpCo (and/or its applicable subsidiaries) (as tenant under a Master Lease Agreement, OpCo Tenant) and PropCo (and/or its applicable subsidiaries) (as landlord under a Master Lease

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Agreement, PropCo Landlord) will enter into the Master Lease Agreements, and the Master Lease Agreements will become effective in accordance with their terms and the Plan. There will be at least two separate Master Lease Agreements, each between OpCo Tenant and PropCo Landlord: one lease relating to the Caesars Palace Las Vegas property (the CPLV Master Lease), and the other lease(s) (the Non-CPLV Master Lease) relating to the remaining U.S. properties owned by PropCo (initially comprised of 17 gaming facilities operated in eight states, a racetrack facility in Kentucky, miscellaneous properties in Las Vegas, Nevada and, upon the approval of the Bankruptcy Court, generally all other real property owned by CEOC as of the Plan Effective Time, other than the Golf Course properties). The term Facility refers to each single operating asset/business unit property leased under the Master Lease Agreements (*i.e.*, Caesars Palace Las Vegas under the CPLV Master Lease, and/or each of the various casinos leased under the Non-CPLV Master Lease).

The payment of all monetary obligations of each OpCo Tenant under its Master Lease Agreement will be guaranteed by CEC under the terms of a MLSA, as described in further detail below. Each Master Lease Agreement will have a 15 year initial term and four renewal terms of five years each exercisable by OpCo Tenant (at its option), provided there are no uncured defaults by OpCo Tenant under such Master Lease Agreement.

Each Master Lease Agreement will be structured as a triple-net lease, in that OpCo Tenant is responsible for all operating costs associated with the respective covered Facilities, including the payment of taxes, insurance and all repairs, and providing indemnities to PropCo Landlord against liabilities associated with the operations of each such Facility.

OpCo will be required to make capital expenditures satisfying certain minimum spending requirements as set forth in the Master Lease Agreements.

Generally, PropCo's sale of any Facility is conditioned upon an OpCo Tenant entering into a new lease with such new property owner on terms substantially similar to the applicable Master Lease Agreement, with prorated rent and capital expenditure obligations (and corresponding reductions under the applicable Master Lease Agreement from which such Facility is being sold). However, PropCo Landlord may sell certain specified parcels of land not associated with (or otherwise not necessary for the operation of) a Facility to third parties without a new lease (or any reduction of rent or capital expenditure obligations under the applicable Master Lease Agreement from which such land is being sold).

Generally, direct and indirect changes in control of OpCo Tenant are restricted without the PropCo Landlord's consent, but transfers of stock on a nationally-recognized exchange are permitted and certain direct and indirect changes in control of CEC are permitted without PropCo Landlord's consent.

A default under the Non-CPLV Master Lease will not be a default under the CPLV Master Lease. A default under the CPLV Master Lease will be a default under the Non-CPLV Master Lease, but only through the maturity date of the CPLV Market Debt (and thereafter the Master Lease Agreements shall not be cross-defaulted).

In the event either Master Lease Agreement is terminated, at such PropCo Landlord's option, the applicable OpCo Tenant will cooperate to transfer all personal property located at the applicable Facility(ies) to a designated successor, for fair market value, and/or to stay in possession of (and continue to operate) the applicable premises for a period not to exceed 2 years until a successor Tenant is determined.

Each Master Lease Agreement provides for fixed rent during an initial term, then a rent consisting of both base rent and variable percentage rent elements. The CPLV Master Lease provides for annual fixed rent of \$165 million for the first seven lease years, subject to escalation beginning in the 2nd lease year equal to the greater of 2% and the

Consumer Price Index (the Escalator). Beginning in the 8th lease year, the base rent (CPLV Base Rent) will initially equal 80% of the preceding year's rent (and thereafter be increased annually by the Escalator for the remainder of the initial term), and percentage rent (CPLV Percentage Rent) will begin

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to be due, calculated as follows: In year 8, a fixed annual amount equal to 20% of the rent of the 7th lease year adjusted upwards or downwards by the product of 13% and the amount by which the net revenue generated by the Caesars Palace Las Vegas property in the 7th lease year increased or decreased from the net revenue for the year preceding the initial lease year of the initial term. The CPLV Percentage Rent will then remain unchanged during the 9th and 10th lease years. The CPLV Percentage Rent will be adjusted in year 11 either upward or downward in proportion to the comparison of net revenue from the 10th lease year versus net revenue from the 7th lease year. The CPLV Percentage Rent will then again remain unchanged for the remainder of the initial term. At the commencement of each renewal term, (a) the CPLV Base Rent will initially be adjusted to fair market value rent (provided it will be no lower than the prior year's CPLV Base Rent and no greater than 110% of the prior year's CPLV Base Rent), and thereafter be increased annually by the Escalator, and (b) the CPLV Percentage Rent will be adjusted either upward or downward, in proportion to the comparison of net revenue from the prior year versus net revenue from the year preceding the last time the CPLV Percentage Rent was adjusted, and then again remain unchanged for the remainder of such renewal term.

The Non-CPLV Master Lease provides for annual fixed rent of \$465 million for the first seven lease years, subject to escalation beginning in the 6th lease year equal to the Escalator. Beginning in the 8th lease year, the base rent (Non-CPLV Base Rent) will begin to be due, calculated as follows: the Non-CPLV Base Rent for lease years 8 through 10 will be equal in year 8 to 70% of the total rent for the 7th lease year, then increased annually by the Escalator during years 9 and 10. The Non-CPLV Base Rent for lease year 11 will be equal to 80% of the total rent for the 10th lease year, then increased annually by the Escalator for the remainder of the initial term. Also beginning in the 8th lease year, percentage rent (Non-CPLV Percentage Rent) will begin to be due, calculated as follows: In year 8, a fixed annual amount equal to 30% of the rent of the 7th lease year adjusted upwards or downwards by the product of 19.5% and the amount by which the net revenue generated by the Non-CPLV Facilities in the 7th lease year increased or decreased from the net revenue for the year preceding the initial lease year of the initial term. The Non-CPLV Percentage Rent will then remain unchanged during the 9th and 10th lease years. In year 11, the Non-CPLV Percentage Rent will be a fixed annual amount equal to 20% of the rent of the 10th lease year adjusted upwards or downwards by the product of 13% and the amount by which the net revenue generated by the Non-CPLV Facilities in the 10th lease year increased or decreased from the net revenue for the 7th lease year. The Non-CPLV Percentage Rent will then again remain unchanged for the remainder of the initial term. At the commencement of each renewal term, (a) the Non-CPLV Base Rent will initially be adjusted to fair market value rent (provided it will be no lower than the prior year's Non-CPLV Base Rent and no greater than 110% of the prior year's Non-CPLV Base Rent), and thereafter be increased annually by the Escalator, and (b) the Non-CPLV Percentage Rent will be adjusted either upward or downward in proportion to the comparison of net revenue from the prior year versus net revenue from the year preceding the last time the Non-CPLV Percentage Rent was adjusted, and then again remain unchanged for the remainder of such renewal term.

Concurrently with execution of the Master Lease Agreements, (1) certain golf course properties (the Golf Course Properties) will be transferred to a direct, wholly-owned taxable REIT subsidiary (Golf TRS) of PropCo's general partner, and (2) New CEOC and Golf TRS will enter into a golf course use agreement (the Golf Course Use Agreement) pursuant to which New CEOC will pay to Golf TRS (i) an annual payment in the amount of \$10 million subject to escalation in the 6th lease year equal to the Escalator, and (ii) per-round fees. The Golf Course Use Agreement will be coterminous, and cross defaulted, with the Non-CPLV Master Lease. The payment of all monetary obligations of New CEOC (and/or its applicable subsidiaries) under the Golf Course Use Agreement will be guaranteed by CEC under the terms of the Non-CPLV MLSA described in further detail below.

Management and Lease Support Agreements

At the Plan Effective Time, each OpCo Tenant and PropCo Landlord will enter into a MLSA with Manager and CEC in respect of the respective Master Lease Agreement, and such MLSAs will become effective in accordance with their terms and the Plan. Pursuant to each of the MLSAs, (1) the Manager (to be a wholly owned

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subsidiary of CEC) will manage the applicable Facility(ies) leased by OpCo Tenant, within certain parameters, with expenses for operating such Facility(ies) to be reimbursed by OpCo Tenant, and other customary management agreement terms and provisions, and (2) CEC will provide a guarantee in respect of OpCo Tenant's monetary obligations under the applicable Master Lease Agreement and (under the Non-CPLV MLSA) New CEOC's monetary obligations under the Golf Course Use Agreement. CEC's guaranty and the Manager's obligations under each MLSA terminate if the applicable Master Lease Agreement is terminated by reason of casualty, condemnation, the natural expiration of the term, or otherwise with PropCo Landlord's consent, and/or if PropCo Landlord elects to terminate the Manager other than for cause. The MLSAs each provide that CEC will not sell its assets unless it receives consideration equal to at least fair market value and, in the event of sales to affiliates, such sale will be subject to (i) a right of first refusal in favor of PropCo, (ii) the approval of the independent members of CEC's board of directors and (iii) receipt of a fairness opinion from an accounting, appraisal or investment banking firm.

The MLSAs limit the ability of CEC to pay non-cash dividends unless such dividends would not reasonably be expected to result in CEC's ability to perform its guaranty obligations. For a period of six years after the Plan Effective Time, the MLSAs also restrict the ability of CEC to pay dividends, purchase CEC's capital stock or engage in similar transactions unless (A) CEC's market capitalization after such transaction is at least \$5.5 billion, (B) the aggregate amount of such dividends or other transactions does not exceed (x) 25% of the net proceeds, up to a cap of \$25 million in any fiscal year, from the disposition of assets, or (y) \$100 million from other sources in any fiscal year, or (C) CEC's equity market capitalization after such transaction is at least \$4.5 billion and such dividend, distribution or other transaction is less than or equal to \$125 million per annum and is funded solely by asset sale proceeds.

Right of First Refusal Agreement

At the Plan Effective Time, PropCo and CEC will enter into the Right of First Refusal Agreement, and the Right of First Refusal Agreement will become effective in accordance with its terms and the Plan. The Right of First Refusal Agreement will provide, among other things, (1) a grant by CEC (by and on behalf of itself and all of its majority owned subsidiaries) to PropCo (by and on behalf of itself and all of its majority owned subsidiaries) of a right of first refusal to own and lease to an affiliate of CEC certain non-Las Vegas domestic real estate that CEC or its affiliates may have the opportunity to acquire or develop and (2) a grant by PropCo to CEC of a right of first refusal to lease and manage certain non-Las Vegas domestic real estate that PropCo may have the opportunity to acquire or develop.

Corporate Governance at New CEC

At the Plan Effective Time, the initial board of directors of New CEC (the Initial Board) will consist of eleven members (the Initial Directors), one of whom will be the CEO of New CEC and eight of whom will be independent directors, including the chairman. The Initial Board will be classified with Class I directors having a term expiring at the 2018 annual meeting of stockholders. The independent directors will not include anyone who is an officer, director, manager or full-time employee of any Sponsor. Four members of the Initial Board will be appointed by the current directors of CEC and CAC. CEC and CAC will be entitled to appoint two Initial Directors who are not independent. The CAC Special Committee and the CEC SAC will each appoint one of the four Initial Directors appointed by CEC/CAC, which appointments will be subject to the consent of the Second Lien Committee. Three members of the Initial Board will be appointed by the Second Lien Committee. Two members of the Initial Board will be appointed by the requisite consenting bond creditors. One member of the Initial Board will be appointed by the requisite consenting bank creditors and the requisite consenting subsidiary guaranteed notes creditors, in consultation with the committee representing the unsecured creditors.

Additional Terms of the Plan

The Plan provides for, among other things, (1) a global settlement of all claims the Debtors may have against CEC or certain of its affiliates and (2) comprehensive releases for CEC and its affiliates for claims or

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causes of action that the Debtors' creditors may have against CEC and its affiliates, including with respect to any obligations CEC may have related to guarantees of CEC's debt.

In particular, the Plan provides for (1) releases of claims and causes of action the Debtors may hold against various parties (each a Released Party), including each other Debtor, CEC, CAC, the Sponsors, the creditors, creditor committees, trustees, agents and professionals (the Debtor Release), (2) releases of claims or causes of action any entity asserting a claim or cause of action on behalf of the Debtors may hold against the Released Parties (the Third-Party Release), (3) exculpation of each Debtor, each Debtor as reorganized under the Plan, each estate created for the Debtors and each of the Released Parties for certain acts or omissions taken in connection with the Chapter 11 Cases (the Exculpation) and (4) a permanent injunction against entities who hold or may hold claims, interests, or liens that have been discharged or released pursuant to the Plan or are subject to exculpation pursuant to the Plan enjoining them from asserting such claims, interests, or liens against each Debtor and the Released Parties.

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SPECIAL MEETING OF STOCKHOLDERS OF CEC

CEC is providing this joint proxy statement/prospectus to its stockholders in connection with the solicitation of proxies to be voted at the CEC Special Meeting (or any adjournment or postponement of the CEC Special Meeting) that CEC has called to consider and vote on proposals to (1) adopt the Merger Agreement and approve the Merger, (2) approve the Merger Stock Issuance, (3) approve the Emergence Stock Issuance, (4) approve the Convertible Notes Stock Issuance, (5) approve the CEC Advisory Compensation Proposal, (6) approve the Authorized Shares Increase Proposal, (7) approve the CEC 2017 PIP Proposal and (8) approve a proposal to adjourn the CEC Special Meeting if necessary to solicit additional proxies if there are not sufficient votes to approve Proposals 1 through 7 at the CEC Special Meeting.

Date, Time and Location

Together with this joint proxy statement/prospectus, CEC is also sending CEC stockholders a notice of the CEC Special Meeting and a proxy form that is solicited by the CEC board of directors for use at the CEC Special Meeting to be held on [], 2017, in [] at Caesars Palace, One Caesars Palace Drive, Las Vegas, Nevada, at [] [a.m./p.m.], Pacific Time, and any adjournments or postponements of the CEC Special Meeting.

Only stockholders or their proxy holders may attend the CEC Special Meeting. If you hold shares of CEC Common Stock in your name on the record date (the close of business on [], 2017), you are required to provide valid picture identification, such as a driver's license, to gain admission to the CEC Special Meeting.

If you are a beneficial owner of shares of CEC Common Stock held in street name, meaning that your shares are held by a broker, bank, nominee or other holder of record, at the record date, in addition to valid picture identification, you must also provide proof of ownership at the record date to be admitted to the CEC Special Meeting. A brokerage statement or letter from a bank or broker are examples of proof of ownership. If you want to vote your shares of CEC Common Stock held in street name in person at the CEC Special Meeting, you will have to obtain a legal proxy in your name from the broker, bank, nominee or other holder of record who holds your shares.

Purpose

At the CEC Special Meeting, CEC stockholders will be asked to consider and vote on the following proposals:

1. to adopt the Merger Agreement, pursuant to which, among other things, CAC will merge with and into CEC, with CEC as the surviving company (a copy of the Merger Agreement is attached as Annex A to this joint proxy statement/prospectus), and approve the Merger;
2. to approve the Merger Stock Issuance, pursuant to which shares of CEC Common Stock will be issued as consideration in the Merger;
3. to approve the Emergence Stock Issuance, pursuant to which shares of CEC Common Stock will be issued to creditors of the Debtors in connection with the Emergence;

4. to approve the Convertible Notes Stock Issuance, pursuant to which shares of CEC Common Stock may potentially be issued to holders of the Convertible Notes issued in connection with the Emergence;
5. to approve the CEC Advisory Compensation Proposal, in connection with Merger-related compensation that is payable, or may become payable, to CEC's named executive officers and certain of CAC's named executive officers;
6. to approve the Authorized Shares Increase Proposal, pursuant to which CEC's certificate of incorporation will be amended to increase the number of authorized shares of CEC Common Stock from 1,250,000,000 shares of CEC Common Stock to 2,000,000,000 shares of CEC Common Stock;

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7. to approve the CEC 2017 PIP Proposal; and

8. to approve the adjournment of the CEC Special Meeting if necessary to solicit additional proxies if there are not sufficient votes to approve Proposals 1 through 7 at the CEC Special Meeting.

The CEC board of directors does not presently intend to bring any other business before the CEC Special Meeting, and the CEC board of directors does not expect any other matters to be brought before the CEC Special Meeting. However, it is intended that proxies, in the form enclosed, will be voted in respect of any other business that may properly come before the CEC Special Meeting in accordance with the judgment of the persons voting such proxies.

Recommendations of the CEC Board of Directors

After consideration and consultation with its advisors and considering the recommendation from the CEC SAC, the CEC board of directors unanimously determined that the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement are fair to and in the best interests of CEC and CEC's stockholders and unanimously approved and declared advisable the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement, the Stock Issuances, the CEC Advisory Compensation Proposal, the Authorized Shares Increase Proposal and the CEC 2017 PIP Proposal. The CEC board of directors unanimously recommends that CEC stockholders vote **FOR Proposals 1-8.**

See CEC and CAC Proposal 1: Adoption of the Merger Agreement and Approval of the Merger beginning on page 223, CEC Proposal 2: Approval of the Merger Stock Issuance beginning on page 319, CEC Proposal 3: Approval of the Emergence Stock Issuance beginning on page 320, CEC Proposal 4: Approval of the Convertible Notes Stock Issuance beginning on page 321, CEC Proposal 5: Advisory Vote on Merger-Related Compensation for CEC Named Executive Officers and Certain CAC Named Executive Officers beginning on page 322, CEC Proposal 6: Approval of an Amendment to CEC's Certificate of Incorporation to Increase Authorized Stock beginning on page 326 and CEC Proposal 7: Approval of the CEC 2017 Performance Incentive Plan beginning on page 327 for a more detailed discussion of the recommendation of the CEC board of directors that CEC stockholders adopt the Merger Agreement and approve the Merger, the Stock Issuances, the CEC Advisory Compensation Proposal, the Authorized Shares Increase Proposal and the CEC 2017 PIP Proposal.

CEC Record Date; Outstanding Shares; Stockholders Entitled to Vote

The CEC board of directors has fixed the close of business on [], 2017, as the record date for determination of the CEC stockholders entitled to vote at the CEC Special Meeting or any adjournment or postponement of the CEC Special Meeting. Only CEC stockholders of record on the record date are entitled to receive notice of, and to vote at, the CEC Special Meeting or any adjournment or postponement of the CEC Special Meeting. As of the close of business on [], 2017, there were [] shares of CEC Common Stock outstanding and entitled to vote at the CEC Special Meeting, held by approximately [] holders of record. A complete list of stockholders entitled to vote at the CEC Special Meeting will be available at the CEC Special Meeting for inspection by any stockholder present at the CEC Special Meeting.

Quorum

A quorum of stockholders at the CEC Special Meeting is required for CEC stockholders to adopt the Merger Agreement and approve the Merger, the Stock Issuances, the Authorized Shares Increase Proposal and the CEC 2017 PIP Proposal, but not to approve any adjournment of the CEC Special Meeting. The presence at the CEC Special Meeting, in person or by proxy, of the holders of a majority of the votes entitled to be cast for each proposal at the

record date (the close of business on [], 2017) will constitute a quorum for such proposal. Shares of CEC Common Stock held in street name with respect to which the beneficial owner fails to give voting

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instructions to the broker, bank, nominee or other holder of record will not be deemed present for the purpose of determining the presence of a quorum. There must be a quorum for business to be conducted at the CEC Special Meeting. Failure of a quorum to be represented at the CEC Special Meeting will necessitate an adjournment or postponement and will subject CEC to additional expenses.

Pursuant to the terms and conditions in the CAC Voting Agreement, Hamlet Holdings has agreed with CAC to vote its shares of CEC Common Stock in favor of adopting the Merger Agreement, approving the Merger and approving any other proposal that would reasonably be expected to facilitate the timely completion of the Merger. As a result, a quorum for the CEC Special Meeting is expected.

Required Vote

To adopt the Merger Agreement and approve the Merger (Proposal 1) and the Authorized Shares Increase Proposal (Proposal 6), the affirmative vote of holders of a majority of the outstanding shares of CEC Common Stock entitled to vote is required. **CEC cannot complete the Merger unless its stockholders adopt the Merger Agreement and approve the Merger.** Because the adoption of the Merger Agreement and the approval of the Merger and the Authorized Shares Increase Proposal require the affirmative vote of holders of a majority of the outstanding shares of CEC Common Stock entitled to vote, **a CEC stockholder's abstention from voting, the failure of CEC stockholders who hold their shares in street name through a broker, bank, nominee or other holder of record to give voting instructions to that broker, bank, nominee or other holder of record or a CEC stockholder's other failure to vote will have the same effect as a vote AGAINST the adoption of the Merger Agreement and approval of the Merger and the Authorized Shares Increase Proposal.**

To approve each of Proposals 2-5 and Proposals 7 and 8, the affirmative vote of a majority of the votes cast by stockholders present in person or by proxy at the meeting and entitled to vote is required. **CEC cannot complete the Merger and the Plan cannot be completed unless CEC's stockholders approve the Stock Issuances.** An abstention is not considered a vote cast. Accordingly, assuming a quorum is present, a CEC stockholder's abstention from voting, the failure of CEC stockholders who hold their shares in street name through a broker, bank, nominee or other holder of record to give voting instructions to that broker, bank, nominee or other holder of record or a CEC stockholder's other failure to vote will have no effect on the outcome of any vote to approve the Stock Issuances, the CEC Advisory Compensation Proposal, the CEC 2017 PIP Proposal or an adjournment of the CEC Special Meeting.

Pursuant to the terms and conditions of the CAC Voting Agreement, Hamlet Holdings has agreed with CAC to vote its shares of CEC Common Stock in favor of adopting the Merger Agreement, approving the Merger and approving any other proposal that would reasonably be expected to facilitate the timely completion of the Merger. As a result, adoption of the Merger Agreement and approval of the Merger, the Stock Issuances, the CEC Advisory Compensation Proposal and the Authorized Shares Increase Proposal by the CEC stockholders are expected, subject to the terms of the CAC Voting Agreement, as described in The Voting Agreements beginning on page 354.

Share Ownership of and Voting by CEC Directors and Executive Officers

At the record date for the CEC Special Meeting (the close of business on [], 2017), CEC's directors and executive officers and their affiliates beneficially owned and had the right to vote [] shares of CEC Common Stock at the CEC Special Meeting, which represents approximately []% of the shares of CEC Common Stock entitled to vote at the CEC Special Meeting.

It is expected that the CEC directors and executive officers will vote their shares **FOR** Proposals 1-8, although none of these CEC directors and executive officers have entered into any agreement requiring them to do so.

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Voting of Shares

Via the Internet or by Telephone

If you hold CEC Common Stock directly in your name as a stockholder of record, you may vote via the Internet at www.proxyvote.com or by telephone by calling the toll-free number on the back of your proxy card. Votes submitted via the Internet or by telephone must be received by 11:59 p.m. (Pacific Time) on [], 2017.

If you hold CEC Common Stock shares in street name, meaning through a broker, bank, nominee or other holder of record, you may vote via the Internet or by telephone only if Internet or telephone voting is made available by your broker, bank, nominee or other holder of record. Please follow the voting instructions provided by your broker, bank, nominee or other holder of record with these materials.

By Mail

If you hold CEC Common Stock directly in your name as a stockholder of record, you will need to sign, date and mark your proxy card and return it using the provided postage-paid return envelope no later than the close of business on [], 2017.

If you hold CEC Common Stock in street name, meaning through a broker, bank, nominee or other holder of record, to vote by mail, you will need to sign, date and mark the voting instruction form provided by your broker, bank, nominee or other holder of record with these materials and return it in the postage-paid return envelope provided. Your broker, bank, nominee or other holder of record must receive your voting instruction form in sufficient time to vote your shares.

In Person or by Proxy and Broker Non-Votes

If you hold CEC shares directly in your name as a stockholder of record, you may vote in person at the CEC Special Meeting. Stockholders of record also may be represented by another person at the CEC Special Meeting by executing a proper proxy designating that person.

If you hold CEC shares in street name through a broker, bank, nominee or other holder of record, you must obtain a legal proxy from that institution and present it to the inspector of elections with your ballot to be able to vote in person at the CEC Special Meeting. To request a legal proxy, please contact your broker, bank, nominee or other holder of record.

When stockholders submit a proxy via the Internet or by telephone, their proxy is recorded immediately. CEC encourages you to register your vote via the Internet or by telephone whenever possible. If you submit a proxy via the Internet or by telephone, please do not return your proxy card by mail. If you attend the meeting, you may also submit your vote in person. Any votes that you previously submitted whether via the Internet, by telephone or by mail will be superseded by any vote that you cast at the CEC Special Meeting.

Broker non-votes are shares held by a broker with respect to which the broker is not instructed by the beneficial owner of such shares how to vote on a particular proposal. Firms that hold shares in street name for beneficial owners may, to the extent that those beneficial owners do not furnish voting instructions with respect to any or all proposals submitted for stockholder action, vote in their discretion upon proposals that are considered routine or discretionary proposals. This also results in broker non-votes on non-discretionary proposals. CEC's board of directors believes that Proposal 8 regarding adjournment of the meeting (as specified) is routine, and Proposals 1 through 7 are

non-discretionary. Member brokerage firms that do not receive instructions from their clients as to non-discretionary proposals cannot vote on the non-discretionary proposals. Therefore, if your shares are held in an account at a broker, bank, nominee or other holder of record, you must instruct the broker, bank, nominee or other holder of record on how to vote your shares or those shares will not be deemed present in person or represented by proxy at the CEC Special Meeting.

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All shares represented by each properly executed and valid proxy received before the CEC Special Meeting will be voted in accordance with the instructions given on the proxy. If a CEC stockholder signs a proxy card and returns it without giving instructions, the shares of CEC Common Stock represented by that proxy card will be voted FOR Proposals 1-8 at the time of the CEC Special Meeting.

Hamlet Holdings, the beneficial owner of approximately 59.6% of the outstanding shares of CEC Common Stock as of December 31, 2016, has agreed with CAC to vote its shares of CEC Common Stock in favor of adopting the Merger Agreement, approving the Merger and approving any other proposal that would reasonably be expected to facilitate the timely completion of the Merger. As a result, adoption of the Merger Agreement and approval of the Merger, the Stock Issuances, the CEC Advisory Compensation Proposal and the Authorized Shares Increase Proposal by the CEC stockholders are expected, subject to the terms of the CAC Voting Agreement, as described in The Voting Agreements beginning on page 354.

Revocability of Proxies; Changing Your Vote

You may revoke your proxy or change your vote at any time before your shares are voted at the CEC Special Meeting. If you are a stockholder of record at the record date (the close of business on [], 2017), you can revoke your proxy or change your vote by:

sending a signed notice stating that you revoke your proxy to the Corporate Secretary of CEC, at CEC's offices at One Caesars Palace Drive, Las Vegas, Nevada 89109, Attention: Corporate Secretary, that bears a date later than the date of the proxy you want to revoke and is received prior to the CEC Special Meeting;

submitting a valid, later-dated proxy by mail that is received prior to the CEC Special Meeting, or via the Internet or by telephone before 11:59 p.m. (Pacific Time) on [], 2017; or

attending the CEC Special Meeting (or, if the CEC Special Meeting is adjourned or postponed, attending the adjourned or postponed meeting) and voting in person, which will automatically cancel any proxy previously given, or revoking your proxy in person, but your attendance alone will not revoke any proxy previously given.

If you hold your shares in street name through a broker, bank, nominee or other holder of record, you must contact your brokerage firm, bank, nominee or other holder of record to change your vote or obtain a legal proxy to vote your shares if you wish to cast your vote in person at the CEC Special Meeting.

Solicitation of Proxies; Expenses of Solicitation

This joint proxy statement/prospectus is being provided to holders of CEC Common Stock in connection with the solicitation of proxies by the board of directors of CEC to be voted at the CEC Special Meeting and at any adjournments or postponements of the CEC Special Meeting. CEC will bear all costs and expenses in connection with the solicitation of proxies, except that CEC and CAC will each pay 50% of the costs of filing, printing and mailing this joint proxy statement/prospectus. CEC has engaged Innisfree M&A Incorporated to assist in the solicitation of proxies for the CEC Special Meeting and will pay Innisfree M&A Incorporated a fee of approximately \$20,000 plus reimbursement of reasonable out-of-pocket expenses.

In addition to solicitation by mail, directors, officers and employees of CEC or its subsidiaries may solicit proxies from stockholders by telephone, telegram, email, personal interview or other means. CEC currently expects not to incur any costs beyond those customarily expended for a solicitation of proxies in connection with a merger and stock issuance. Directors, officers and employees of CEC will not receive additional compensation for their solicitation activities, but may be reimbursed for reasonable out-of-pocket expenses incurred by them in connection with the solicitation. Brokers, dealers, commercial banks, trust companies, fiduciaries, custodians and other nominees have been requested to forward proxy solicitation materials to their customers and such nominees will be reimbursed for their reasonable out-of-pocket expenses.

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Householding

The SEC has adopted a rule concerning the delivery of annual reports and proxy statements. It permits CEC, with your permission, to send a single notice of meeting and, to the extent requested, a single set of this joint proxy statement/prospectus to any household at which two or more stockholders reside if CEC believes they are members of the same family. This rule is called householding, and its purpose is to help reduce printing and mailing costs of proxy statement materials.

A number of brokerage firms have instituted householding. If you and members of your household have multiple accounts holding shares of CEC Common Stock, you may have received a householding notification from your broker. Please contact your broker directly if you have questions, require additional copies of this joint proxy statement/prospectus or wish to revoke your decision to household. These options are available to you at any time.

Adjournment

CEC stockholders are being asked to approve a proposal that will give the CEC board of directors authority to adjourn the CEC Special Meeting one or more times for the purpose of soliciting additional proxies in favor of the approval of Proposals 1-7 if there are not sufficient votes at the time of the CEC Special Meeting to approve Proposals 1-7. If this proposal is approved, the CEC Special Meeting could be adjourned to any date. In addition, the CEC board of directors could postpone the meeting before it commences, whether for the purpose of soliciting additional proxies or for other reasons. If the CEC special meeting is adjourned for the purpose of soliciting additional proxies, stockholders who have already submitted their proxies will be able to revoke them at any time prior to their use. If you sign and return a proxy and do not indicate how you wish to vote on any proposal, or if you indicate that you wish to vote in favor of the approval of any of Proposals 1-7 but do not indicate a choice on the adjournment proposal, your shares will be voted in favor of the adjournment proposal. But if you indicate that you wish to vote against the approval of all of Proposals 1-7, your shares will only be voted in favor of the adjournment proposal if you indicate that you wish to vote in favor of that proposal.

Other Information

The matters to be considered at the CEC Special Meeting are of great importance to the stockholders of CEC. Accordingly, you are urged to read and carefully consider the information contained in or incorporated by reference into this joint proxy statement/prospectus and submit your proxy via the Internet or by telephone or complete, date, sign and promptly return the enclosed proxy in the enclosed postage-paid envelope. If you submit your proxy via the Internet or by telephone, you do not need to return the enclosed proxy card.

Assistance

If you need assistance in completing your proxy card or have questions regarding the CEC Special Meeting, please contact:

Innisfree M&A Incorporated

501 Madison Avenue, 20th Floor

Stockholders May Call Toll-Free: (888) 750-5834

Bank and Brokers May Call Collect: (212) 750-5833

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or

Caesars Entertainment Corporation

One Caesars Palace Drive

Las Vegas, Nevada 89109

Attention: Corporate Secretary

Telephone: (702) 407-6000

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SPECIAL MEETING OF STOCKHOLDERS OF CAC

CAC is providing this joint proxy statement/prospectus to its stockholders in connection with the solicitation of proxies to be voted on at the CAC Special Meeting (or any adjournment or postponement of the CAC Special Meeting) that CAC has called to consider and vote on a proposal to (1) adopt the Merger Agreement and approve the Merger and (2) approve a proposal to adjourn the CAC Special Meeting if necessary to solicit additional proxies if there are not sufficient votes to approve Proposal 1 at the CAC Special Meeting.

Date, Time and Location

Together with this joint proxy statement/prospectus, CAC is also sending CAC stockholders a notice of the CAC Special Meeting and a proxy form that is solicited by the CAC board of directors for use at the CAC Special Meeting to be held on [], 2017, in [] at Caesars Palace, One Caesars Palace Drive, Las Vegas, Nevada, at [] [a.m./p.m.], Pacific Time, and any adjournments or postponements of the CAC Special Meeting.

Only stockholders or their proxy holders may attend the CAC Special Meeting. If you hold shares of CAC Common Stock in your name on the record date (the close of business on [], 2017), you are required to provide valid picture identification, such as a driver's license, to gain admission to the CAC Special Meeting.

If you are a beneficial owner of shares of CAC Common Stock held in street name, meaning that your shares are held by a broker, bank, nominee or other holder of record, at the record date, in addition to valid picture identification, you must also provide proof of ownership at the record date to be admitted to the CAC Special Meeting. A brokerage statement or letter from a bank or broker are examples of proof of ownership. If you want to vote your shares of CAC Common Stock held in street name in person at the CAC Special Meeting, you will have to obtain a legal proxy in your name from the broker, bank, nominee or other holder of record who holds your shares.

Purpose

At the CAC Special Meeting, CAC stockholders will be asked to consider and vote on the following proposals:

1. to adopt the Merger Agreement, pursuant to which, among other things, CAC will merge with and into CEC, with CEC as the surviving company (a copy of the Merger Agreement is attached as Annex A to this joint proxy statement/prospectus), and approve the Merger; and
2. to approve the adjournment of the CAC Special Meeting if necessary to solicit additional proxies if there are not sufficient votes to approve Proposal 1 at the CAC Special Meeting.

The CAC board of directors does not presently intend to bring any other business before the CAC Special Meeting, and the CAC board of directors does not expect any other matters to be brought before the CAC Special Meeting. However, it is intended that proxies, in the form enclosed, will be voted in respect of any other business that may properly come before the CAC Special Meeting in accordance with the judgment of the persons voting such proxies.

Recommendations of the CAC Board of Directors

After consideration and consultation with its advisors and considering the recommendation from the independent committee of the CAC board of directors, the CAC board of directors unanimously determined that the Merger

Agreement, the Merger and the other transactions contemplated by the Merger Agreement are fair to and in the best interests of CAC's stockholders and unanimously approved and declared advisable the Merger Agreement and the other transactions contemplated by the Merger Agreement. The CAC board of directors unanimously recommends that CAC stockholders vote **FOR Proposals 1 and 2.**

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See CEC and CAC Proposal 1: Adoption of the Merger Agreement and Approval of the Merger beginning on page 223 for a more detailed discussion of the recommendation of the CAC board of directors that CAC stockholders adopt the Merger Agreement and approve the Merger.

CAC Record Date; Outstanding Shares; Stockholders Entitled to Vote

The CAC board of directors has fixed the close of business on [], 2017, as the record date for determination of the CAC stockholders entitled to vote at the CAC Special Meeting or any adjournment or postponement of the CAC Special Meeting. Only CAC stockholders of record on the record date are entitled to receive notice of, and to vote at, the CAC Special Meeting or any adjournment or postponement of the CAC Special Meeting. As of the close of business on [], 2017, there were [] shares of CAC Common Stock outstanding and entitled to vote at the CAC Special Meeting, held by approximately [] holders of record. A complete list of stockholders entitled to vote at the CAC Special Meeting will be available at the CAC Special Meeting for inspection by any stockholder present at the CAC Special Meeting.

Quorum

A quorum of stockholders at the CAC Special Meeting is required for CAC stockholders to adopt the Merger Agreement and approve the Merger. The presence at the CAC Special Meeting, in person or by proxy, of the holders of a majority of the votes entitled to be cast for the proposal at the record date (the close of business on [], 2017) will constitute a quorum. Shares of CAC Common Stock held in street name with respect to which the beneficial owner fails to give voting instructions to the broker, bank, nominee or other holder of record will not be deemed present. There must be a quorum for business to be conducted at the CAC Special Meeting. Failure of a quorum to be represented at the CAC Special Meeting will necessitate an adjournment or postponement and will subject CAC to additional expenses.

Pursuant to the terms and conditions in the CEC Voting Agreement, Hamlet Holdings has agreed with CEC to vote its shares of CAC Common Stock in favor of adopting the Merger Agreement, approving the Merger and approving any other proposal that would reasonably be expected to facilitate the timely completion of the Merger. As a result, a quorum for the CAC Special Meeting is expected.

Required Vote

To adopt the Merger Agreement and approve the Merger (Proposal 1), the affirmative vote of holders of a majority of the outstanding shares of CAC Common Stock entitled to vote is required. **CAC cannot complete the Merger unless its stockholders adopt the Merger Agreement and approve the Merger.** Because the adoption of the Merger Agreement and the approval of the Merger require the affirmative vote of holders of a majority of the outstanding shares of CAC Common Stock entitled to vote, **a CAC stockholder's abstention from voting, failure of CAC stockholders who hold their shares in street name through a broker, bank, nominee or other holder of record to give voting instructions to that broker, bank, nominee or other holder of record or a CAC stockholder's other failure to vote will have the same effect as a vote AGAINST the adoption of the Merger Agreement.**

To approve an adjournment of the CAC Special Meeting (Proposal 2), the affirmative vote of a majority of the votes cast by stockholders present in person or by proxy at the meeting and entitled to vote is required. An abstention is not considered a vote cast. Accordingly, assuming a quorum is present, a CAC stockholder's abstention from voting, the failure of CAC stockholders who hold their shares in street name through a broker, bank, nominee or other holder of record to give voting instructions to that broker, bank, nominee or other holder of record or a CAC stockholder's other failure to vote will have no effect on the outcome of any vote to approve an adjournment of the CAC Special Meeting.

Pursuant to the terms and conditions in the CEC Voting Agreement, Hamlet Holdings has agreed with CEC to vote its shares of CAC Common Stock in favor of adopting the Merger Agreement, approving

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the Merger and approving any other proposal that would reasonably be expected to facilitate the timely completion of the Merger. As a result, adoption of the Merger Agreement and approval of the Merger by the CAC stockholders are expected, subject to the terms of the CEC Voting Agreement, as described in The Voting Agreements beginning on page 354.

Share Ownership of and Voting by CAC Directors and Executive Officers

At the record date for the CAC Special Meeting (the close of business on [], 2017), CAC's directors and executive officers and their affiliates beneficially owned and had the right to vote [] shares of CAC Common Stock at the CAC Special Meeting, which represents approximately []% of the shares of CAC Common Stock entitled to vote at the CAC Special Meeting.

It is expected that the CAC directors and executive officers will vote their shares **FOR** the adoption of the Merger Agreement and the approval of the Merger, although none of these CAC directors and executive officers have entered into any agreement requiring them to do so.

Voting of Shares

Via the Internet or by Telephone

If you hold CAC Common Stock directly in your name as a stockholder of record, you may vote via the Internet at www.proxyvote.com or by telephone by calling the toll-free number on the back of your proxy card. Votes submitted via the Internet or by telephone must be received by 11:59 p.m. (Pacific Time) on [], 2017.

If you hold CAC Common Stock shares in street name, meaning through a broker, bank, nominee or other holder of record, you may vote via the Internet or by telephone only if Internet or telephone voting is made available by your broker, bank, nominee or other holder of record. Please follow the voting instructions provided by your broker, bank, nominee or other holder of record with these materials.

By Mail

If you hold CAC Common Stock directly in your name as a stockholder of record, you will need to sign, date and mark your proxy card and return it using the provided postage-paid return envelope no later than the close of business on [], 2017.

If you hold CAC Common Stock in street name, meaning through a broker, bank, nominee or other holder of record, to vote by mail, you will need to sign, date and mark the voting instruction form provided by your broker, bank, nominee or other holder of record with these materials and return it in the postage-paid return envelope provided. Your broker, bank, nominee or other holder of record must receive your voting instruction form in sufficient time to vote your shares.

In Person or by Proxy and Broker Non-Votes

If you hold CAC shares directly in your name as a stockholder of record, you may vote in person at the CAC Special Meeting. Stockholders of record also may be represented by another person at the CAC Special Meeting by executing a proper proxy designating that person.

If you hold CAC shares in street name through a broker, bank, nominee or other holder of record, you must obtain a legal proxy from that institution and present it to the inspector of elections with your ballot to be able to vote in person at the CAC Special Meeting. To request a legal proxy, please contact your broker, bank, nominee or other holder of record.

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When stockholders submit a proxy via the Internet or by telephone, their proxy is recorded immediately. CAC encourages you to register your vote via the Internet or by telephone whenever possible. If you submit a proxy via the Internet or by telephone, please do not return your proxy card by mail. If you attend the meeting, you may also submit your vote in person. Any votes that you previously submitted whether via the Internet, by telephone or by mail will be superseded by any vote that you cast at the CAC Special Meeting.

Broker non-votes are shares held by a broker with respect to which the broker is not instructed by the beneficial owner of such shares how to vote on a particular proposal. Firms that hold shares in street name for beneficial owners may, to the extent that those beneficial owners do not furnish voting instructions with respect to any or all proposals submitted for stockholder action, vote in their discretion upon proposals that are considered routine or discretionary proposals. This also results in broker non-votes on non-discretionary proposals. CAC's board of directors believes that Proposal 2 regarding adjournment of the meeting (as specified) is routine, and Proposal 1 is non-discretionary. Member brokerage firms that do not receive instructions from their clients as to non-discretionary proposals cannot vote on the non-discretionary proposals. Therefore, if your shares are held in an account at a broker, bank, nominee or other holder of record, you must instruct the broker, bank, nominee or other holder of record on how to vote your shares or those shares will not be deemed present in person or represented by proxy at the CAC Special Meeting.

All shares represented by each properly executed and valid proxy received before the CAC Special Meeting will be voted in accordance with the instructions given on the proxy. If a CAC stockholder signs a proxy card and returns it without giving instructions, the shares of CAC Common Stock represented by that proxy card will be voted FOR adoption of the Merger Agreement and approval of the Merger at the time of the CAC Special Meeting.

Hamlet Holdings, the beneficial owner of approximately 65.0% of the outstanding shares of CAC Common Stock as of December 31, 2016, has agreed with CEC to vote its shares of CAC Common Stock in favor of adopting the Merger Agreement and approving the Merger and any other proposal that would reasonably be expected to facilitate the timely completion of the Merger. As a result, adoption of the Merger Agreement and approval of the Merger by the CAC stockholders are expected, subject to the terms of the CEC Voting Agreement, as described in The Voting Agreements beginning on page 354.

Revocability of Proxies; Changing Your Vote

You may revoke your proxy or change your vote at any time before your shares are voted at the CAC Special Meeting. If you are a stockholder of record at the record date (the close of business on [], 2017), you can revoke your proxy or change your vote by:

 sending a signed notice stating that you revoke your proxy to the Corporate Secretary of CAC, at CAC's offices at One Caesars Palace Drive, Las Vegas, Nevada 89109, Attention: Corporate Secretary, that bears a date later than the date of the proxy you want to revoke and is received prior to the CAC Special Meeting;

 submitting a valid, later-dated proxy by mail that is received prior to the CAC Special Meeting, or via the Internet or by telephone before 11:59 p.m. (Pacific Time) on [], 2017; or

attending the CAC Special Meeting (or, if the CAC Special Meeting is adjourned or postponed, attending the adjourned or postponed meeting) and voting in person, which will automatically cancel any proxy previously given, or revoking your proxy in person, but your attendance alone will not revoke any proxy previously given.

If you hold your shares in street name through a broker, bank, nominee or other holder of record, you must contact your brokerage firm, bank, nominee or other holder of record to change your vote or obtain a legal proxy to vote your shares if you wish to cast your vote in person at the CAC Special Meeting.

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Solicitation of Proxies; Expenses of Solicitation

This joint proxy statement/prospectus is being provided to holders of CAC Common Stock in connection with the solicitation of proxies by the board of directors of CAC to be voted at the CAC Special Meeting and at any adjournments or postponements of the CAC Special Meeting. CAC will bear all costs and expenses in connection with the solicitation of proxies, except that CAC and CEC will each pay 50% of the costs of filing, printing and mailing this joint proxy statement/prospectus. CAC has engaged MacKenzie Partners, Inc. to assist in the solicitation of proxies for the CAC Special Meeting and will pay a base fee to MacKenzie Partners, Inc. not to exceed \$25,000, plus reimbursement of reasonable out-of-pocket expenses.

In addition to solicitation by mail, directors, officers and employees of CAC or its subsidiaries may solicit proxies from stockholders by telephone, telegram, email, personal interview or other means. CAC currently expects not to incur any costs beyond those customarily expended for a solicitation of proxies in connection with a merger and stock issuance. Directors, officers and employees of CAC will not receive additional compensation for their solicitation activities, but may be reimbursed for reasonable out-of-pocket expenses incurred by them in connection with the solicitation. Brokers, dealers, commercial banks, trust companies, fiduciaries, custodians and other nominees have been requested to forward proxy solicitation materials to their customers and such nominees will be reimbursed for their reasonable out-of-pocket expenses.

Householding

The SEC has adopted a rule concerning the delivery of annual reports and proxy statements. It permits CAC, with your permission, to send a single notice of meeting and, to the extent requested, a single set of this joint proxy statement/prospectus to any household at which two or more stockholders reside if CAC believes they are members of the same family. This rule is called householding, and its purpose is to help reduce printing and mailing costs of information statement materials.

A number of brokerage firms have instituted householding. If you and members of your household have multiple accounts holding shares of CAC Common Stock, you may have received a householding notification from your broker. Please contact your broker directly if you have questions, require additional copies of this joint proxy statement/prospectus or wish to revoke your decision to household. These options are available to you at any time.

Adjournment

CAC stockholders are being asked to approve a proposal that will give the CAC board of directors authority to adjourn the CAC Special Meeting one or more times for the purpose of soliciting additional proxies in favor of the approval of Proposal 1 if there are not sufficient votes at the time of the CAC Special Meeting to approve Proposal 1. If this proposal is approved, the CAC Special Meeting could be adjourned to any date. In addition, the CAC board of directors could postpone the meeting before it commences, whether for the purpose of soliciting additional proxies or for other reasons. If the CAC special meeting is adjourned for the purpose of soliciting additional proxies, stockholders who have already submitted their proxies will be able to revoke them at any time prior to their use. If you sign and return a proxy and do not indicate how you wish to vote on any proposal, or if you indicate that you wish to vote in favor of the approval of Proposal 1 but do not indicate a choice on the adjournment proposal, your shares will be voted in favor of the adjournment proposal. But if you indicate that you wish to vote against the approval of Proposal 1, your shares will only be voted in favor of the adjournment proposal if you indicate that you wish to vote in favor of that proposal.

Other Information

The matters to be considered at the CAC Special Meeting are of great importance to the stockholders of CAC. Accordingly, you are urged to read and carefully consider the information contained in or incorporated by

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reference into this joint proxy statement/prospectus and submit your proxy via the Internet or by telephone or complete, date, sign and promptly return the enclosed proxy in the enclosed postage-paid envelope. If you submit your proxy via the Internet or by telephone, you do not need to return the enclosed proxy card.

Assistance

If you need assistance in completing your proxy card or have questions regarding the CAC Special Meeting, please contact:

MacKenzie Partners, Inc.

105 Madison Avenue

New York, New York 10016

Stockholders May Call Toll-Free: (800) 322-2885

Bank and Brokers May Call Collect: (212) 929-5500

or

Caesars Acquisition Company

One Caesars Palace Drive

Las Vegas, Nevada 89109

Attention: Corporate Secretary

Telephone: (702) 407-6000

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CEC AND CAC PROPOSAL 1: ADOPTION OF THE MERGER AGREEMENT AND APPROVAL OF THE MERGER

General

This joint proxy statement/prospectus is being provided to holders of CEC Common Stock in connection with the solicitation of proxies by the board of directors of CEC to be voted at the CEC Special Meeting or any adjournments or postponements of the CEC Special Meeting. At the CEC Special Meeting, CEC will ask its stockholders to vote on (1) a proposal to adopt the Merger Agreement and approve the Merger, (2) a proposal to approve the Merger Stock Issuance, (3) a proposal to approve the Emergence Stock Issuance, (4) a proposal to approve the Convertible Notes Stock Issuance, (5) a proposal to approve the CEC Advisory Compensation Proposal, (6) a proposal to approve the Authorized Shares Increase Proposal, (7) approval of the CEC 2017 PIP Proposal and (8) a proposal to adjourn the CEC Special Meeting if necessary to solicit additional proxies if there are not sufficient proxies to approve Proposals 1-7 at the time of the CEC Special Meeting.

This joint proxy statement/prospectus is being provided to holders of CAC Common Stock in connection with the solicitation of proxies by the board of directors of CAC to be voted at the CAC Special Meeting or any adjournments or postponements of the CAC Special Meeting. At the CAC Special Meeting, CAC will ask its stockholders to vote on a proposal to adopt the Merger Agreement and approve the Merger.

The Merger Agreement provides, among other things, for the merger of CAC with and into CEC, with CEC continuing as the surviving entity. A copy of the Merger Agreement is attached as Annex A to this joint proxy statement/prospectus. You are urged to read the Merger Agreement in its entirety because it is the legal document that governs the Merger. For additional information about the Merger, see the section entitled "The Merger Agreement" beginning on page 340.

Consideration to CAC Stockholders

Subject to the terms and conditions of the Merger Agreement, upon completion of the Merger, each share of CAC Common Stock issued and outstanding immediately prior to the Merger Effective Time will be converted into, and become exchangeable for, that number of shares of CEC Common Stock equal to the Exchange Ratio. Based on the number of shares of CEC Common Stock and CAC Common Stock issued and outstanding as of December 31, 2016, CAC stockholders are expected to receive approximately 32.9% of the outstanding shares of CEC Common Stock, after giving effect to the Emergence Stock Issuance and assuming completion of \$1.0 billion of the CEC Common Equity Buyback. The actual number of shares of CEC Common Stock to be issued pursuant to the Merger will be determined at completion of the Merger based on the Exchange Ratio and the number of shares of CAC Common Stock outstanding at such time. No fractional shares of CEC Common Stock will be issued in the Merger. In lieu of issuance of any such fractional shares that would otherwise be issuable to a holder of CAC Common Stock (after aggregating all fractional shares of CEC Common Stock which such holder would otherwise receive), such fractional shares will be rounded up (if equal to or greater than one-half of a share) or down (if less than one-half of a share) to the nearest whole number of shares of CEC Common Stock.

Example: If you own 100 shares of CAC Common Stock at the time the Merger is completed, you will be entitled to receive 163 shares of CEC Common Stock.

The value of the Merger Consideration will depend on the market price of shares of CEC Common Stock at the time CAC stockholders receive shares of CEC Common Stock in the Merger. Based on the \$9.20 closing price of a share of CEC Common Stock on NASDAQ, on February 17, 2017, the last trading day before the public announcement of the

Amendment, the merger consideration represented approximately \$14.95 in value for each share of CAC Common Stock. Based on the \$[] closing price of a share of CEC Common Stock on NASDAQ on [], 2017, the most recent practicable trading day prior to the date of this joint proxy statement/

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prospectus, the merger consideration represented approximately \$[] in value for each share of CAC Common Stock. The implied value was calculated by multiplying the closing price of a share of CEC Common Stock on the relevant date by the Exchange Ratio. **The market price of shares of CEC Common Stock has fluctuated since February 21, 2017, the date of the announcement of the Amendment, and will continue to fluctuate from the date of this joint proxy statement/prospectus to the date of the CAC Special Meeting and the date the Merger is completed and thereafter. The market price of shares of CEC Common Stock when received by CAC stockholders upon completion of the Merger could be greater than, less than or the same as the market price of shares of CEC Common Stock on the date of this joint proxy statement/prospectus or at the time of the CAC Special Meeting.**

Background of the Transactions***Original Merger Agreement***

In June 2014, the CAC board of directors established the CAC Special Committee, consisting of Marc Beilinson, Philip Erlanger and Don Kornstein (each of whom is an independent member of the CAC board of directors), and delegated to the CAC Special Committee the authority to act on behalf of the CAC board of directors to, among other things, consider any transactions or agreements to be entered into between CAC or CGP (or any of their respective affiliates), on the one hand, and CEC, CEOC, CES or any other CEC affiliate, on the other hand, at the request of the CAC board of directors or the Executive Committee of the CAC board of directors (the CAC Executive Committee) and make a recommendation to the CAC board of directors to reject or approve any such transaction or agreement. The CAC Special Committee subsequently appointed Mr. Beilinson as its Chairman and engaged Skadden, Arps, Slate, Meagher & Flom LLP (Skadden Arps) as its independent legal counsel.

In July 2014, the CEC board of directors established a special committee of the CEC board of directors (the CEC Special Committee), consisting of Fred J. Kleisner, Lynn C. Swann and Christopher J. Williams, each of whom is an independent member of the CEC board of directors (or in the case of Mr. Swann, was an independent member of the CEC board of directors until his resignation on June 30, 2016). The CEC board of directors delegated, through the CEC Special Committee Charter dated June 30, 2014, to the CEC Special Committee authority to act on behalf of the CEC board of directors to assess and value selected assets owned directly or indirectly by CEC. The CEC Special Committee subsequently appointed Mr. Kleisner as its Chairman.

On August 4, 2014, the CEC Special Committee engaged Reed Smith LLP (Reed Smith) as its independent legal counsel and on August 8, 2014, the CEC Special Committee engaged Centerview as its independent financial advisor, based on reputation and experience with similar transactions, as well as the absence of any material relationship between Centerview, on the one hand, and the Sponsors and CAC, on the other hand, that would reasonably be expected to impair Centerview's ability to perform its services to the CEC Special Committee.

Also on August 4, 2014, the trustee for the 10.00% Second-Priority Notes filed the Delaware Second Lien Lawsuit in the Delaware Court of Chancery against CEC, CEOC, CERP, CAC, CGP and other related entities and individuals alleging intentional and fraudulent transfer, breach of fiduciary duty, corporate waste and breach of contract, which focused on several transactions, including the Four Properties Transaction, as well as transactions related to CERP, CGP and CES, including the transfer of assets into such entities.

Beginning in late summer 2014, CEC and its advisors engaged in multilateral, arm's-length negotiations with CEOC and certain of its first lien lenders and certain first lien noteholders regarding the terms of a potential restructuring of CEOC's indebtedness.

In August 2014, Centerview commenced financial and business due diligence and Reed Smith commenced legal due diligence of CEOC with a view toward evaluating any potential transaction involving CEOC. The CEC

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Special Committee met several times during September 2014 and October 2014 to review the status of Centerview's and Reed Smith's ongoing due diligence and analyses of the assets of CEC and its subsidiaries. During such meetings, the CEC Special Committee also received updates from Reed Smith and The Blackstone Group L.P. (now PJT Partners Inc.), restructuring advisor to CEC (PJT), regarding the status of CEOC's restructuring discussions.

In early October 2014, the CEC Special Committee received a presentation from its advisors outlining a preliminary restructuring proposal regarding the potential restructuring of CEOC's indebtedness that was under consideration by CEC, which included a possible merger of CEC and CAC as part of the proposed restructuring.

On October 13, 2014, the CEC Special Committee, certain other members of the CEC board of directors and representatives of Reed Smith, Centerview and Paul, Weiss, Rifkind, Wharton & Garrison LLP (Paul, Weiss), legal counsel to CEC, met telephonically. One of the members of the CEC board of directors presented the terms of a proposed restructuring of CEOC which would be funded in part by contributions from CEC. The CEC Special Committee discussed possible options for CEC's contribution to the restructuring and the rationale for a potential merger of CEC and CAC. After the other members of the CEC board of directors and CEC's advisors were excused from the October 13, 2014 meeting, the CEC Special Committee, along with representatives of Reed Smith and Centerview, discussed the presentation received from the members of the CEC board of directors and various related issues, including the process for engaging in potential merger discussions with CAC, preliminary financial analysis of the respective companies, structural considerations and the CEC Special Committee's fiduciary duties both in the context of a potential merger with CAC as well as in connection with a possible Chapter 11 filing by CEOC. The CEC Special Committee instructed Reed Smith and Centerview to analyze a potential merger of CEC and CAC, to continue conducting financial and legal due diligence and to prepare a draft merger agreement.

The CEC Special Committee's Charter was amended and restated as of October 22, 2014 to expand the CEC Special Committee's mandate and authority. Under the CEC Special Committee's Amended and Restated Charter, the CEC board of directors delegated to the CEC Special Committee authority to act on behalf of the CEC board of directors to undertake any analysis, assessment, valuation, negotiation or other actions necessary or appropriate in connection with the role of CEC in a potential sale of assets, sale of equity, merger, equity or debt financing, restructuring of indebtedness of CEC and certain of its affiliates or other strategic transactions or opportunities, including any transactions that are intended to raise capital by CEC in connection with any such restructuring, whether involving a single transaction or a series of related transactions, and in all cases only to the extent involving CEC and its subsidiaries or affiliates, on the one hand, and any other subsidiaries or affiliates of CEC or other persons or entities related to or affiliated with any of them, on the other hand (any of the foregoing, a CEC Affiliate Transaction). Further to that objective, the CEC board of directors empowered the CEC Special Committee to act on behalf, and with the full authority, of the full CEC board of directors to: (1) evaluate, review, obtain advice concerning and negotiate, on behalf of the CEC board of directors and/or CEC, the terms of any potential CEC Affiliate Transaction as may be proposed or identified by the CEC board of directors or CEC to the CEC Special Committee; (2) evaluate the fairness of any proposed CEC Affiliate Transaction; (3) definitively reject any proposed CEC Affiliate Transaction that the CEC Special Committee determines is not in the best interests of CEC and its stockholders; (4) take such other actions as the CEC Special Committee determines are necessary or desirable in connection with the foregoing mandate; and (5) determine the process it will use in carrying out its responsibilities. The CEC board of directors resolved not to approve any proposed CEC Affiliate Transaction unless the CEC Special Committee determined it is in the best interests of CEC and its stockholders.

On October 24, 2014, the CAC Executive Committee authorized the CAC Special Committee to initiate a review of a potential merger of CEC and CAC. The CAC Special Committee also received a report from a member of the CAC Executive Committee who is also a member of the CEC board of directors regarding the status of negotiations between CEC and certain creditors of CEOC and possible sources of funding for a CEOC restructuring, which could

include a merger involving CAC and CEC.

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On October 29, 2014, representatives of Reed Smith, on behalf of the CEC Special Committee, sent an email to representatives of Skadden Arps indicating that CEC was interested in evaluating a potential merger of CAC and CEC, in a stock for stock transaction, as part of the restructuring of all or substantially all of the existing debt securities and other bank and credit facilities of CEOC (the Proposed Transaction).

The CAC Special Committee's Charter was amended by the CAC board of directors effective as of October 31, 2014 to expand the CAC Special Committee's authority to include the authority to evaluate the Proposed Transaction and alternatives to the Proposed Transaction, to consider whether it is in the best interests of CAC and CAC's unaffiliated stockholders to proceed with the Proposed Transaction or any such alternatives, and to recommend that the CAC board of directors either enter into or not enter into the Proposed Transaction or any alternative transaction.

In particular, the CAC board of directors empowered the CAC Special Committee to, among other things: (1) consider whether it is in the best interests of CAC and CAC's stockholders to proceed with the Proposed Transaction and/or engage in discussions and/or negotiations related thereto, and recommend that the CAC board of directors (y) reject the Proposed Transaction or (z) approve the Proposed Transaction as advisable, fair to and in the best interests of CAC and CAC's stockholders; (2) consider whether it is in the best interests of CAC, CGP, in CAC's capacity as its managing member, and CAC's stockholders, as applicable, to enter into any possible alternative transaction or transactions to the Proposed Transaction, including without limitation, mergers, business combinations, sale, disposition or any other similar transactions with CEC or any CEC affiliates or unrelated third parties (each, an Alternative Transaction); (3) review, evaluate, investigate and negotiate the terms and conditions of the Proposed Transaction and/or any Alternative Transactions, including negotiating any definitive agreement relating thereto, if any such agreements are necessary; (4) report to the CAC board of directors its recommendation with respect to the Proposed Transaction and/or any Alternative Transaction, in a manner designed to serve the best interests of CAC, CGP, in CAC's capacity as its managing member, and CAC's stockholders, as applicable; (5) utilize and retain, at CAC's expense, such legal, financial and other advisors and consultants as the CAC Special Committee may from time to time deem necessary, appropriate or advisable to assist it in performing its functions; (6) following the execution of an agreement relating to the Proposed Transaction and/or any Alternative Transaction to take any other actions contemplated by such agreements to be taken by the CAC Special Committee; (7) take all such actions as it may deem necessary, appropriate or advisable in connection with effecting the Proposed Transaction and/or any Alternative Transaction; (8) exercise any other power or authority that the CAC Special Committee may determine is necessary, appropriate or advisable to carry out and fulfill its duties and responsibilities under the CAC Special Committee Charter; and (9) approve any actions or agreements and other documents as the CAC Special Committee may deem necessary, appropriate or advisable in connection with the exercise of its authority pursuant to the CAC Special Committee Charter.

On November 4, 2014, the CAC Special Committee, along with representatives of Skadden Arps, held a telephonic meeting to discuss the potential benefits and risks to CAC of the Proposed Transaction, including in the context of CEOC's restructuring process. The CAC Special Committee expressed its view that it should consider the Proposed Transaction as well as evaluate other potential alternatives, including remaining a standalone entity.

On November 6, 2014, the CAC Special Committee engaged Moelis as its independent financial advisor. In deciding to engage Moelis, the CAC Special Committee considered Moelis' experience in mergers and restructurings, the fact that Moelis was neither advising nor had a material financial interest in CEC or any of its subsidiaries or any creditor in the context of CEOC's restructuring, and Moelis' agreement, during its engagement, not to act as a financial advisor to CEC or CAC or any holder of debt or equity securities in CEC or CAC (in their capacity as such) or to provide financing to CEC or CAC or to any other party in connection with a strategic transaction involving CAC. At the direction of the CAC Special Committee, Moelis began to conduct financial due diligence with respect to the Proposed Transaction and Alternative Transactions. On November 10, 2014, representatives of Reed Smith sent representatives

of Skadden Arps a draft of a proposed merger agreement, which did not include a proposed exchange ratio.

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On November 11, 2014, the CAC Special Committee, along with representatives of Skadden Arps and Moelis, held a telephonic meeting to discuss the status of Moelis' financial due diligence as well as a term sheet that had been provided to Skadden Arps by counsel to CEC that outlined the terms of a proposed restructuring of CEOC that was being negotiated with certain of CEOC's creditors. After Moelis was excused from the meeting, representatives of Skadden Arps discussed with the CAC Special Committee the terms of the draft merger agreement. The CAC Special Committee then discussed that the draft merger agreement did not contain a go-shop provision or a majority of the minority condition and the general advisability of including such provisions.

On November 13, 2014, the CEC Special Committee, along with representatives of Reed Smith and Centerview, held a telephonic meeting, to discuss Centerview's preliminary financial analysis of CEC and CAC and the possible structure of the Proposed Transaction. At that meeting, the CEC Special Committee determined to make an initial economic proposal to acquire CAC in a stock-for-stock merger in which all outstanding shares of CAC Common Stock would be exchanged for shares of CEC Common Stock at a fixed exchange ratio of 0.504x, which would result in CEC's stockholders owning approximately 69% of New CEC and CAC's stockholders owning approximately 31% of New CEC (the Initial Proposal). Following the meeting, the CEC Special Committee sent a letter to the CAC Special Committee setting forth the Initial Proposal.

On November 18, 2014, the CAC Special Committee held an in-person meeting, along with representatives of Skadden Arps, Moelis and CAC management, with certain representatives of Moelis and CAC management participating by phone. At that meeting, representatives of CAC management highlighted certain operational and financial benefits that could be realized through the Proposed Transaction such as elimination of cost redundancies, including those associated with the companies' separate public reporting obligations, and greater access to capital markets to pursue strategic growth transactions. CAC management also noted certain risks involved in the Proposed Transaction, particularly in the context of CEOC's restructuring process, which is likely to be lengthy and complex and, as such, could increase the volatility of CAC's stock price and lead to further operational challenges that adversely impact CAC's business. Finally, CAC management noted that, while CAC could continue to operate alone and apart from CEC, CGP's land-based casinos would be significantly less valuable if removed from the Total Rewards program and property management services, which are provided by CEC, CES and CEC's other affiliates. After CAC management was excused from the meeting, representatives of Moelis presented preliminary financial information and analysis with respect to CEC and CAC and discussed this information and analysis with the CAC Special Committee, including in the context of the Initial Proposal. Following such discussion, the CAC Special Committee unanimously resolved to send a letter to the CEC Special Committee rejecting the Initial Proposal because it was the view of the CAC Special Committee that such proposal undervalued CAC's relative contribution to the Proposed Transaction.

On November 20, 2014, certain members of the CEC Special Committee and the CAC Special Committee, along with representatives of Reed Smith, Centerview, Skadden Arps and Moelis, held an in-person meeting to discuss the CEC Special Committee's approach to valuation underlying the exchange ratio in CEC's Initial Proposal. While it was determined at that meeting that both financial advisors had similar approaches to valuation of CGP and CERP, the parties had differing views regarding how to value CEOC given uncertainties regarding the restructuring process, including the time it would take to complete a successful restructuring of CEOC and the ultimate cost to settle the claims of CEOC's creditors, including claims related to the pending Delaware Second Lien Lawsuit. During that meeting, representatives of Skadden Arps and Reed Smith also discussed the go-shop provision and majority of the minority condition that the CAC Special Committee had requested to be included in the draft merger agreement. While no resolution was reached at the meeting, representatives of Reed Smith noted that it was CEC's belief that certain of CEOC's creditors owned a significant portion of CAC's public stock and, as a result, CEC would not be willing to agree to a majority of the minority condition as it would give such objecting creditors the ability to use that condition to create undue leverage in the restructuring negotiations.

Between November 20, 2014 and November 23, 2014, the CAC Special Committee, along with representatives of Skadden Arps and Moelis, held several telephonic meetings to discuss issues regarding the

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valuation of CEOC, the possibility that the parties could fix an exchange ratio at the time of signing a potential merger agreement and then adjust the exchange ratio prior to closing to account for the final terms of the restructuring, the exchange ratio proposed by CEC as compared to the exchange ratio implied by the relative market prices of CAC Common Stock and CEC Common Stock, the general advisability of including a go-shop provision and majority of the minority condition in the merger agreement and the risks to CAC associated with a non-consensual bankruptcy of CEOC and its subsidiaries.

On November 21, 2014, the full CAC board of directors, along with representatives of Latham & Watkins LLP (Latham), legal counsel to CAC, held a telephonic meeting. A representative of CAC management provided to the members of the CAC board of directors an overview of the Proposed Transaction, the context in which such Proposed Transaction was presented to CAC and the actions taken in response to such Proposed Transaction such as the engagement by the CAC Special Committee of Skadden Arps as its legal advisor and Moelis as its financial advisor. Latham reminded the members of the CAC board of directors of their fiduciary duties in general and in connection with a transaction like the Proposed Transaction in particular. In addition, the Chairman of the CAC Special Committee presented a high level report regarding the status of the Proposed Transaction, and a representative of Latham explained the principal terms and conditions of the proposed merger agreement that was being negotiated by the CAC Special Committee and the CEC Special Committee. On November 23, 2014, the full CAC board of directors, along with representatives of Latham, held another telephonic meeting. At the meeting the Chairman of the CAC Special Committee presented a high level report regarding the status of the Proposed Transaction.

Also on November 21, 2014, the CEC Special Committee met to receive an update, from representatives of Reed Smith and Centerview, on the merger negotiations and the exchange ratio discussions. Representatives of Reed Smith discussed the principal terms and conditions of the proposed draft merger agreement and identified material issues that remained to be negotiated between the parties, including the exchange ratio, representations, warranties, covenants and conditions related to the restructuring, and the CAC Special Committee's request to include a go-shop provision and a majority of the minority condition in the merger agreement. Representatives of Centerview described negotiations with representatives of Moelis regarding the exchange ratio. Representatives of Centerview then discussed Centerview's updated preliminary financial analysis with the CEC Special Committee.

Following the CEC Special Committee meeting, also on November 21, 2014, the CEC board of directors, along with representatives of Paul, Weiss, PJT, Reed Smith and Centerview, held a telephonic meeting. A representative of Paul, Weiss reviewed for the CEC board of directors the context in which discussions with CAC about a Proposed Transaction were occurring, including the CEC board's past establishment of the CEC Special Committee, the amendment of its mandate and the engagement by the CEC Special Committee of Reed Smith as its legal advisor and Centerview as its financial advisor. A representative of PJT then provided the CEC board members with an update about the status of CEOC's proposed restructuring. Following that, representatives of the CEC Special Committee and Reed Smith updated the CEC board of directors on the status of the negotiations with CAC about the Proposed Transaction, including certain proposed terms. A representative of Paul, Weiss then explained expected timing and next steps, including an anticipated further update to occur on November 23, 2014.

On November 23, 2014, the CEC board of directors, along with representatives of Paul, Weiss, PJT, Reed Smith and Centerview, held a telephonic meeting. A representative of PJT first provided the CEC board members with an update about the status of CEOC's proposed restructuring. Then, representatives of the CEC Special Committee and Reed Smith updated the CEC board on the status of the negotiations with CAC about a Proposed Transaction, including certain proposed terms. Paul, Weiss also reviewed for the members of the CEC board their fiduciary duties under applicable law.

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On November 25, 2014, the trustee for the 8.50% Senior Secured Notes filed the Delaware First Lien Lawsuit in the Delaware Chancery Court against CEC, CEOC, CERP, CAC, CGP and other related entities and

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individuals alleging that CEC engaged in a fraudulent scheme to strip assets from CEOC, and sought the appointment of a receiver to manage CEOC's affairs for the benefit of its noteholders.

Also on November 25, 2014, the CAC Special Committee, along with representatives of Skadden Arps, Moelis and CAC management, held a telephonic meeting to discuss whether there were alternatives to the Proposed Transaction that should be considered, including transactions other than the Proposed Transaction that could provide CEC the resources necessary to consummate the restructuring of CEOC. At that meeting, representatives of CAC management expressed their view that while there were alternatives to the Proposed Transaction, including the acquisition by CGP of additional assets from CEOC or other CEC subsidiaries, the sale of assets by CGP to third parties followed by a distribution of sale proceeds to CAC and CEC and/or an initial public offering of CIE, CAC management indicated that the Proposed Transaction would likely be more advantageous to CAC and its stockholders as it would provide CAC with the benefits associated with combining with CEC while maintaining the upside of CGP's assets, particularly CIE. After CAC management was excused from the meeting, the CAC Special Committee discussed the terms of the CGP Operating Agreement (as defined below), including CAC's and CEC's relative rights thereunder with respect to, among other things, transfers of equity interests and assets of CGP and CAC's preferred return upon a liquidation of CGP that, unless the parties agreed otherwise, would occur no later than October 2022 (such preferred return, the liquidation preference). The CAC Special Committee, along with representatives of Skadden Arps, then discussed the pending litigation against CEC and its subsidiaries, including actions that name CAC and CGP as defendants. In particular, the CAC Special Committee discussed that one of the remedies being sought in connection with such lawsuits was that certain transactions related to CES and CGP, including the transfer of assets into CES and CGP, be unwound. The CAC Special Committee, along with representatives of Skadden Arps, also discussed the status of its legal due diligence, including matters related to CEC's potential tax exposure in connection with historical cancellation of debt and the transactions being contemplated to facilitate a CEOC restructuring. Finally, Moelis reported to the CAC Special Committee that there was still not enough information available or known to value CEOC at that time. The CAC Special Committee then further discussed the possibility of fixing an exchange ratio based on information known at the time of signing a potential merger agreement with a mechanism in the merger agreement to adjust the exchange ratio prior to closing to take into account the final terms of the restructuring as well as additional information that is provided or otherwise becomes known between signing and closing.

On November 26, 2014 and November 28, 2014, the CAC Special Committee met to receive further financial information and analysis from Moelis regarding CAC and CEC and updates from Moelis regarding the status of negotiations with Centerview, including discussions regarding how to account for CEC's potential tax exposure. Also, on November 26, 2014, the CAC board of directors, along with representatives of Latham, held a telephonic meeting, during which the Chairman of the CAC Special Committee presented a high level report regarding the status of the Proposed Transaction.

On November 29, 2014, the CAC Special Committee, along with representatives of Skadden Arps and Moelis, held a telephonic meeting to discuss updated preliminary financial information and analysis from Moelis regarding CAC and CEC, the relative contribution of each to the Proposed Transaction based on this preliminary financial information and analysis and on recent market trading prices and reviewed CAC's liquidation preference under the CGP Operating Agreement. Following discussion, the CAC Special Committee unanimously approved making a proposal to CEC that contemplated a fixed exchange ratio of 0.694x, which would result in CEC's stockholders owning approximately 61% of New CEC and CAC's stockholders owning approximately 39% of New CEC, which specifically excluded potential tax liabilities of CEC that were still under review, and was conditioned on, among other things, receipt of a fairness opinion and tax opinions from counsel to CEC and/or rulings from the IRS that the transactions entered into in connection with CEOC's restructuring would be tax-free to CEC and its affiliates for federal and state income tax purposes (the November 29 Proposal). Following such meeting, the CAC Special Committee sent a letter to the CEC Special Committee setting forth the November 29 Proposal.

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On November 30, 2014, the CAC board of directors, along with representatives of Latham, held a telephonic meeting, during which the Chairman of the CAC Special Committee presented a high level report regarding the status of the Proposed Transaction.

On December 1, 2014, the CAC Special Committee, along with representatives of Skadden Arps and Moelis, held a series of telephonic meetings to discuss circumstances under which CEC could be issued additional interests in CGP based on the performance of CIE during 2015 (the CIE Earn-Out) and CEC's potential tax exposure related to historical cancellation of indebtedness income as well as transactions contemplated to be undertaken by CEOC to facilitate the restructuring. During these meetings, Moelis also reported that, based on discussions with representatives of Centerview regarding the November 29 Proposal, there continued to be disagreement as to the valuation of CEOC and whether to settle issues related to potential tax exposure and the CIE Earn-Out at the time of signing a potential merger agreement or include a post-signing adjustment mechanism in the merger agreement. The CAC Special Committee discussed each approach and Skadden Arps reviewed the fiduciary duties of the CAC Special Committee under applicable law, generally, and in the context of the Proposed Transaction.

On December 4, 2014 and again on December 7, 2014, the CEC Special Committee, along with representatives of Reed Smith and Centerview, met telephonically to discuss the November 29 Proposal. At the December 4, 2014 meeting, representatives of Reed Smith discussed the potential restructuring of CEOC. A representative of Reed Smith described to the CEC Special Committee discussions with Skadden Arps and reported that the CAC Special Committee was not satisfied with the representations, warranties, covenants and conditions in the draft merger agreement related to the restructuring, and continued to request that a go-shop provision and a majority of the minority condition be included in the merger agreement. Representatives of Centerview then discussed Centerview's updated preliminary valuation analysis with the CEC Special Committee. The CEC Special Committee and its advisors also discussed the possibility of a post-signing valuation adjustment mechanism in the merger agreement. At the December 7, 2014 meeting, the CEC Special Committee determined without making a decision regarding the proposed exchange ratio to reject the November 29 Proposal because of certain non-economic issues related to the Proposed Transaction and instructed its advisors to prepare a new proposal to address such issues, including with respect to the inclusion of a go-shop provision and majority of the minority condition in the proposed merger agreement, the expectation that CEC and CAC would each receive a fairness opinion, the exchange ratio adjustment process and the termination rights relative to CEOC's proposed restructuring.

On December 7, 2014, the CAC Special Committee, along with representatives of Skadden Arps, Moelis and CAC management, held a telephonic meeting to discuss how the financial difficulties at CEOC and its pending restructuring could affect CAC. At that meeting, CAC management expressed its views that CEOC's financial difficulties could have an adverse effect on CAC's ability to obtain credit, retain key employees and engage in mergers and acquisitions, which was particularly problematic for CIE's business plan, and that the litigation against CEC and its subsidiaries, including actions that named CAC and CGP as defendants, were exacerbating the problem. Management further expressed its views that a non-consensual bankruptcy of CEOC as opposed to a consensual restructuring could further exacerbate the problem. After management and Moelis were excused from the meeting, the CAC Special Committee, along with representatives of Skadden Arps, discussed the various litigation actions against CEC and its subsidiaries, including actions naming CAC and CGP as defendants. The CAC Special Committee also received an update from its advisors regarding the status of the restructuring support and forbearance agreements being negotiated with certain of CEOC's creditors which would include the terms of the proposed restructuring and be premised on the consummation of the Proposed Transaction.

On December 8, 2014, Reed Smith sent a letter, on behalf of the CEC Special Committee, to Skadden Arps setting forth the CEC Special Committee's position with respect to the non-economic matters discussed at their meeting the previous day.

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Later on December 8, 2014, the CAC Special Committee, along with representatives of Skadden Arps and Moelis, held a series of telephonic meetings to discuss the letter from Reed Smith and to receive updated preliminary financial information and analysis from Moelis regarding CAC and CEC. During that meeting, the CAC Special Committee revisited the general advisability of including a majority of the minority condition in the merger agreement and reviewed information from CAC management that indicated CEOC's second lien creditors held a significant percentage of CAC's public float. Following discussion, the CAC Special Committee unanimously approved making a proposal to CEC that contemplated: (1) a fixed exchange ratio of 0.665x at the signing of a merger agreement, which would result in CEC's stockholders owning approximately 62% of New CEC and CAC's stockholders owning approximately 38% of New CEC (which in the case of CAC's relative ownership of New CEC represented a premium to Moelis' low estimate of the sum of the parts valuation of CAC and implied a premium to recent market trading prices of CAC Common Stock); (2) an adjustment to the exchange ratio following approval of CEOC's disclosure statement by the bankruptcy court that would specifically take into account the CIE Earn-Out and CEC's potential tax exposure and would be conditioned upon receipt of bringdown fairness opinions by both parties; (3) a 45 business day go-shop period during which CAC could seek alternative proposals for CAC Common Stock and not be subject to a termination fee if CAC accepted any such proposals that were received during the go-shop period and were superior to the terms of the Proposed Transaction; (4) a right to terminate the merger agreement by CAC if the non-economic terms of the confirmed plan of reorganization were different than the terms contemplated by the draft restructuring support agreements in a manner that was materially adverse to CAC; and (5) other termination rights in favor of CAC, including if the CEOC bankruptcy was not filed by a specified date or if the disclosure statement was not approved by the bankruptcy court by a specified date (the December 8 Proposal). Based on the information from CAC management regarding the ownership of CAC's public float, as well as the CEC Special Committee's insistence that CEC would not sign a merger agreement that contained a majority of the minority condition given restructuring negotiation dynamics, the CAC Special Committee determined that its proposal would not require such a condition. Following the meeting, Skadden Arps sent a letter, on behalf of the CAC Special Committee, to Reed Smith setting forth the December 8 Proposal.

The CEC Special Committee, along with representatives of Reed Smith and Centerview, met telephonically on December 9, 2014 and again on December 10, 2014 to discuss the December 8 Proposal. The CEC Special Committee discussed the proposed exchange ratio and considered it in the context of Centerview's preliminary financial analysis. It also discussed the terms of the draft merger agreement, including the scope of any go-shop provision that may be included. At the December 10, 2014 meeting, the CEC Special Committee determined to accept in principle the exchange ratio and certain key non-economic terms contemplated by the December 8 Proposal, subject to agreement on the remaining non-economic terms of the Proposed Transaction, including that CAC would be required to pay a reduced termination fee (as opposed to no fee) if CAC accepted any proposal that was received during the go-shop period and were superior to the terms of the Proposed Transaction.

From December 10, 2014 to December 21, 2014, the CEC Special Committee and the CAC Special Committee, and their respective advisors, continued to negotiate, and ultimately came to agreement on, the remaining non-economic terms of the Proposed Transaction.

On December 13, 2014 and December 14, 2014, the CEC Special Committee, along with representatives of Reed Smith and Centerview, held additional telephonic meetings to discuss the status of the remaining non-economic terms of the merger agreement being negotiated with the CAC Special Committee and the status of the restructuring support agreements being negotiated between CEOC and certain of its creditors.

Between December 12, 2014 and December 14, 2014, the CAC Special Committee, along with representatives of Skadden Arps and Moelis, held multiple telephonic meetings to discuss the status of the remaining non-economic terms of the merger agreement being negotiated with Reed Smith and the status of the restructuring support

agreements being negotiated between CEOC and certain of its creditors.

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On December 13, 2014, at a telephonic meeting of the CAC board of directors, along with representatives of Latham, the Chairman of the CAC Special Committee presented a high level report regarding the status of the Proposed Transaction.

Also on December 13, 2014, the CEC board of directors, along with representatives of Paul, Weiss, PJT, Reed Smith and Centerview, held a telephonic meeting. Representatives of PJT provided the CEC board members with an update about the status and proposed terms of CEOC's proposed restructuring. Following that, representatives of the CEC Special Committee and Reed Smith updated the CEC board on the status of the negotiations with CAC about a Proposed Transaction, including certain proposed terms. Paul, Weiss then reviewed for the members of the CEC board their fiduciary duties under applicable law. The CEC board of directors then approved the terms of the proposed restructuring of CEOC, including CEC's proposed contributions thereto.

On December 19, 2014, CEC announced it had entered into a restructuring support agreement with certain key creditors of CEOC regarding the restructuring of CEOC, which, among other things, contemplated the restructuring of CEOC into OpCo and PropCo (the December 2014 RSA). See the section entitled The CEOC Restructuring The Plan beginning on page 199 for additional information of the various RSAs.

On December 21, 2014, the CAC Special Committee, along with representatives of Skadden Arps and Moelis, held a telephonic meeting at which Moelis delivered an oral opinion, which was confirmed by delivery of a written opinion to the effect that, as of the date of the opinion and based upon and subject to the assumptions, conditions and limitations set forth in the opinion, an exchange ratio of 0.664x was fair from a financial point of view to the holders of CAC Common Stock, other than the Sponsors. Representatives of Skadden Arps then reviewed the Original Merger Agreement as circulated to the CAC Special Committee prior to the meeting. Following discussion, and in consideration of, among other things, the fairness opinion rendered by Moelis, the advice of Skadden Arps, and other factors the CAC Special Committee deemed relevant, the CAC Special Committee unanimously recommended that the CAC board of directors (1) approve the terms of the Original Merger Agreement, (2) declare the transactions contemplated by the Original Merger Agreement, fair to and in the best interest of CAC and CAC's stockholders, (3) authorize and approve the plan of merger contained in the Original Merger Agreement, and declare advisable the Proposed Transaction, and (4) recommend that CAC's stockholders approve the adoption of the Original Merger Agreement and the Proposed Transaction.

Also on December 21, 2014, the full CAC board of directors, along with representatives of Latham, Skadden Arps and Moelis, met telephonically. The Chairman of the CAC Special Committee provided the members of the CAC board of directors with a description of the steps taken by the CAC Special Committee, its legal and financial advisors in connection with the negotiations of the Proposed Transaction with the CEC Special Committee and concluded by recommending that the CAC board of directors approve the Proposed Transaction and enter into the merger agreement negotiated by the CAC Special Committee and the CEC Special Committee. Moelis made an oral presentation regarding the most recent financial information and analysis it had presented to the CAC Special Committee and informed the CAC board of directors that it had delivered a fairness opinion to the CAC Special Committee at the CAC Special Committee meeting earlier that day. Representatives of Latham provided presentations to the members of the CAC board of directors providing an overview of the Proposed Transaction, a summary of the principal terms of the December 2014 RSA and the merger agreement. The CAC board of directors meeting continued with a review of the fiduciary duties of the directors presented by Latham. The CAC board of directors unanimously approved the Proposed Transaction and the merger agreement, and certain other related resolutions presented to the members of the CAC board of directors for their consideration in advance of the meeting.

Also on December 21, 2014, the CEC Special Committee, along with representatives of Reed Smith and Centerview, held a telephonic meeting. Representatives of Reed Smith discussed the Original Merger Agreement and described to

the CEC Special Committee the material terms and conditions of the Original Merger Agreement, including the exchange ratio of 0.664x contained therein. In addition, representatives of Centerview

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discussed with the members of the CEC Special Committee, among other things, Centerview's financial analysis of each of CEC and CAC and the exchange ratio negotiations. The representatives of Centerview rendered to the CEC Special Committee an oral opinion, which was subsequently confirmed by delivery of a written opinion, that, as of the date of such opinion and based upon and subject to the various assumptions made, procedures followed, matters considered, and qualifications and limitations upon the review undertaken in preparing its opinion, the exchange ratio of 0.664x provided for pursuant to the Original Merger Agreement was fair, from a financial point of view, to CEC. Following discussion, and in consideration of, among other things, the fairness opinion rendered by Centerview, the advice of Reed Smith, and other factors the CEC Special Committee deemed relevant, the CEC Special Committee unanimously recommended that the CEC board of directors approve the terms of the Original Merger Agreement, authorize and approve the plan of merger contained in the Original Merger Agreement and declare advisable the Proposed Transaction.

Also on December 21, 2014, the CEC board of directors, along with representatives of Paul, Weiss, PJT, Reed Smith and Centerview, held a telephonic meeting. Representatives of PJT and Paul, Weiss provided the CEC board members with an update about the status and proposed terms of CEOC's proposed restructuring. Following that, representatives of the CEC Special Committee and Reed Smith provided the members of the CEC board of directors with a description of the steps taken by the CEC Special Committee and its legal and financial advisors in connection with the negotiations of the Proposed Transaction with the CAC Special Committee, and concluded by recommending that the CEC board of directors approve the Proposed Transaction and enter into the merger agreement negotiated by the CEC Special Committee and the CAC Special Committee. The representatives of Centerview informed the CEC board of directors that it had delivered a fairness opinion to the CEC Special Committee at the CEC Special Committee meeting earlier that day. Representatives of Reed Smith provided to the members of the CEC board of directors an overview of the Proposed Transaction and a summary of the principal terms of the merger agreement. Paul, Weiss then reviewed the fiduciary duties of the CEC directors under applicable law. The CEC board of directors unanimously approved the Proposed Transaction and the merger agreement, and also approved certain other related matters presented to the members of the CEC board of directors for their consideration in advance of the meeting.

Also on December 21, 2014, following approval of the CEC board of directors and the CAC board of directors upon the recommendations of the CEC Special Committee and the CAC Special Committee, respectively, CEC and CAC entered into an Agreement and Plan of Merger (the "Original Merger Agreement"), pursuant to which, among other things, CAC would merge with and into CEC, with CEC as the surviving company. The Original Merger Agreement established an outside closing date of August 6, 2016.

Beginning on January 12, 2015, pursuant to the go-shop provision contained in the Original Merger Agreement, representatives of Moelis contacted 48 parties (26 financial parties and 22 strategic parties) that might be interested in acquiring 100% of the issued and outstanding CAC Common Stock. Of the 48 parties contacted, only 15 parties indicated interest in evaluating the opportunity and only 12 signed non-disclosure agreements.

Also on January 12, 2015, certain holders of notes issued by CEOC filed an involuntary bankruptcy petition (the "Involuntary Petition") against CEOC in the United States Bankruptcy Court for the District of Delaware (the "Delaware Bankruptcy Court"). Shortly thereafter, on January 15, 2015, CEOC and the other Debtors filed the Bankruptcy Petitions in the Bankruptcy Court. The issue of proper venue was litigated in the Delaware Bankruptcy Court, and ultimately the Delaware Bankruptcy Court granted deference to the Debtors' choice of venue, permitting the Chapter 11 Cases to proceed in the Bankruptcy Court.

On January 15, 2015, certain of CEOC's unsecured noteholders filed the Guarantee Claims in the SDNY Court asserting that the transactions undertaken by CEC to release its guarantee of CEOC's unsecured notes breached the unsecured notes indenture and violated the Trust Indenture Act. On August 27, 2015, and again on January 5, 2016,

the SDNY Court denied the plaintiffs' partial summary judgment motions, and the trial was set for March 14, 2016. Before the trial date, however, the Debtors sought and obtained from the Bankruptcy Court a stay of the Guarantee Claims through (1) 60 days after the date that Richard Davis, the examiner appointed in the

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Chapter 11 Cases to investigate possible claims the Debtors may have against CEC, CERP, CAC, CGP, CIE and other related entities and individuals, filed his initial report in the Bankruptcy Court (such individual, the Examiner and such report, the Examiner's Report) or (2) May 9, 2016, whichever came first. The stay expired on May 9, 2016, but was subsequently extended several times and will expire upon the effective date of the Debtors' plan of reorganization.

On February 26, 2015, the solicitation period contemplated by the go-shop provision in the Original Merger Agreement terminated in accordance with its terms with no offers being made. The solicited parties provided a number of reasons for not making an offer, including expressing concern about the ability to consummate a transaction based on their view of the litigation risk associated with the claims against CEC and its subsidiaries, including claims in which CAC and CGP were named defendants.

In order to provide oversight by independent directors of any action that CAC, CGP or any of CAC's subsidiaries were a party to, could potentially be a party to, or could affirmatively bring an action against (any such actions, the CAC Litigation), in April of 2015, the CAC Executive Committee established the litigation committee of the CAC board of directors (the CAC Litigation Committee). The CAC Litigation Committee was delegated with the power and authority to make any decision or take (or refrain from taking) any action related to the strategy of the CAC Litigation and the day to day management of the CAC Litigation, as well as, settle or dispose of the CAC Litigation with full power and authority, excluding (1) claims over \$5 million per case, (2) any settlement or disposition that does not contain a full and final release of CAC, CGP or any of CAC's subsidiaries, (3) any settlement or disposition that requires an express admission of wrongdoing by CAC, CGP or any of CAC's subsidiaries or (4) matters delegated to the CAC Special Committee. Marc Beilinson was appointed as the sole member of the CAC Litigation Committee and the CAC Litigation Committee engaged Latham as its legal advisor.

Amended and Restated Merger Agreement

Following the January 15, 2015 filing of the Chapter 11 Cases, CEC engaged in various discussions with the Debtors and their creditors with respect to a potential restructuring. During the period from January 2015 to February 2016, the CEC Special Committee received periodic updates from representatives of Reed Smith and Centerview regarding the progress of these ongoing discussions. During this time period, the CAC Litigation Committee received periodic updates from representatives of Latham regarding the progress of these ongoing discussions.

In early February 2016, the CEC board of directors held a telephonic meeting. At that meeting, the CEC board of directors authorized the formation of the CEC SAC. The CEC SAC continued certain activities previously delegated to the CEC Special Committee and engaged in certain additional activities pursuant to its charter. The CEC SAC consisted initially of Messrs. Kleisner, Swann and Williams, each of whom is an independent member of the CEC board of directors (or in the case of Mr. Swann, was an independent member of the CEC board of directors until his resignation on June 30, 2016). The CEC board of directors delegated to the CEC SAC authority to undertake any review, analysis, assessment, valuation or other actions necessary or appropriate in connection with the role of CEC in any planning for, or assessment of, the Strategic Alternatives Matters. Further to that objective, the CEC board of directors empowered the CEC SAC to act on behalf, and with the full authority, of the full CEC board of directors to: (1) explore, evaluate, review and obtain advice concerning the Strategic Alternatives Matters; (2) evaluate, review and obtain advice regarding the terms of any Strategic Alternatives Matter or any proposed transaction related thereto; (3) evaluate the fairness of any such proposed transaction; (4) evaluate the engagement of a Chief Restructuring Officer in connection with the Strategic Alternatives Matters and, if the CEC SAC determines such engagement advisable, evaluate candidates to fill that role; (5) take such other actions as the CEC SAC determines are necessary or desirable within the scope of and in connection with the foregoing; and (6) determine the process it will use in carrying out its responsibilities. The CEC board of directors resolved not to approve any transaction related to a Strategic Alternatives Matter unless the CEC SAC first determined that such transaction is in the best interests of

CEC, its stockholders and other stakeholders. The CEC SAC subsequently appointed Mr. Kleisner as its Chairman.

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On February 12, 2016, the CEC SAC held a telephonic meeting to discuss the formation of the CEC SAC and its responsibilities. The CEC SAC considered and discussed retaining legal and financial advisors to represent the CEC SAC. After considering the qualifications of each of Reed Smith and Centerview as well as the work each of Reed Smith and Centerview previously performed for the CEC Special Committee, and the absence of material relationships on the part of Reed Smith and Centerview, on the one hand, and the Sponsors and CAC, on the other hand, that would reasonably be expected to impair Reed Smith's or Centerview's ability to perform their services to the CEC SAC, the CEC SAC selected Reed Smith to act as its legal counsel and Centerview to act as its financial advisor.

From February 12, 2016 through March 1, 2016, Reed Smith and Centerview conducted legal and financial due diligence regarding negotiations concerning the potential settlement of the Chapter 11 Cases. During that time, representatives of Reed Smith and Centerview presented updates to the CEC SAC at several telephonic meetings.

In late February 2016, based on recent developments in the Chapter 11 Cases, including the fact that all major stakeholders had agreed to participate in a court-supervised mediation process, and after conferring with the other members of the CAC Special Committee, Mr. Beilinson directed Moelis and Skadden Arps to reengage in financial and legal due diligence, respectively, with respect to the Proposed Transaction so that each would be prepared to advise the CAC Special Committee if mediation resulted in a consensual plan of reorganization or if the CEC SAC approached the CAC Special Committee to renegotiate the terms of the Proposed Transaction.

On March 1, 2016, the chairman of the CEC SAC, met in-person with members of the CAC Special Committee and members of CEOC's Special Governance Committee to discuss developments in the Chapter 11 Cases.

On March 2, 2016 and March 3, 2016, representatives of Moelis and Centerview attended on-site due diligence sessions in Las Vegas, Nevada with representatives of CAC and CEC management to receive updates on the performance of CGP and CERP.

Also on March 2, 2016, the Debtors filed an initial disclosure statement.

On March 9, 2016, representatives of Moelis and Centerview participated in a telephonic meeting with representatives of Millstein & Co. (Millstein), restructuring advisor to CEOC, to familiarize themselves with the financial terms that were proposed to be included in the Debtors' proposed plan of reorganization as well as the status of negotiations of restructuring support agreements with certain of the Debtors' creditors based on such proposed plan. At such meeting, representatives of Millstein reported that, among other terms, the proposed plan allocated a significant portion of New CEC equity to certain of the Debtors' creditors and contemplated an increase in lease payments to be made under the Master Lease Agreements to be entered into between OpCo and PropCo.

On March 15, 2016, the CAC Special Committee, along with representatives of Skadden Arps and Moelis, held a telephonic meeting to discuss developments in the Chapter 11 Cases and the status of Moelis' financial due diligence, and to receive a report from Moelis regarding its March 9, 2016 meeting with representatives of Millstein. After representatives of Moelis were excused from the meeting, the CAC Special Committee, along with representatives of Skadden Arps, discussed the terms of the Original Merger Agreement, including the fact that it was conditioned on a restructuring of CEOC based on the terms contained in the December 2014 RSA and included an outside date of August 6, 2016, and the possibility that, given such terms, the terms of the Debtors' proposed plan of reorganization and the fact that the Debtors would no longer enjoy statutory exclusivity to propose a plan of reorganization after June 2016, the CEC SAC might approach the CAC Special Committee to renegotiate the exchange ratio and other terms of the Proposed Transaction. Representative of Skadden Arps then reviewed with the CAC Special Committee its fiduciary duties under applicable law, generally, and in the context of the Proposed Transaction. Following discussion, the CAC Special Committee determined it was desirable to

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maintain flexibility to pursue the Proposed Transaction as well as alternatives and, as such, decided that the CAC Special Committee and its advisors should continue to evaluate the Proposed Transaction as well as alternatives to the Proposed Transaction, including remaining a standalone entity.

Also on March 15, 2016, the Examiner filed the Examiner's Report, which redacted certain information and analysis. The Examiner's Report identified potential claims against CEC, CERP, CAC, CGP, CIE and other related entities and individuals with respect to a number of transactions between the Debtors and other entities controlled by CEC and the Sponsors dating back to 2009 and included the Examiner's conclusions on the relative strength of these potential claims. The Examiner calculated an estimated range of possible damages for these potential claims as against all parties from approximately \$3.6 billion to approximately \$5.1 billion. That calculation did not take into account probability of success, likelihood of collection or the time and cost of litigation. Although the Examiner's Report was prepared at the request of the Bankruptcy Court, none of the findings were or are legally binding on the Bankruptcy Court or any party.

On March 18, 2016, the CEC SAC, along with representatives of Reed Smith, Centerview and Milbank, Tweed, Hadley & McCloy LLP (Milbank), restructuring counsel to CEC, held a telephonic meeting. The CEC SAC and its advisors reviewed the Examiner's Report. A representative of Reed Smith discussed the Examiner's findings and the potential impact of the Examiner's Report on potential settlement discussions in the Chapter 11 Cases and alternatives to CEC if the settlement discussions did not progress. Representatives of Centerview discussed with members of the CEC SAC the potential settlement framework under discussion with respect to the Chapter 11 Cases and the potential impact of such settlement on the exchange ratio in the Original Merger Agreement.

During the remainder of March 2016 and during April 2016, the CEC SAC, along with representatives of Reed Smith, Centerview and Milbank, held several telephonic meetings. At those meetings, the CEC SAC received updates on, and discussed and evaluated, CEC's restructuring negotiations with the Debtors and their creditors. The CEC SAC also evaluated alternatives available to CEC if a settlement could not be reached, including the possibility of a CEC Chapter 11 filing.

On March 24, 2016 and March 25, 2016, the CAC Special Committee, along with representatives of Skadden Arps and Moelis, held telephonic meetings to discuss the terms of the Debtors' proposed plan of reorganization, including how such terms compared to the terms of the December 2014 RSA, as well as the key findings in the Examiner's Report with respect to claims asserted against CAC, CGP, CIE and certain of CGP's other subsidiaries.

On March 28, 2016, the CAC Special Committee, along with representatives of Skadden Arps, held a telephonic meeting, at which representatives of Latham made a presentation regarding potential litigation claims against CAC, CGP, CIE and certain of CGP's other subsidiaries that were identified in the Examiner's Report. Latham discussed the Examiner's key findings with respect to each such claim and noted that the Examiner's estimation of potential exposure from all such claims ranged from approximately \$1.71 billion to approximately \$2.29 billion in the aggregate. At the request of the CAC Special Committee, Latham agreed to prepare a report containing an overview of the Examiner's assessment of the strength of, and a range of potential exposure with respect to, such claims after an unredacted version of the Examiner's Report was made publicly available. After representatives of Latham were excused from the meeting, the CAC Special Committee discussed the potential impact of such potential exposure on the exchange ratio in the Original Merger Agreement and noted that any such impact would need to be evaluated in light of CAC's liquidation preference under the CGP Operating Agreement. The CAC Special Committee did not separately analyze CEC's potential litigation exposure because the CAC Special Committee did not view such exposure as relevant in determining either pro forma equity splits in the Merger (given that the Merger was conditioned upon consummation of the Plan, including settlement of all litigation) or the intrinsic valuation of CAC on a stand alone basis.

Through the remainder of April 2016 and early May 2016, the CAC Special Committee met several times to continue discussing the terms of the Debtors' proposed plan of reorganization, including the proposed allocation

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of New CEC equity to certain of CEOC's creditors and the increased lease payments under the Master Lease Agreements between OpCo and PropCo, and how such terms could impact the economics of the Proposed Transaction.

On April 4, 2016, CEOC filed an amended disclosure statement.

On April 14, 2016, Mr. Swann informed CEC that he would resign from his position as a member of the CEC board of directors, effective as of June 30, 2016, to accept the position of Athletic Director at the University of Southern California.

In late April 2016, the CEC SAC recommended to the CEC board of directors that CEC retain The Honorable Robert E. Gerber (Judge Gerber) as CEC's Chief Restructuring Officer, with Judge Gerber reporting directly to the CEC SAC. The CEC board of directors approved that recommendation and Judge Gerber was retained on May 2, 2016. He served as CEC's Chief Restructuring Officer through December 14, 2016, and attended meetings of the CEC SAC and provided the CEC SAC with advice with respect to restructuring matters.

On May 9, 2016, the CAC Special Committee engaged BDO Seidman (BDO) as its independent tax advisor to conduct tax-related due diligence on CEC and its subsidiaries and to assist the CAC Special Committee in assessing the federal income tax consequences of the proposed restructuring of CEOC into OpCo and PropCo. The CAC Special Committee determined to engage BDO based on its tax expertise, including in the context of mergers and restructurings, and the absence of material conflicts. At the direction of the CAC Special Committee, BDO began to conduct tax due diligence with respect to such matters.

From May 2016 to early June 2016, representatives of Centerview and Moelis had several discussions regarding the preliminary financial analysis of CEC and CAC in the context of the Proposed Transaction.

On May 16, 2016, a substantially unredacted version of the Examiner's Report was filed with the Bankruptcy Court.

On May 17, 2016, certain of the Debtors' second lien creditors filed objections to the Debtors' proposed amended disclosure statement and, included with their objections, were additional claims asserted against CEC, CAC and certain of their respective subsidiaries and affiliates, which were in addition to claims identified in the Examiner's Report.

On May 18, 2016 and May 27, 2016, the Debtors filed amendments to their proposed plan of reorganization and a revised disclosure statement and amendments thereto.

On June 3, 2016 and June 5, 2016, the CAC Special Committee, along with representatives of Skadden Arps and Moelis, held telephonic meetings to discuss matters relating to the Chapter 11 Cases and to receive updates regarding the status of financial and legal due diligence as well as BDO's tax due diligence.

On June 6, 2016, the CEC SAC, along with representatives of Reed Smith and Centerview, held a telephonic meeting. At that meeting the CEC SAC reviewed and discussed the Restructuring Support, Settlement and Contribution Agreement between CEC and CEOC (the Original CEC RSA), following which it recommended to the full CEC board of directors that entry into the Original CEC RSA was in the best interests of CEC, its stockholders and other stakeholders.

On June 7, 2016, CEC and CEOC entered into the Original CEC RSA. See the section entitled The Merger Restructuring Support Agreements beginning on page 253 for a discussion of the various restructuring support

agreements.

On June 8, 2016, representatives of Skadden Arps received a letter from representatives of Reed Smith requesting that the CAC Special Committee engage in discussions with the CEC SAC regarding certain

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amendments to the Original Merger Agreement, including with respect to the exchange ratio, an extension of the August 6, 2016 outside date, amendments to certain closing conditions and appropriate amendments to reflect the plan of reorganization contemplated by the Original CEC RSA (the June 8 Letter).

On June 9, 2016, the CEC SAC, along with representatives of Reed Smith, Centerview and Milbank, held a telephonic meeting to discuss certain matters impacting CEC related to the Chapter 11 Cases, the financial impact of the proposed settlements with the Debtors and certain of their creditors, and the potential impact of such proposed settlements on the negotiation of the exchange ratio in the Proposed Transaction and CEC's alternatives to the proposed settlement.

Also on June 9, 2016, the CAC Special Committee, along with representatives of Skadden Arps and Moelis, held a telephonic meeting to discuss matters related to the Chapter 11 Cases and the terms of the Original CEC RSA. After Moelis was excused from the meeting, the CAC Special Committee discussed the June 8 Letter and reaffirmed its view that, while the CAC Special Committee and its advisors should continue to evaluate the Proposed Transaction, they should also evaluate alternatives to the Proposed Transaction, including remaining a standalone entity.

On that same date, June 9, 2016, representatives of Kirkland & Ellis, LLP (K&E), counsel to CEOC, sent representatives of Latham a draft joinder, proposing to add CAC as a signatory to the Original CEC RSA. On June 10, 2016, the CAC Litigation Committee authorized Latham to send to K&E a draft restructuring support agreement to be entered into by and among CAC, CEOC and, solely for certain limited purposes, CEC, which included provisions that gave the CAC Special Committee flexibility to act within its fiduciary duties in the context of considering the Proposed Transaction.

On June 11, 2016 and June 12, 2016, the CAC Special Committee, along with representatives of Skadden Arps, held telephonic meetings, at which representatives of Moelis, Latham and CAC management were invited to portions of the meetings to make presentations to the CAC Special Committee.

Moelis Presentation: During a presentation at which neither Latham representatives nor CAC management were present, representatives of Moelis presented preliminary financial information and analysis with respect to CAC and CEC and evaluated the relative contribution of each to the Proposed Transaction derived from that preliminary analysis. It was noted that the combined intrinsic valuations of CAC and CEC derived from the preliminary analysis had increased significantly since the Original Merger Agreement was executed in December 2014, but that the intrinsic value of CEC's assets had increased at a higher rate than CAC's. Accordingly, the financial analysis showed that the relative contribution by CEC was significantly higher (and that the relative contribution of CAC was significantly lower) than what was implied by the exchange ratio in the Original Merger Agreement. Moelis then compared the implicit valuation derived from the preliminary analysis to CAC's liquidation preference under the CGP Operating Agreement and recent market trading prices and noted the discrepancies. Representatives of Moelis expressed their view that such discrepancies to recent market trading prices were likely due to the uncertainty regarding the outcome of the restructuring, which, even after accounting for New CEC equity to be allocated to the Debtors' creditors under the Debtors' proposed plan of reorganization, was more significant for CEC given that CEC had greater litigation exposure relative to CAC, including with respect to the Guarantee Claims. Finally, representatives of Moelis reported that, based on Moelis' analysis, each \$100 million of litigation exposure that CAC is willing to assume would result in approximately 1% of the pro forma equity of New CEC shifting from CAC stockholders to CEC stockholders.

Litigation Discussion: During a discussion for which neither Moelis representatives nor CAC management were present, and for which representatives for Latham and Skadden were present, the CAC Special Committee considered the full range of potential exposure with respect to the potential claims against CAC, CGP, CIE and certain of CGP's other subsidiaries that were analyzed in the Examiner's Report as well as the additional claims that had been asserted by certain of the Debtors

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second lien creditors (such claims, collectively, the Asserted Claims). Based strictly on the Examiner s estimation and the amount claimed by such creditors, such exposure was approximately \$3.7 billion to \$7.9 billion in the aggregate. The CAC Special Committee then considered the Examiner s assessment of the strength of each Asserted Claim in detail and the range of potential exposure with respect to each such Asserted Claim. After representatives of Latham were excused from the meeting, the CAC Special Committee, along with representatives of Skadden Arps, discussed other potential remedies, including remedies seeking to unwind certain transactions related to CES and CGP.

CAC Management Presentation: During a presentation at which Latham representatives were not present, representatives of CAC management explained that, due to the uncertainty surrounding the outcome of the Chapter 11 Cases and potential litigation exposure related to the Asserted Claims, CAC was facing challenges on a number of fronts, and its prospects had worsened since the Original Merger Agreement had been signed. In particular, CAC management explained that CAC was having difficulties accessing the capital markets and attracting and retaining employees. In addition, CAC management expressed its view that if CEOC s restructuring was unsuccessful and/or CEC was forced to file for bankruptcy such problems would be exacerbated and could materially and adversely affect CAC s ability to meet financial projections. On that same date, June 12, 2016, the CAC board of directors, along with representatives of Latham, held a telephonic meeting to discuss the terms of a restructuring support agreement proposed to be entered into among CAC, CEOC and, solely for certain limited purposes, CEC (the Original CAC RSA , and together with the Original CEC RSA, the Original Caesars RSAs). A representative of Latham explained the principal terms of the Original CAC RSA, as further explained below in connection with the Original Caesars RSAs. The CAC board of directors, by the unanimous vote of all the members present at the meeting, approved the Original CAC RSA.

Also on June 12, 2016, the CEC SAC met with representatives of Reed Smith, Centerview and Milbank to discuss the terms of the Original CAC RSA, to which CEC was to be a party for limited purposes. At that meeting the CEC SAC determined that CEC s entry into the Original CAC RSA for the limited purposes identified therein was in the best interests of CEC, its stockholders and other stakeholders and recommended entry into the Original CAC RSA to the full CEC board of directors.

Later on June 12, 2016, upon the authorization and approval of the full CAC board of directors, CAC together with CEOC and, for the limited purposes set forth therein, CEC entered into the Original CAC RSA.

The Original Caesars RSAs required, among other things, that CEC and CAC use commercially reasonable efforts to negotiate and execute an amendment to (or amendment and restatement of) the Original Merger Agreement (the Amended Merger Agreement) by June 30, 2016, subject to the respective fiduciary duties of the CEC board of directors, the CEC SAC, the CAC board of directors and the CAC Special Committee. The Original Caesars RSAs also required CEC and CAC to negotiate and execute, by June 30, 2016, voting support agreements with the Sponsors with respect to the voting of the shares beneficially owned by the Sponsors and/or their affiliates in favor of the Proposed Transaction. The Original Caesars RSAs required that the terms of the Amended Merger Agreement and the voting support agreements be reasonably acceptable to CEOC. See the section entitled The CEOC Restructuring The Plan beginning on page 199 for additional information of the various RSAs.

On June 15, 2016, the CAC Special Committee, along with representatives of Skadden Arps and Moelis, held a telephonic meeting to further discuss preliminary financial information and analysis from Moelis and the views of the CAC Special Committee as to an appropriate exchange ratio. At that meeting the CAC Special Committee authorized representatives of Moelis to communicate to representatives of Centerview that, if CAC were to pursue the Proposed Transaction, CAC stockholders should receive 29% of the pro forma equity of New CEC, which represented a

premium to CAC s relative contribution to the Proposed Transaction based on the

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preliminary valuations of CAC and CEC derived from the preliminary financial analysis and assumed that CAC bore a nominal amount of the costs to settle the potential litigation exposure with respect to the Asserted Claims.

On June 16, 2016, the Chairman of the CEC SAC, along with representatives of Centerview, and the Chairman of the CAC Special Committee, along with representatives of Moelis, met to discuss each side's views regarding valuation and the relative contributions of CAC and CEC to the Proposed Transaction. Representatives of the CAC Special Committee proposed that CAC stockholders receive 29% of the pro forma equity of New CEC. Representatives of the CEC SAC countered with a proposal that CAC stockholders receive 22% of the pro forma equity of New CEC.

Later on June 16, 2016, the CEC SAC, along with representatives of Reed Smith, Centerview and Milbank, met to discuss various matters relating to the Chapter 11 Cases, including the status of discussions and settlement negotiations with certain creditor groups. The CEC SAC also discussed the earlier meeting with representatives of the CAC Special Committee, and determined to reject the CAC Special Committee's proposal that CAC stockholders receive 29% of the pro forma equity of New CEC based on, among other reasons, the fact that such proposal did not include a meaningful economic contribution by CAC to settle the potential litigation exposure with respect to the Asserted Claims, which was communicated that same day to representatives of the CAC Special Committee.

Over the following several days, the CAC Special Committee, along with representatives of Skadden Arps and Moelis, held a series of telephonic meetings to further review preliminary financial information and analysis from Moelis regarding CAC and CEC and, after representatives of Moelis were excused from the meeting, to re-examine its views on the amount, if any, that CAC should contribute to settle the potential litigation exposure with respect to the Asserted Claims. In particular, the CAC Special Committee discussed the total potential exposure to CAC and CGP with respect to the Asserted Claims, based on the Examiner's Report and the additional claims asserted by certain of the Debtors' second lien creditors, and the discussion with Latham regarding a range of potential litigation exposure with respect to such claims. The CAC Special Committee also discussed the fact that, while CAC enjoyed a liquidation preference under the CGP Operating Agreement that could insulate CAC's stockholders from such exposure, there were scenarios that had been discussed where the value of CAC's liquidation preference could be at risk. Following such discussions, the CAC Special Committee authorized Moelis to communicate to Centerview that, if CAC were to pursue the Proposed Transaction, CAC stockholders should receive 28% of the pro forma equity of New CEC, which assumed that CAC stockholders bore approximately \$100 million of the costs to settle the potential litigation exposure with respect to the Asserted Claims.

On June 20, 2016, the CEC SAC, along with representatives of Reed Smith, Centerview and Milbank, met telephonically to discuss matters relating to the Chapter 11 Cases and the ongoing multilateral negotiations regarding the terms to be included in the Amended Merger Agreement among representatives of the CEC SAC and their advisors, the Debtors and their advisors, as well as certain representatives of the holders of the Debtors first lien notes. The discussions with the Debtors and the first lien noteholders primarily focused on conditionality of the Proposed Transaction and certain termination provisions in the Original Merger Agreement, and the CEC SAC and Reed Smith discussed the CEC SAC's fiduciary duties to CEC, its stockholders and other stakeholders in the context of the Proposed Transaction and the proposals by the Debtors and the first lien noteholders.

On June 21, 2016, representatives of Reed Smith sent an initial draft of the Amended Merger Agreement to representatives of Skadden Arps.

On June 24, 2016, the CAC Special Committee, along with representatives of Skadden Arps and Moelis, held a telephonic meeting. At that meeting, the CAC Special Committee discussed that its revised proposal at 28% had been communicated to the CEC SAC and, at the time of such communication, that the CEC SAC had made a counterproposal at 25%. The CAC Special Committee also discussed the value of locking in a fixed

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percentage of the pro forma equity of New CEC that would be allocated to CAC's stockholders such that, if more equity was ultimately allocated to CEOC's creditors in connection with the restructuring, then the dilution would be suffered solely by CEC's stockholders and not affect CAC's stockholders. After representatives of Moelis were excused, representatives of Skadden Arps discussed certain non-economic terms contained in the initial draft of the Amended Merger Agreement, in particular that the draft eliminated the go-shop provision that was contained in the Original Merger Agreement and continued to omit a majority of the minority condition. The CAC Special Committee discussed the general advisability of such provisions and revisited CEC's objection to including a majority of the minority condition in the Original Merger Agreement in the context of CEOC's restructuring. The CAC Special Committee requested that Skadden Arps coordinate with Moelis to determine whether and to what extent CAC's public stock continued to be held by certain of the Debtors' second lien creditors that objected to the Debtors' proposed plan of reorganization.

On June 25, 2016, representatives of Skadden Arps sent representatives of Reed Smith a revised draft of the Amended Merger Agreement.

On June 26, 2016, the CAC Special Committee, along with representatives of Skadden Arps, held a telephonic meeting to receive an update regarding the status of legal due diligence, including an update regarding CEC's expulsion from the NRF and the ongoing litigation with respect thereto.

On June 27, 2016, the CEC SAC, along with representatives of Reed Smith and Centerview, met telephonically to discuss ongoing discussions and negotiations with representatives and advisors to the CAC Special Committee, CEOC and the first lien noteholders. Representatives of Reed Smith described objections that CEOC and the first lien noteholders raised relating to certain non-economic terms of the draft Amended Merger Agreement focused on the conditionality of the Proposed Transaction and certain termination rights in the Original Merger Agreement. The CEC SAC and its advisors also discussed the recent negotiations that took place among Reed Smith, Akin, Gump, Strauss, Hauer & Feld LLP (Akin Gump), counsel to the Sponsors, and K&E with respect to the CEC voting agreement that would obligate the Sponsors to vote the shares they hold in CAC in favor of the Proposed Transaction. That evening representatives of Reed Smith sent representatives of Skadden Arps a revised draft of the Amended Merger Agreement.

On June 28, 2016, the CAC Special Committee, along with representatives of Skadden Arps and Moelis, held a series of telephonic meetings, at which, for portions of the meetings, representatives of BDO and CAC management made presentations. BDO summarized its tax due diligence efforts to date and noted that, while CEC had provided certain information that BDO had requested, other information had not yet been provided or was not yet known, such as whether the PLRs would be obtained. Later, CAC management reiterated the challenges it was facing as a result of the Chapter 11 Cases, generally, and the litigation exposure, specifically, and provided examples, including its recent inability to refinance certain debt facilities, to secure new financing and retain certain key employees. CAC management also reiterated its belief that a CEC bankruptcy would exacerbate such challenges and could materially and adversely affect CAC's ability to meet its financial projections. Finally, outside of the presence of Moelis, BDO and CAC management, representatives of Skadden Arps discussed the revised draft of the Amended Merger Agreement they received the prior evening from Reed Smith and the CAC Special Committee further discussed its position on litigation exposure and the adjustment to the exchange ratio.

On June 28, 2016, representatives of Moelis and Centerview engaged in telephonic negotiations during which they delivered the following proposals, each with the authority of their respective special committee:

CEC SAC (presented the CAC Special Committee with two options):

CAC stockholders would receive 27% ownership of the pro forma merged company (26.4% for CEC), prior to the dilution for the conversion of the New CEC Convertible Notes (the New CEC Note Conversion), and the Amended Merger Agreement will have a post-confirmation adjustment

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mechanism for fundamental valuation changes and certain tax attributes with respect to CEC and CAC, respectively; or

CAC stockholders would receive 26% ownership of the pro forma merged company (27.4% for CEC), prior to the dilution for the New CEC Note Conversion, and the Amended Merger Agreement will have no adjustment mechanism for fundamental valuation changes, but will permit adjustments for certain tax attributes.

CAC Special Committee (presented the following to the CEC SAC):

CAC stockholders would receive 27% ownership of the pro forma merged company (26.4% for CEC), prior to the dilution for the New CEC Note Conversion, and the Amended Merger Agreement will have no adjustment mechanism for fundamental valuation changes, but will permit adjustments for certain tax attributes.

On June 29, 2016, the CEC SAC, along with representatives of Reed Smith and Centerview, met telephonically to discuss the current status of the merger negotiations among representatives of, and advisors to, the CEC SAC, the CAC Special Committee, CEOC and the first lien noteholders. The CEC SAC and its advisors discussed objections that CEOC and the first lien noteholders continued to raise relating to certain non-economic terms of the draft Amended Merger Agreement. In addition, representatives of Centerview summarized discussions it had with representatives of Moelis with respect to the exchange ratio at the June 28, 2016 telephonic meetings between representatives of Centerview and representatives of Moelis. Representatives of Centerview discussed with members of the CEC SAC, among other things, the current transaction structure, CEC's proposed contributions to the Debtors plan of reorganization, ownership of assets following confirmation of the plan, Centerview's updated preliminary financial analysis of each of CEC and CAC and the results of the claims analysis with respect to certain claims and litigation matters raised by the Examiner's Report and asserted by certain second lien creditors, including the guaranty litigation. The CEC SAC considered the results of several assessments of the litigation risks associated with such claims, particularly the claims asserted in the guaranty litigation, which had been prepared by its counsel and other counsel representing CEC. In evaluating the alleged claims, the CEC SAC considered and analyzed, with advice of its counsel, the nature and magnitude of the relief sought and the accompanying litigation risks. The CEC SAC and its advisors also reviewed the terms of the proposed Restructuring and noted (1) that unless these claims were resolved, CEC might be required to make a Chapter 11 filing as a result of the claims or in order to litigate the claims which had its own inherent risks, expenses and uncertainties and could result in the CEC non-Sponsor stockholders realizing no value for their shares and (2) that the Restructuring and the Merger would resolve all of the potential and actual claims without the risks of litigation and a Chapter 11 filing and would preserve value for the CEC non-Sponsor stockholders.

On June 30, 2016, Mr. Swann's resignation from the CEC board of directors and the CEC SAC became effective. The CEC SAC, thereafter, consisted of Messrs. Kleisner and Williams until Mr. Bernard L. Zuroff was appointed to serve as a member of the CEC SAC on November 10, 2016.

On June 30, 2016 and July 1, 2016, the CAC Special Committee, along with representatives of Skadden Arps and Moelis, held a series of telephonic meetings to discuss updated financial information and analysis from Moelis. At those meetings, representatives of Moelis reported that Moelis was not currently in a position to render a fairness opinion to the CAC Special Committee based on the significant uncertainty regarding a number of key issues and matters in the Plan, the outcome of which could have a significant impact on its analysis. Moelis also noted the disparity between the relative contributions of CAC and CEC to the Proposed Transaction implied by the intrinsic

values of CAC and CEC derived from its most recent financial analysis, on the one hand, and recent market trading prices of CAC Common Stock and CEC Common Stock, on the other hand. Moelis did state that the CAC Special Committee could utilize Moelis' most recent financial analysis in considering whether it would recommend the Proposed Transaction to the CAC board of directors subject to those observations. Moelis further reported that, based on information received from CAC management regarding the identity of

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CAC's public stockholders, certain of the Debtors' second lien creditors owned shares of CAC Common Stock representing approximately 40% of the public float. After representatives of Moelis were excused from the meetings, representatives of Skadden Arps discussed the most recent draft of the Amended Merger Agreement, including the objections that representatives of the Debtors and the first lien noteholders continued to raise regarding the conditionality of the Proposed Transaction and the various termination rights in the Original Merger Agreement. Based on the report from Moelis indicating that certain of the Debtors' second lien creditors, who continued to object to the Debtors' plan of reorganization, continued to hold a significant amount of CAC's public float and the fact that the CEC SAC had reaffirmed that CEC would not sign a merger agreement that contained a majority of the minority condition given restructuring negotiation dynamics, the Special Committee determined not to insist on such a condition in the Amended Merger Agreement, despite its multiple requests therefor, but that it would require another 45 business day go-shop provision identical to the one in the Original Merger Agreement.

On July 1, 2016, K&E confirmed by email that CEOC had agreed to extend the June 30, 2016 deadline for execution of the Amended Merger Agreement and voting support agreements, as required by the Original Caesars RSAs, to facilitate further meetings and discussions relating to certain non-economic terms of such agreements to which CEOC objected.

On July 3, 2016, representatives of the CEC SAC, the CAC Special Committee, Milbank, Reed Smith, Skadden Arps, Centerview, Moelis, K&E and Kramer Levin Naftalis & Frankel LLP (Kramer Levin), legal counsel to the first lien noteholders, met telephonically to discuss concerns raised by CEOC and the first lien noteholders regarding the draft Amended Merger Agreement and voting support agreements. These concerns generally focused on providing CEOC and its creditors with greater certainty that the Proposed Transaction would close and included concerns about closing conditions and termination rights. The concerns K&E and Kramer Levin raised during the telephonic meeting were not resolved, and K&E proposed an in-person meeting to attempt to resolve the remaining open non-economic issues. K&E indicated that CEOC would not be willing to solicit votes for the Debtors' proposed plan of reorganization unless its objections to certain non-economic provisions in the Amended Merger Agreement were satisfactorily resolved. During the meeting, CEOC and its advisors agreed to further extend the June 30, 2016 deadline for execution of the Amended Merger Agreement and voting support agreements to July 5, 2016.

Later on July 3, 2016, the CEC SAC, along with representatives of Reed Smith, Centerview and Milbank, met telephonically to discuss the earlier telephonic meeting with advisors to the CEC SAC and the CAC Special Committee and CEOC and the first lien noteholders, as well as the merits of holding the in-person meeting that K&E and Kramer Levin had requested. The CEC SAC's advisors discussed the issues in the Amended Merger Agreement that it had not yet resolved with the CAC Special Committee.

Later on July 3, 2016, the CEC SAC proposed to representatives of the CAC Special Committee (1) an exchange ratio that would result in CAC stockholders receiving 27% of the pro forma equity of New CEC at closing (following the issuance of shares of New CEC to CEOC's creditors under the proposed plan of reorganization but prior to the dilution for the New CEC Note Conversion), (2) that the exchange ratio would be subject to adjustment based on specified tax considerations and (3) under certain circumstances, including if either side was unable to obtain a fairness opinion based on an adjustment to the exchange ratio based solely on such tax considerations or if either side determined, in good faith, after consultation with outside legal counsel that an adjustment to the exchange ratio based solely on such tax considerations would not be appropriate or advisable in consideration of, or would otherwise be reasonably likely to be inconsistent with, the directors' fiduciary duties, that the exchange ratio would be further adjusted to take into account all matters impacting intrinsic value.

On July 4, 2016, the CAC Special Committee, along with representatives of Skadden Arps and Moelis, held a telephonic meeting to discuss the CEC SAC's most recent proposal. In particular, the CAC Special Committee

discussed the fact that 27% of the pro forma equity of New CEC represented a premium to CAC's relative

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contribution to the Proposed Transaction based on Moelis' sum of the parts valuations of CAC and CEC after taking into account a range of potential litigation exposure with respect to the Asserted Claims to be borne by CAC's stockholders. The CAC Special Committee also discussed the benefits to CAC's stockholders of locking in a fixed percentage of the pro forma equity of New CEC to be received by CAC stockholders at closing (regardless of whether additional equity was allocated to CEOC's creditors under the proposed plan) and the fact that any intrinsic-value based adjustment to the exchange ratio would need to be supported by a fairness opinion. After representatives of Moelis were excused from the meeting, representatives of Skadden Arps summarized the key terms contained in the latest draft of the Amended Merger Agreement, including changes that had been made at the request of the Debtors related to conditionality and termination rights. Representatives of Skadden Arps also updated the CAC Special Committee on the status of the CAC voting agreement that the CAC Litigation Committee, together with Latham as its legal counsel, was negotiating. On that same date, July 4, 2016, after the meeting of the CAC Special Committee, the full CAC board of directors, along with representatives of Latham, Skadden Arps and Moelis, held a telephonic meeting. The Chairman of the CAC Special Committee, together with representatives from Skadden Arps and Moelis, made presentations to the members of the CAC board of directors regarding the status of the negotiations with the CEC SAC and the concerns raised by the Debtor and its advisors regarding the Amended Merger Agreement, an explanation of the most significant changes to the Original Merger Agreement and the financial analysis conducted in connection with such proposed changes to the Original Merger Agreement. The members of the CAC board of directors who also serve on the CEC board of directors recused themselves from the portion of the meeting that included the financial analysis presented by Moelis. Prior to the Moelis presentation, Latham provided a presentation on the fiduciary duties of the member of the CAC board of directors.

Also on July 4, 2016, the CEC SAC, along with representatives of Reed Smith and Centerview, met telephonically to discuss the current status of the negotiations among the respective representatives of, and advisors to, the CEC SAC, the CAC Special Committee, CEOC and the first lien noteholders. Reed Smith delivered a presentation to the CEC SAC that included, among other things, a description of the structure of the transaction, an explanation of the most significant changes between the Original Merger Agreement and the Amended Merger Agreement, and Reed Smith and the CEC SAC discussed the remaining open non-economic points subject to negotiation with the CAC Special Committee. In addition, representatives of Centerview discussed with the members of the CEC SAC, among other things, the transaction structure, Centerview's updated preliminary financial analysis of each of CEC and CAC, the exchange ratio negotiations and the results of the claims analysis with respect to certain claims and litigation matters raised by the Examiner's Report and asserted by certain second lien creditors, including the guaranty litigation. The CEC SAC considered the results of several assessments of the litigation risks associated with such claims, particularly claims asserted in the guaranty litigation, which had been prepared by its counsel and other counsel representing CEC. The CEC SAC unanimously determined to recommend the Amended Merger Agreement to the full CEC board of directors, subject to and following satisfactory resolution of the remaining open non-economic issues.

Following the telephonic meeting of the CEC SAC on July 4, 2016, the CEC board of directors met telephonically and received a briefing from the CEC SAC, Reed Smith and Milbank on the current status of the Amended Merger Agreement and voting support agreement negotiations.

On July 6, 2016, members of the CEC SAC, along with representatives of Reed Smith and Centerview, and members of the CAC Special Committee, along with representatives of Skadden Arps and Moelis, met with K&E, Kramer Levin, Milbank and Latham to discuss the remaining open non-economic issues in the draft Amended Merger Agreement and voting support agreements. During this meeting, K&E confirmed that CEOC would further extend the deadline in the Original Caesars RSAs, which had expired the previous day, to permit the parties to continue discussions.

On July 7, 2016, the CEC SAC, along with representatives of Reed Smith, Centerview and Milbank, met telephonically to discuss the mediation session with certain of the Debtors' second lien creditors and their advisors that occurred earlier in the day, as well as meetings with the special governance committee of CEOC

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and its advisors and the holders of first lien notes and their advisors. Reed Smith reported that an agreement in principle had been reached with CEOC, pursuant to which the draft Amended Merger Agreement would be revised to address certain non-economic concerns expressed by CEOC's advisors. Reed Smith also described the status of negotiations with respect to the amendment and restatement of the Original CEC RSA (the "CEC RSA"). Following discussions with its advisors, the CEC SAC unanimously approved the Amended Merger Agreement with the changes as described to the CEC SAC and unanimously approved the voting support agreements and the amendment and restatement of the Original CEC RSA, and recommended approval of each agreement to the full CEC board of directors.

Also on July 7, 2016, the CAC Special Committee, along with representatives of Skadden Arps, held a telephonic meeting. Representatives of Skadden Arps reviewed the most recent changes to the draft Amended Merger Agreement, as well as the fiduciary duties of the CAC Special Committee under applicable law, generally, and in the context of the Proposed Transaction. Following discussion, and in consideration of, among other things, the most recent financial information and analysis from Moelis regarding CAC and CEC, the fact that CAC stockholders were bearing a relatively small amount of the cost to settle the potential litigation exposure with respect to the Asserted Claims, the fact that CAC stockholders were entitled to receive a fixed percentage of the pro forma equity of New CEC (regardless of whether additional equity was allocated to CEOC's creditors under the proposed plan), and the further fact that any intrinsic-value based adjustment to the exchange ratio would need to be supported by a fairness opinion, the CAC Special Committee unanimously recommended, subject to satisfactory resolution of the remaining non-economic points in the draft Amended Merger Agreement, that the CAC board of directors (1) approve the terms of the proposed Amended Merger Agreement, (2) declare the transactions contemplated by the proposed Amended Merger Agreement fair to and in the best interest of CAC and CAC's stockholders, (3) authorize and approve the plan of merger contained in the proposed Amended Merger Agreement and declare advisable the Proposed Transaction and (4) recommend that CAC's stockholders approve the adoption of the Amended Merger Agreement and the Proposed Transaction as soon as the facts and circumstances would justify such a recommendation.

That same date, July 7, 2016, after the meeting of the CAC Special Committee, the CAC board of directors, along with representatives of Latham, Skadden Arps and Moelis, held a telephonic meeting. The member of the CAC Litigation Committee updated the CAC board of directors on the negotiations regarding the amendment and restatement of the Original CAC RSA, which was close to final, but still subject to negotiation. The member of the CAC Litigation Committee continued by providing an update regarding the negotiations of the voting agreement to be entered by and among CAC, Hamlet Holdings and certain holders parties thereto in accordance with the Original CAC RSA, and informed the CAC board of directors that such CAC voting agreement was also close to final, but still subject to negotiation. Finally, the member of the CAC Litigation Committee, who is also the Chairman of the CAC Special Committee, in his capacity as such, presented an update on the Amended Merger Agreement, which was still subject to negotiation, but in substantially final form. The members of the CAC board of directors who also serve on the CEC board of directors recused themselves from the meeting and left the telephonic meeting. The CAC board of directors meeting continued with a presentation from Skadden Arps on the main changes to the Amended Merger Agreement since the last presentation to the CAC board of directors and from Moelis regarding the most recent financial information and analysis it had presented to the CAC Special Committee. Latham provided a presentation on the fiduciary duties of the members of the CAC board of directors. The CAC board of directors' meeting concluded by the CAC Special Committee recommending that the CAC board of directors (1) approve the terms of the proposed Amended Merger Agreement, (2) declare the transactions contemplated by the proposed Amended Merger Agreement fair to and in the best interest of CAC and CAC's stockholders, (3) authorize and approve the plan of merger contained in the proposed Amended Merger Agreement and declare advisable the Proposed Transaction and (4) recommend that CAC's stockholders approve the adoption of the Amended Merger Agreement and the Proposed Transaction as soon as the facts and circumstances would justify such a recommendation.

Later on July 7, 2016, the CEC board of directors, excluding those board members who also served on the board of directors of CAC, met telephonically to consider the Amended Merger Agreement, the Voting

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Agreements and the CEC RSA. The CEC board of directors reviewed with representatives of Reed Smith, Centerview and Milbank the terms of the Amended Merger Agreement, the CEC Voting Agreement and the CEC RSA, focusing on updates to the terms of the agreements since the July 4, 2016 meeting of the CEC board of directors. In addition, Milbank provided a presentation regarding the fiduciary duties of the members of the CEC board of directors. The CEC board of directors resolved to approve the execution of the Amended Merger Agreement, the CEC Voting Agreement and the CEC RSA, subject to final resolution of the open non-economic points described to the CEC board of directors, and resolved to consider whether to recommend the Proposed Transaction to the stockholders of CEC following the final determination of the exchange ratio as contemplated by the Amended Merger Agreement. The CEC board of directors meeting concluded by the CEC SAC recommending that the CEC board of directors (1) approve the terms of the proposed Amended Merger Agreement, (2) declare the transactions contemplated by the proposed Amended Merger Agreement fair to and in the best interest of CEC and CEC's stockholders, (3) authorize and approve the plan of merger contained in the proposed Amended Merger Agreement and declare advisable the Proposed Transaction and (4) recommend that CEC's stockholders approve the adoption of the Amended Merger Agreement and the Proposed Transaction as soon as the facts and circumstances would justify such a recommendation.

From July 7, 2016 through July 9, 2016, discussions and negotiations with respect to the remaining non-economic points in the Amended Merger Agreement, and the Caesars RSAs continued among representatives of Reed Smith, Skadden Arps, K&E, Kramer Levin, Milbank, Paul, Weiss and Latham and discussions and negotiations with respect to the Voting Agreements continued among Reed Smith, Skadden Arps, K&E, Kramer Levin, Milbank, Paul, Weiss, Latham and Akin Gump.

On July 9, 2016 the CAC board of directors, along with representatives of Latham, Skadden Arps and Moelis, held a telephonic meeting. The Chairman of the CAC Special Committee updated the CAC board of directors on the Amended Merger Agreement. The Chairman of the CAC Special Committee presented an additional report providing that the recommendation of the CAC Special Committee in support of the Amended Merger Agreement was premised on, among other things, the fact that the amendment and restatement of the Original CAC RSA would not impede the CAC board of director's exercise of its fiduciary duties under Delaware law in connection with the Amended Merger Agreement, and the CAC voting agreement would automatically terminate in the event the CAC Special Committee changed its recommendation with respect to the Amended Merger Agreement. Skadden Arps presented an update on the main changes to the Amended Merger Agreement since the July 4, 2016. Latham provided a presentation regarding the key terms of the amendment and restatement of the Original CAC RSA and CAC voting agreement. The CAC board of directors meeting continued with a review of the fiduciary duties of the directors presented by Latham. The members of the CAC board of directors who also serve on the CEC board of directors then recused themselves from the meeting and left the telephonic meeting. Moelis then made itself available to the members of the CAC board of directors to respond to any questions in connection with the information it had reviewed with the CAC board of directors on July 7, 2016. The CAC board of directors submitted for consideration the Amended Merger Agreement, the amendment and restatement of the Original CAC RSA and the CAC voting agreement. A representative of Latham explained that the members of the CAC board of directors that are also members of the CEC board of directors should recuse from voting on the Amended Merger Agreement and that the members of the CAC board of directors affiliated with the Sponsors should recuse from voting on the CAC voting agreement. The CAC board of directors, by (1) the unanimous vote of all the members present at the meeting, which excluded the members of the CAC board of directors that are also members of the CEC board of directors, approved the Amended Merger Agreement, (2) the unanimous vote of all the members present at the meeting, which excluded the members of the CAC board of directors affiliated by the Sponsors, approved the CAC voting agreement, and (3) the unanimous vote of all members present at the meeting, approved the amendment and restatement of the Original CAC RSA.

On July 9, 2016, the terms of the Amended Merger Agreement, voting support agreements and Original Caesars RSAs were finalized by representatives of the relevant parties, and CEC and CAC executed the A&R Merger Agreement, as well as the CEC Voting Agreement, the CAC Voting Agreement and the Caesars RSAs.

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Beginning on July 18, 2016, pursuant to the go-shop provision contained in the A&R Merger Agreement, representatives of Moelis contacted 41 parties (19 financial parties and 22 strategic parties) that might be interested in acquiring 100% of the issued and outstanding CAC Common Stock. Of the 41 parties contacted, none made a proposal to acquire CAC. On September 13, 2016, the solicitation period contemplated by the go-shop provision in the A&R Merger Agreement terminated in accordance with its terms with no offers being made.

Amendment to Amended and Restated Merger Agreement

On July 29, 2016, the CEC SAC, along with representatives of Reed Smith and Centerview, met to discuss CIE's potential sale of the SMG Business to Alpha Frontier Limited, a consortium of third-party investors unaffiliated with the Sponsors (the Proposed CIE Sale). Pursuant to the terms of the A&R Merger Agreement, the consent of the CEC SAC on behalf of CEC was required for the Proposed CIE Sale. Representatives of Reed Smith and Centerview described the terms of the Proposed CIE Sale. After this discussion, the CEC SAC approved the Proposed CIE Sale.

Also on July 29, 2016, the CAC Special Committee, along with representatives of Skadden Arps, held a telephonic meeting to receive an update from Messrs. Beilinson and Kornstein (both of whom were on the transaction committee of the CAC board of directors, which was the committee delegated with the power and authority to consider and negotiate the Proposed CIE Sale) regarding the status of the Proposed CIE Sale and to discuss the potential impact of such sale on the Chapter 11 Cases and the Proposed Transaction. Pursuant to the A&R Merger Agreement, the consent of the CAC Special Committee on behalf of CAC was required for certain actions contemplated to be taken in connection with the Proposed CIE Sale. Following discussion, the CAC Special Committee approved such actions.

On July 30, 2016, CIE, Alpha Frontier Limited and, solely for the limited purposes described therein, CGP and CIE Growth, LLC, a Delaware limited liability company, entered into a Stock Purchase Agreement with respect to CIE's sale of the SMG Business.

From August 2016 through November 2016, the CEC SAC met with representatives of Reed Smith and Centerview to discuss various amendments to the restructuring support agreements and the timing of the Proposed Transaction and the Debtors' proposed plan of reorganization.

From September 2016 through November 2016, the CAC Special Committee, along with representatives of Skadden Arps and, on certain occasions, Moelis, held several telephonic meetings to receive updates regarding the status of BDO's tax due diligence, developments in the Chapter 11 Cases, and CIE's sale of the SMG Business, which closed on September 23, 2016.

On September 17, 2016, the CEC SAC, along with representatives of Reed Smith and Centerview met telephonically to consider a proposal by the Sponsors to increase their contribution to the Plan. The CEC SAC and its advisors discussed the proposal, which would result in the Sponsors forfeiting all of their shares of CEC Common Stock as a contribution to the Plan. The proposal contemplated that CEC's non-Sponsor stockholders will retain their shares of CEC Common Stock following the Restructuring and the Merger. It also contemplated that the Sponsors will retain their equity ownership in CAC and will have an ownership interest in the surviving company following the Merger as a result of that equity. The CEC SAC discussed the financial implications of the proposal on the Restructuring and the Merger, and also discussed contributions of insurance proceeds that would be made to the Plan as part of the proposal. The CEC SAC and its advisors reviewed the terms of the Restructuring and noted the fact that this proposal would preserve value for the non-Sponsor CEC stockholders even though the Sponsors agreed to forfeit all of their shares of CEC Common Stock as part of the Restructuring. The CEC SAC unanimously approved the proposal and recommended it to the CEC board of directors. This proposal was subsequently approved by the CEC board of directors and became a component of the Plan.

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On October 4, 2016, CEOC announced that it had entered into restructuring support agreements with the consenting second lien creditors and, on that same day, filed the Plan.

On November 10, 2016, Mr. Bernard L. Zuroff was appointed to serve as an independent member of the CEC board of directors and as a member of the CEC SAC. On November 10, 2016, the CEC board of directors also amended the CEC SAC Charter and delegated to the CEC SAC the authority to, among other things, oversee and supervise CEC's (1) activities related to confirmation of the Plan, (2) activities related to implementation of the Plan, including corporate and financial restructurings and related financings as contemplated by the Plan, and (3) process of obtaining the regulatory approvals required to implement the Plan and to consummate the Proposed Transaction.

On November 14, 2016, the CEC SAC, along with representatives of Reed Smith, met to discuss the regulatory approval process required to implement the Plan and complete the Proposed Transaction. The CEC SAC and representatives of Reed Smith discussed licensing requirements for holders of more than 5% of CAC Common Stock and how those requirements may affect the holders of CEOC's first lien notes as a result of equity in New CEC they are expected to receive pursuant to the plan of reorganization. The CEC SAC and its advisors also discussed the process by which any necessary regulatory approvals would be obtained and the likely timing of obtaining such approvals.

On December 15, 2016, the CAC Special Committee, along with representatives of Skadden Arps and Moelis, held a telephonic meeting. At that meeting, representatives of Moelis and Skadden Arps gave a presentation regarding the principal terms of the most recent Plan and how such terms compared to the Debtors Second Amended Joint Plan of Reorganization filed in June 2016. Representatives of Skadden Arps then gave an update regarding the status of BDO's tax due diligence and reported that, at the committee's request, Skadden Arps had begun updating its legal due diligence with respect to CEC and its subsidiaries for the time period following July 9, 2016.

On December 29, 2016, the Debtors filed an amendment to the Plan, which among other things, removed the settlement of the NRF Claims as a condition precedent to the Plan becoming effective and provided that the NRF Claims would ride through the restructuring contemplated by the Plan.

On January 5, 2017, CEC and CEOC received the PLRs in connection with the formation of, and distribution to certain of the Debtors' creditors of interests in, the REIT pursuant to the Plan. In the PLRs, the IRS addressed and provided favorable rulings on certain issues with respect to the PLR Request.

On January 9, 2017, the CEC SAC, along with representatives of Reed Smith, Centerview and Milbank, met to discuss the status of the restructuring negotiations and outstanding items related to the Proposed Transaction. Representatives of Milbank reported to the CEC SAC that the Plan was expected to be confirmed in the next several weeks. The CEC SAC and representatives of Reed Smith discussed the potential impact of confirmation of the Plan on the Proposed Transaction. Reed Smith noted that, following confirmation, the CEC SAC and its advisors would likely be in a position to seek the necessary information to allow the CEC SAC to evaluate an adjustment to the exchange ratio.

On January 12, 2017, the CAC Special Committee, along with representatives of Skadden Arps, Moelis and BDO, held a telephonic meeting to discuss the status of Moelis' financial due diligence, to receive a presentation from BDO regarding its tax due diligence findings, to receive an update regarding legal due diligence, including the status of the NRF Claims, and to discuss developments related to the Chapter 11 Cases, including the upcoming confirmation hearing scheduled for January 17, 2017. Following discussion, the CAC Special Committee decided to retain an independent legal advisor who had specialized expertise regarding multiemployer pension plan withdrawal liability in order to receive advice related to the NRF. The Groom Law Group (Groom) was subsequently engaged by the CAC

Special Committee for such purposes and began its due diligence on such matters on January 16, 2017.

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On January 13, 2017, the CEC SAC, along with representatives of Reed Smith and Milbank, met telephonically to discuss an amendment to the Plan expected to resolve remaining objections. The CEC SAC also discussed the status of outstanding items related to the Proposed Transaction, including the information needed in order for the CEC SAC to calculate a potential adjustment to the exchange ratio, whether any amendments to the A&R Merger Agreement may be necessary and the preparation of the Form S-4 Registration Statement.

On January 17, 2017, the Bankruptcy Court issued the Confirmation Order.

On January 19, 2017, representatives of Moelis and Centerview attended on-site due diligence sessions in Las Vegas, Nevada with representatives of CAC and CEC management to discuss management's updated financial projections for CGP, CERP and CEOC, which had been received by representatives of Moelis and Centerview a few days prior to the meeting.

On January 23, 2017, the CEC SAC, along with representatives of Reed Smith and Centerview, met telephonically to discuss the Proposed Transaction, including the information needed in order for the CEC SAC to calculate a potential adjustment to the exchange ratio, whether any amendments to the A&R Merger Agreement may be necessary and the preparation of the Form S-4 Registration Statement. Representatives of Reed Smith provided an update to the CEC SAC regarding the status of amendments to the A&R Merger Agreement that may be necessary to implement the exchange ratio adjustment.

Also on January 23, 2017, the CAC Special Committee, along with representatives of Skadden Arps and Moelis, held a telephonic meeting to discuss the status of financial due diligence, to receive a presentation from Moelis regarding CAC and CEC management's updated financial projections for CGP, CERP and CEOC and how such projections compared to the projections that CAC and CEC management provided to Moelis in connection with the negotiation of the A&R Merger Agreement, and to receive an update on the status of legal due diligence efforts with respect to the NRF Claims and the ongoing litigation in respect thereof. Moelis noted that the financial projections provided by CEC management included a reduction of cash taxes in 2018 and 2019 based on the anticipated sale by CEC in 2018 of certain built-in loss assets (Tax Assets). The CAC Special Committee subsequently requested that BDO conduct due diligence on the Tax Assets in an effort to assist the CAC Special Committee determine what impact, if any, the Tax Assets should have on the exchange ratio.

On January 30, 2017, the CAC Special Committee, along with representatives of Skadden Arps and Groom, held a telephonic meeting to receive a presentation from Groom regarding the NRF Claims.

On February 2, 2017, the CAC Special Committee, along with representatives of Skadden Arps, held a telephonic meeting to receive an update regarding BDO's due diligence on the Tax Assets and to discuss the exchange ratio adjustment mechanism in the A&R Merger Agreement. In particular, the CAC Special Committee discussed that the A&R Merger Agreement contemplated that, after receipt of required information by both special committees, the CAC Special Committee, on behalf of CAC, and the CEC SAC, on behalf of CEC, were required to negotiate in good faith to determine whether an adjustment to the exchange ratio was appropriate taking into account specific tax considerations. The CAC Special Committee further discussed that, under certain circumstances, including if either CAC or CEC was unable to obtain a fairness opinion as a result of an adjustment based solely on tax considerations, the exchange ratio would be subject to adjustment for all other matters impacting intrinsic value. The CAC Special Committee discussed the specific tax considerations contemplated by the A&R Merger Agreement, including the fact that CEC stockholders were entitled to receive credit for the value of any tax assets that survived the Restructuring. The CAC Special Committee also discussed other factors, including the potential litigation exposure with respect to the Asserted Claims and the NRF Claims, and how each could impact the economics of the proposed transaction. The CAC Special Committee determined not to factor into its fairness determination the effect of the CEC Common

Equity Buyback because it had no effect on the relative intrinsic valuations of CAC and CEC. The CAC Special Committee instructed Skadden Arps to coordinate with Moelis to ensure that the CAC Special Committee's views with respect to the Tax Assets and such other matters would be reflected in updated preliminary financial information and analysis from Moelis regarding CAC and CEC.

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On February 3, 2017, the CEC SAC, along with representatives of Reed Smith and Centerview, met telephonically. During this meeting, the CEC SAC discussed the pending negotiations relating to the exchange ratio adjustment and other items related to the Merger including various tax and procedural items. The CEC SAC discussed the provisions of the A&R Merger Agreement related to the exchange ratio adjustment. The CEC SAC noted that the adjustment mechanism provided for an adjustment based on specified tax considerations, but that under certain circumstances, including if either side was unable to obtain a fairness opinion for an adjustment to the exchange ratio based solely on such tax considerations or if either side determined, in good faith, after consultation with outside legal counsel that an adjustment to the exchange ratio based solely on such tax considerations would not be appropriate or advisable in consideration of, or would otherwise be reasonably likely to be inconsistent with, the directors' fiduciary duties, the exchange ratio adjustment would take into account all matters impacting intrinsic value. The CEC SAC discussed the Tax Assets identified by its advisors that would result in an adjustment to the exchange ratio in CEC's favor.

On February 6, 2017, the CAC Special Committee, along with representatives of Skadden Arps, held an in-person meeting, at which representatives of Moelis participated via teleconference to present preliminary financial information and analysis from Moelis regarding CAC and CEC, which took into account the updated financial projections that CES Management (as defined below) provided to Moelis and took into account the instructions from the CAC Special Committee with respect to the Tax Assets, the NRF Claims and CAC's and CGP's potential litigation exposure. Moelis noted that the combined intrinsic valuations of CAC and CEC derived from the preliminary analysis had increased since the parties executed the A&R Merger Agreement in July 2016, but that the intrinsic value of CEC's assets had increased at a higher rate than CAC's. Accordingly, the financial analysis showed that the relative contribution by CEC was higher (and that the relative contribution of CAC was lower) than what was implied by the current unadjusted exchange ratio before taking into account the potential litigation exposure with respect to the Asserted Claims. Moelis then compared its intrinsic valuations derived from the preliminary analysis to recent market trading prices, both on an absolute basis and on an adjusted basis, factoring in the CEC Common Stock to be issued to the Debtors' creditors under the Plan before giving effect to the CEC Common Equity Buyback contemplated therein. Moelis further noted that, based on the assumptions the CAC Special Committee had provided, the Tax Assets had a present value of approximately \$130 million. The CAC Special Committee then discussed how the exchange ratio was impacted when all factors affecting intrinsic value were taken into account.

On February 8, 2017, members of the CEC SAC, along with representatives of Reed Smith and Centerview, met in person. During this meeting (i) representatives of Centerview discussed with the CEC SAC that an adjustment to the exchange ratio in CEC's favor would be appropriate as a result of Centerview's recently updated preliminary financial analysis of CEC and CAC and certain Tax Assets of CEC; (ii) Reed Smith reviewed the exchange ratio adjustment process that the CEC SAC had discussed at its meeting on February 3, 2017; and (iii) members of CEC's management presented on the various regulatory and debt financing requirements related to the Merger and the implementation of the Plan. The CEC SAC instructed Reed Smith and Centerview to engage in negotiations with CAC to attempt to obtain a favorable adjustment to the exchange ratio.

On February 9, 2017, representatives of Centerview reported to representatives of Moelis that, based on all factors impacting current intrinsic valuations of CAC and CEC, including the value of the Tax Assets, it was the view of the CEC SAC that CEC stockholders should receive an additional 3.8% of the pro forma equity of New CEC prior to the New CEC Note Conversion.

On February 10, 2017, the CAC Special Committee, along with representatives of Skadden Arps and Moelis, held a telephonic meeting to discuss the report Moelis received from representatives of Centerview the previous day. At that meeting, the CAC Special Committee discussed the February 6, 2017 preliminary financial information and analysis from Moelis regarding CAC and CEC, the exchange ratio adjustment mechanism in the A&R Merger Agreement and the view of the CAC Special Committee regarding the value of the Tax Assets. Following such discussion, the CAC

Special Committee determined that it would be in the best interests of CAC's stockholders to adjust the exchange ratio based solely on the value of the Tax Assets and not consider

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other factors impacting intrinsic value as that could result in significantly less equity of New CEC being allocated to CAC's stockholders. After Moelis confirmed it would likely be in a position to render a fairness opinion based solely on such adjustment, the CAC Special Committee instructed Moelis to communicate its position to Centerview, which Moelis did during the ensuing days. At that same meeting Moelis noted that CAC and CEC management had provided Moelis and Centerview with further updated financial projections. Moelis reported that it would update its analysis to reflect such further updated projections.

On February 13, 2017, the CEC SAC, along with representatives of Reed Smith and Centerview, met telephonically. During this meeting, the CEC SAC discussed, with input from its advisors, the ongoing negotiations with the CAC Special Committee regarding the potential adjustment to the exchange ratio and the impact on CEC's non-Sponsor stockholders. The CEC SAC discussed a number of items related to the Merger and the implementation of the Plan, including the factors supporting an adjustment to the exchange ratio in CEC's favor, including the Tax Assets, and the initial offer received from the CAC Special Committee. The CEC SAC discussed the provisions of the A&R Merger Agreement related to the exchange ratio adjustment. The CEC SAC discussed the value of the Tax Assets, as well as other factors that it believed should result in a positive adjustment in favor of CEC. The CEC SAC and its advisors discussed the exchange ratio adjustment mechanism in the A&R Merger Agreement and noted under certain circumstances, including if either side was unable to obtain a fairness opinion for an adjustment to the exchange ratio based solely on such tax considerations or if either side determined, in good faith, after consultation with outside legal counsel that an adjustment to the exchange ratio based solely on such tax considerations would not be appropriate or advisable in consideration of, or would otherwise be reasonably likely to be inconsistent with, the directors' fiduciary duties, the exchange ratio adjustment would take into account all matters impacting intrinsic value. The CEC SAC and its advisors discussed the process, the potential outcomes of triggering the process to take into account all factors that impact intrinsic value and the potential benefits and risks of doing so.

On February 14, 2017, a representative of Reed Smith contacted a representative of Skadden Arps to report that, given the relative intrinsic valuations of CAC and CEC based on Centerview's analysis of the further updated financial projections and all other factors impacting intrinsic value (including the value of the Tax Assets) the CEC SAC was concerned that it might not be able to achieve a transaction that it believed was fair to the CEC stockholders or that could be supported by a fairness opinion from its financial advisor if the exchange ratio was adjusted based solely on the value of the Tax Assets. As a result, according to the Reed Smith representative, unless CEC stockholders were provided with additional consideration in the form of more equity of New CEC, it was likely that the CEC SAC would need to trigger the process in the A&R Merger Agreement that required both special committees to negotiate the adjustment to the exchange ratio in good faith taking into consideration all factors that impact intrinsic value.

Later on February 14, 2017, the CAC Special Committee, along with representatives of Skadden Arps and Moelis, held a telephonic meeting to discuss the communication received earlier that day from Reed Smith and to receive updated preliminary financial information and valuation analysis from Moelis regarding CAC and CEC. Following discussion, and based on the intrinsic valuation of CAC and CEC derived from this preliminary analysis, recent market trading prices and the fact that CAC stockholders could end up receiving significantly less of the pro forma equity of New CEC if the two special committees were required to negotiate an adjustment to the exchange ratio taking into account all factors impacting intrinsic value (including CAC's and CGP's potential litigation exposure), the CAC Special Committee determined it was in the best interests of CAC and its stockholders to propose as its best and final offer that CAC stockholders receive 26.5% of the pro forma equity of New CEC prior to the New CEC Note Conversion and without giving effect to the CEC Common Equity Buyback, and instructed Moelis to communicate its position to Centerview, which Moelis did that same day. The CEC SAC later accepted the proposal and, on that basis and in accordance with the terms of the A&R Merger Agreement, the respective financial advisors computed a fixed exchange ratio equal to 1.625x.

On February 16, 2017, the CEC SAC, along with representatives of Reed Smith and Centerview, met telephonically to discuss the status of and procedures for the anticipated amendment to the Amended Merger

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Agreement. In addition, representatives of Centerview reviewed with the CEC SAC Centerview's preliminary analysis of the adjusted exchange ratio that was proposed by the CAC Special Committee as a counter offer. Following that meeting, the CEC SAC and its advisors continued to negotiate with the CAC Special Committee and its advisors.

On February 17, 2017, the CEC SAC, along with representatives of Reed Smith and Centerview, met telephonically to discuss the proposed adjustment to the exchange ratio and proposed amendment to the Amended Merger Agreement. Reed Smith described the amendment to the Amended Merger Agreement. In addition, representatives of Centerview reviewed with the CEC SAC the proposed adjustment to the exchange ratio. The CEC SAC and its advisors also discussed the adjustment to the exchange ratio, reasons for the Merger and factors impacting the Restructuring, including the results of the claims analysis with respect to certain claims and litigation matters raised by the Examiner's Report and asserted by certain second lien creditors, including the guaranty litigation. The CEC SAC considered the results of several assessments of the litigation risks associated with such claims, particularly the claims asserted in the guaranty litigation, which had been prepared by its counsel and other counsel representing CEC. In evaluating the alleged claims, the CEC SAC considered and analyzed, with advice of its counsel, the nature and magnitude of the relief sought and the accompanying litigation risks. The CEC SAC and its advisors also reviewed the terms of the proposed Restructuring and noted (1) that the Bankruptcy Court had confirmed the Plan following a fairness hearing, (2) that unless these claims were resolved, CEC might be required to make a Chapter 11 filing as a result of the claims or in order to litigate the claims which had its own inherent risks, expenses and uncertainties and could result in the CEC non-Sponsor stockholders realizing no value for their shares and (3) that the Restructuring and the Merger would resolve all of the potential and actual claims without the risks of litigation and a Chapter 11 filing and would preserve value for the CEC non-Sponsor stockholders even though the Sponsors agreed to forfeit all of their shares of CEC Common Stock as part of the Restructuring. Representatives of Centerview also reviewed the history of the exchange ratio adjustment negotiations, which ultimately resulted in an increase of 0.903% in the implied value to be received by CEC's non-Sponsor stockholder in the Merger, and would result in CEC's non-Sponsor stockholders holding 6.919% of the outstanding common stock of New CEC, following issuance of equity to the creditors pursuant to the Plan and on a fully-diluted basis giving effect to the New CEC Common Equity Buyback, but assuming no conversion for the New CEC Convertible Notes. Representatives of Centerview then reviewed with the CEC SAC Centerview's financial analysis of the exchange ratio and rendered to the CEC SAC an oral opinion, which was subsequently confirmed by delivery of a written opinion, dated February 17, 2017, that, as of such date and based upon and subject to the various assumptions made, procedures followed, matters considered, and qualifications and limitations upon the review undertaken in preparing its opinion, the exchange ratio provided for pursuant to the Merger Agreement and taking into account the Contribution, was fair, from a financial point of view, to CEC. The CEC SAC unanimously approved the Amendment and the A&R Merger Agreement and the Merger and recommended the approval of the amendment to the A&R Merger Agreement and the Merger to the full CEC board of directors.

Also on February 17, 2017, the CAC Special Committee, along with representatives of Skadden Arps and Moelis, held a telephonic meeting. At that meeting, Moelis delivered an oral opinion, which was confirmed by delivery of a written opinion, dated February 17, 2017 and attached as Annex D to this proxy statement/prospectus, addressed to the CAC Special Committee to the effect that, as of the date of the opinion and based upon and subject to the assumptions, conditions and limitations set forth in the opinion, the Exchange Ratio was fair from a financial point of view to the holders of CAC Common Stock, other than the Sponsors. After representatives of Moelis were excused from the meeting, representatives of Skadden Arps reviewed the key changes to the A&R Merger Agreement, as amended by the proposed amendment circulated to the CAC Special Committee prior to the meeting, and also reviewed with the CAC Special Committee their fiduciary duties under applicable law, generally, and in the context of the Proposed Transaction. Following discussion, and in consideration of, among other things, the fairness opinion rendered by Moelis, the fact that the adjusted Exchange Ratio represented a premium to Moelis' sum-of-the-parts (SOTP) valuation and to recent market trading prices, the advice of Skadden Arps and the other advisors to the CAC

Special Committee, and other factors the CAC Special Committee deemed relevant, including the terms of the Plan, the CAC Special

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Committee unanimously recommended that the CAC board of directors (1) approve the terms of the A&R Merger Agreement, as amended by the proposed amendment, (2) declare the transactions contemplated by the A&R Merger Agreement, as amended by the proposed amendment, fair to and in the best interest of CAC and CAC's stockholders, (3) authorize and approve the plan of merger contained in the A&R Merger Agreement, as amended by the proposed amendment, and declare advisable the Proposed Transaction, and (4) recommend that CAC's stockholders approve the adoption of the A&R Merger Agreement, as amended by the proposed amendment, and the Proposed Transaction.

On February 20, 2017, the CEC board of directors, along with representatives of Paul, Weiss, Reed Smith and Centerview, held a telephonic meeting. A representative of Paul, Weiss described for the CEC board certain conflicts associated with certain CEC directors and advisors participating in the current meeting relative to the matters being considered for approval. These conflicts included the fact that certain CEC directors also serve on the CAC board of directors, and that the Sponsors also own equity interests in CAC that will be affected by any change in the Exchange Ratio and/or the other terms of the Merger Agreement. The Chairman of the CEC Special Committee, along with representatives of Reed Smith and Centerview reviewed with the members of the CEC board of directors the process and negotiations that led to the Amendment, and also reviewed the proposed key terms, including the revised Exchange Ratio. The Chairman concluded with the unanimous recommendation of the CEC Special Committee in favor of the Amendment. A representative of Paul, Weiss then reviewed the fiduciary duties of the CEC directors under applicable law, including as may be impacted by the aforementioned conflicts disclosure and CEC's recent inclusion of a so-called "going concern" qualification in its most recent Annual Report on Form 10-K. Following that, the CEC board of directors approved the terms and conditions of the Amended Merger Agreement and directed its submission to CEC's stockholders for approval.

Additionally, on February 20, 2017, the CAC board of directors, along with representatives of Latham, Skadden Arps and Moelis, held a telephonic meeting. The Chairman of the CAC Special Committee, with the support from representatives of Skadden Arps, made a presentation to the members of the CAC board of directors regarding the process and negotiations that led to the proposed amendment of the A&R Merger Agreement. Skadden Arps then presented to the members of the CAC board of directors with an overview of the proposed amendment and the changes to the A&R Merger Agreement, principally, the fixed Exchange Ratio. Latham provided a presentation regarding the fiduciary duties of the members of the CAC board of directors. The members of the CAC board of directors who also serve on the CEC board of directors recused themselves from the meeting and left the telephonic meeting. Moelis made a presentation regarding the financial information and analysis presented to the CAC Special Committee, and the main differences in this information and analysis from that presented to the CAC Special Committee in December of 2014 and July 2016. The CAC board of directors submitted for consideration the Amendment. The CAC board of directors, by the unanimous vote of all the members present at the meeting, which excluded the members of the CAC board of directors that are also members of the CEC board of directors, approved the proposed amendment to the A&R Merger Agreement.

On February 20, 2017, following approval of the CEC board of directors and the CAC board of directors upon the recommendations of the CEC SAC and the CAC Special Committee, respectively, CEC and CAC entered into the Amendment.

The Merger Restructuring Support Agreements

In an effort to reach a fully consensual plan of reorganization, the Debtors entered into restructuring support agreements with numerous creditor groups, including the following, each of whom agreed to support and complete the Restructuring and vote in favor of the plan. See "The CEOC Reorganization" beginning on page 198.

Subsidiary-Guaranteed Noteholders

On April 26, 2016, the Debtors made a settlement offer to the subsidiary-guaranteed noteholders. On June 7, 2016, CEC and the Debtors entered into a restructuring support agreement with certain of these noteholders. The

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restructuring support agreement went effective on June 21, 2016, when holders of more than 65% of the subsidiary-guaranteed notes executed the restructuring support agreement. The restructuring support agreement was amended on October 4, 2016, to, among other things, modify certain termination rights. *CEC*. On June 7, 2016, the Debtors entered into a restructuring support agreement with *CEC*. The restructuring support agreement committed *CEC* to support the plan and accelerated the timeline for *CEC* and *CAC* to enter into a merger agreement, which is an important source of funding for the plan of reorganization. On July 9, 2016, the restructuring support agreement with *CEC* was amended and restated and went effective, and *CEC* and Hamlet Holdings entered into the *CEC* Voting Agreement (as described elsewhere in this joint proxy statement/prospectus) whereby Hamlet Holdings agreed, subject to certain terms and conditions, to vote its shares of *CAC* Common Stock in support of the merger.

CAC

On June 12, 2016, the Debtors entered into a restructuring support agreement with *CAC* that contained terms similar to those contained in the restructuring support agreement with *CEC*. On July 9, 2016, the restructuring support agreement with *CAC* was amended and restated and went effective, and *CAC* and Hamlet Holdings entered into the *CAC* Voting Agreement (as described elsewhere in this joint proxy statement/prospectus) whereby Hamlet Holdings agreed, subject to certain terms and conditions, to vote its shares of *CEC* Common Stock in support of the merger.

Statutory Unsecured Claimholders Committee

On June 22, 2016, *CEC* and the Debtors entered into a restructuring support agreement with the Statutory Unsecured Claimholders Committee (the *UCC*), pursuant to which the *UCC* agreed to support the plan of reorganization. The restructuring support agreement with the *UCC* became effective on June 22, 2016.

Frederick Barton Danner

On August 15, 2016, the Debtors entered into a Settlement and Forbearance Agreement with *Danner*, the plaintiff in the *Danner* Lawsuit. Pursuant to this agreement, *Danner* agreed to dismiss with prejudice the *Danner* Lawsuit not later than 3 business days after the Plan Effective Time.

First Lien Bank Lenders

On October 4, 2016, *CEC* and the Debtors entered into a second amended and restated restructuring support agreement with certain holders of first lien bank debt, under which lenders holding more than 80% of first lien bank debt committed to support the plan of reorganization.

First Lien Noteholders

On October 4, 2016, *CEC* and the Debtors entered into a sixth amended and restated restructuring support agreement with certain holders of *CEOC*'s first lien notes, under which the first lien noteholders agreed to support the plan of reorganization and the extension of the 105 Injunction Order.

Second Lien Noteholders

On October 4, 2016, *CEC* and the Debtors entered into a restructuring support agreement with *CAC* (solely with respect to certain sections therein), certain holders of *CEOC*'s second lien notes and the Second Lien Committee, under which the second lien noteholders have agreed to support the plan and the extension of the 105 Injunction Order. On November 14, 2016 *CEC* and the Debtors entered into a restructuring support agreement with *CAC* (solely with

respect to certain sections therein), certain holders of CEOC's second lien notes and the Second Lien Committee agreed on the remaining terms of the Sixth Amended and Restated Restructuring

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Support and Forbearance Agreement, dated as of October 4, 2016. These terms included, among other things, provisions regarding capital expenditures under the leases between OpCo and PropCo as well as details regarding the call right to PropCo to purchase the real property and the related fixtures associated with the Harrah's Laughlin, Harrah's Atlantic City and Harrah's New Orleans properties.

CEC's Reasons for the Merger; Recommendation of the CEC SAC and CEC Board of Directors

The CEC SAC, consisting entirely of independent directors, was formed when the CEC board of directors delegated authority to the CEC SAC to undertake any review, analysis, assessment, valuation or other actions necessary or appropriate in connection with CEC's role in any planning for an assessment of potential Strategic Alternatives Matters. The CEC board of directors resolved not to approve any transaction related to a Strategic Alternatives Matter unless the CEC SAC has determined it is in the best interests of CEC, its stockholders and other stakeholders.

The CEC SAC retained Reed Smith as its outside legal counsel and Centerview as its financial advisor, in each case, after considering each firm's qualifications, the work previously performed for the CEC SAC by each firm and the absence of any material relationship between Reed Smith and Centerview, on the one hand, and the Sponsors and CAC, on the other hand, that would reasonably be expected to impair Reed Smith's or Centerview's ability to perform their respective services to the CEC SAC.

The CEC SAC, acting with the advice of its independent legal and financial advisors and other experts, upon a determination that the transactions contemplated by the Merger Agreement, including the Merger, are fair to and in the best interest of CEC, its stockholders and other stakeholders, unanimously approved the Merger Agreement and the Merger and recommended the approval of the Merger Agreement and the transactions contemplated by the Merger Agreement, including the Merger, to the full board of directors of CEC.

In the course of evaluating the Merger Agreement and the Merger as described above, the CEC SAC considered the following factors relating to CEC, its business and prospects, and the risks and challenges facing it, and to the Merger Agreement and the transactions contemplated thereby, including the Merger (all of which factors tended to support the recommendation and consummation of such agreement and transactions, but which factors are not intended to be exhaustive and are not presented in any relative order of importance):

the knowledge of the CEC SAC of CEC's business, operations, management, financial condition, earnings and prospects and of CAC's business, operations, management, financial condition, earnings and prospects;

the results of the CEC SAC's and its advisors' due diligence investigation of CAC, and the business practices and experience of CAC and its management;

the likelihood that the Merger would provide CEC with a significant portion of the cash necessary to fund the Plan distributions;

the CEC SAC's knowledge of CAC's business resulting from CEC's ownership interest in CGP, CAC's primary asset;

the terms of the CGP Operating Agreement, which defines the relative rights and obligations of CEC and CAC with respect to CGP, including the call right and the preferred return set forth therein;

the strategic advantages of a combination with CAC compared to CEC continuing as a stand-alone company;

the negotiations related to the Restructuring and the impact that a merger of CEC and CAC could have on the Restructuring;

the fact that completion of the Merger was a key condition to the effectiveness of the Plan;

the historical trading prices of CEC and CAC Common Stock;

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the value of the Exchange Ratio and Merger consideration and the portion of CEC's contribution to the Restructuring that each of CEC and CAC will absorb in the form of equity dilution under the Plan upon conversion of the Convertible Notes;

the potential strategic alternatives available to CEC, including the possibility of remaining a stand-alone entity and executing on CEC's operating plan, a potential strategic acquisition or a potential sale, and the assessment of the CEC SAC that no other alternatives reasonably available to CEC were likely to create greater value for CEC stockholders than the Merger;

the CEC SAC's understanding of the current and future competitive environment in which CEC operates and the likely effects of these factors on the business, operations, management, financial condition, earnings and prospects of CEC;

the potential risks for CEC as a stand-alone company including the potential outcomes of the litigation related to the Restructuring;

the current and expected future landscape of the gaming industry, and, in light of the regulatory, financial and competitive challenges facing industry participants, the likelihood that New CEC would be better positioned to meet these challenges if the expected strategic and financial benefits of the transaction were fully realized;

the CEC SAC's belief that the terms of the Merger Agreement represented the most favorable terms, including price, to CEC, its stockholders and other stakeholders that CAC would be willing to agree to, which belief was based on, among other things, extensive negotiations between the CEC SAC and the CAC Special Committee and their respective advisors;

the opinion of Centerview, which was delivered orally on February 17, 2017, at the CEC SAC meeting and confirmed by delivery of a written opinion, dated February 17, 2017, that, as of such date and based upon and subject to the various assumptions made, procedures followed, matters considered, and qualifications and limitations upon the review undertaken in preparing its opinion, the Exchange Ratio provided for pursuant to the Merger Agreement and taking into account the Contribution was fair, from a financial point of view, to CEC, as more fully described below in [Opinion of Financial Advisor to the CEC SAC](#) of this joint proxy statement/prospectus;

CAC's agreement to pay a termination fee under certain circumstances in which the Merger Agreement is terminated, including circumstances relating to a third-party alternative transaction or a change in recommendation by the CAC board of directors;

the CEC SAC's view that the terms of the Merger Agreement would not preclude or otherwise limit any third party with the financial capability and strategic interest of acquiring CEC from pursuing a potential superior

proposal prior to the CEC stockholder vote. In this regard, the CEC SAC considered the following:

the ability of the CEC board of directors, in certain circumstances, to change its recommendation to CEC stockholders in favor of the Merger, including in the event of (i) a CEC superior proposal, where the CEC board of directors may take into account a number of factors, including financial, legal and regulatory aspects and the terms and conditions of the proposal or (ii) certain intervening events not known or reasonably foreseeable to the CEC board of directors or executive officers at or prior to the time the Merger Agreement was entered into; and

the ability of the CEC board of directors in certain circumstances to engage in negotiations with, a third party that makes an unsolicited CEC acquisition proposal that could reasonably be expected to lead to a CEC superior proposal;

the CEC SAC's belief that the termination fee payments to be made to CAC upon termination of the Merger Agreement under specified circumstances are reasonable, customary and not likely to significantly deter another party from making a CEC superior proposal;

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the fact that the Merger is intended to constitute a tax-free reorganization within the meaning of Section 368(a) of the Code, and that the closing of the Merger is conditioned on CEC's and CAC's receipt of opinions from Reed Smith and from Skadden Arps, respectively, to such effect; and

the other terms and conditions of the Merger Agreement and related transaction documents.

The CEC SAC also considered the process related to the negotiation of the Merger and the Merger Agreement, including the following:

the fact that the CEC SAC consists entirely of independent members of the CEC board of directors who are not affiliated with the Sponsors, are not employees of CEC or any of its affiliates and have no financial interest in the Merger different from, or in addition to, the interests of CEC's unaffiliated stockholders, other than the interests described under Interests of Certain Persons in the Merger Interests of Directors and Executive Officers of CEC in the Merger beginning on page 356;

the fact that the CEC SAC engaged Centerview to serve as its financial advisor and Reed Smith to serve as its legal advisor, each a nationally recognized firm selected by the CEC SAC, and that, based on disclosures made to the CEC SAC, the CEC SAC concluded that both Centerview and Reed Smith were free of any material relationships with the Sponsors or CAC that would reasonably be expected to impair either Centerview's or Reed Smith's ability to perform their respective services to the CEC SAC in connection with the proposed transaction;

the fact that the CEC SAC and the CEC Special Committee conducted thorough deliberations and held ninety-two formal meetings regarding the Merger, alternatives to the Merger and the Restructuring and alternatives to the Restructuring; and

the fact that the CEC SAC was aware that the CEC board of directors would not approve any transaction that had not been approved by the CEC SAC.

The CEC SAC also considered a number of uncertainties and risks in its deliberations concerning the Merger and the other transactions contemplated by the Merger Agreement, including the following (the following factors are not intended to be exhaustive and are not presented in any relative order of importance):

the potential length and uncertainty of the Plan confirmation and regulatory approval process and, consequently, the period during which management's attention may be diverted;

the possibility that the Restructuring will not be implemented or that the contribution to be made by CEC to effect the Restructuring will change;

the conditions to the Merger Agreement requiring receipt of certain regulatory approvals and clearances and the risk that regulatory agencies may impose terms and conditions on approvals that could adversely affect the projected financial results of New CEC following the consummation of the Merger;

the risk that synergies may not be realized or may not be captured to the extent and within the time expected;

the risks and challenges inherent in the combination of two businesses of the size, scope and complexity of CEC and CAC;

the circumstances in which CAC may terminate the Merger Agreement; and

various other risks associated with the Merger and the business of CEC, CAC and New CEC described under Risk Factors.

The CEC SAC determined that overall these potential risks and uncertainties were outweighed by the benefits that the CEC SAC expects to achieve for CEC's stockholders as a result of the Merger, and that these potential risks could also be mitigated or managed by CEC, CAC or, following the consummation of the Merger, the combined company. The CEC SAC realized that there can be no assurance about future results, including results considered or expected as disclosed in the foregoing reasons.

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The foregoing discussion of the information and factors considered by the CEC SAC is not exhaustive. In view of the wide variety of factors considered by the CEC SAC in connection with its evaluation of the proposed Merger and the complexity of these matters, the CEC SAC did not consider it practical to, nor did it attempt to, quantify, rank or otherwise assign relative weights to the specific factors that it considered in reaching its decision.

After careful consideration, based on the unanimous recommendation of the CEC SAC, the CEC board of directors, at a meeting on February 20, 2017 as described above: (i) determined that the Merger Agreement and the transactions contemplated thereby, including the Merger, are advisable, fair to, and in the best interest of, CEC and its stockholders, (ii) approved the Merger Agreement and the performance by CEC of its obligations thereunder and (iii) recommended the adoption by the CEC stockholders of the Merger Agreement.

In the course of making such determination, the CEC board of directors, excluding the board members who also served on the board of directors of CAC, considered the following factors (which factors are not intended to be exhaustive and are not in any relative order of importance):

the CEC SAC's analyses, conclusions and unanimous determination, which the CEC board of directors adopted, that the transactions contemplated by the Merger Agreement, including the Merger, are fair to, and in the best interest of, CEC, its stockholders and its other stakeholders and the CEC SAC's unanimous recommendation that the CEC board of directors approve the Merger Agreement and the transactions contemplated therein, including the Merger;

the fact that the CEC SAC consisted of independent and disinterested directors of CEC who are not affiliated with CAC or the Sponsors, are not employees of CEC or any of its affiliates and have no financial interest in the Merger different from, or in addition to, CEC's unaffiliated stockholders other than their interests described under "Interests of Certain Persons in the Merger" beginning on page 356; and

the fact that Centerview, the financial advisor for the CEC SAC, delivered the Centerview Opinion to the CEC SAC.

During its consideration of the Merger described above, the CEC board of directors was also aware that certain of its directors and executive officers may have interests in the transactions that are different from or in addition to those of stockholders generally, as described in the section entitled "Interests of Certain Persons in the Merger" beginning on page 356.

The above discussion of the material factors considered by the CEC SAC and the CEC board of directors in their consideration of the Merger and the transactions contemplated by the Merger Agreement is not intended to be exhaustive, but does set forth the principal factors considered by the CEC SAC and the CEC board of directors. In light of the number and wide variety of factors considered in connection with the evaluation of the Merger, the CEC SAC and the CEC board of directors did not consider it practicable to, and did not attempt to, quantify or otherwise assign relative weights to the specific factors it considered in reaching its final decision. The CEC SAC and the CEC board of directors each viewed its position as being based on all of the information available to it and the factors presented to and considered by it. However, some members of the CEC SAC and some directors may themselves have given different weight to different factors. The factors, potential risks and uncertainties contained in this explanation of CEC's reasons for the Merger and other information presented in this section contain information that is forward-looking in nature and, therefore, should be read in light of the factors discussed in "Cautionary Statement

Regarding Forward-Looking Statements.

THE CEC BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT CEC STOCKHOLDERS VOTE FOR THE ADOPTION OF THE MERGER AGREEMENT AND APPROVAL OF THE MERGER.

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CAC's Reasons for the Merger; Recommendation of the CAC Special Committee and CAC Board of Directors

The CAC Special Committee

On February 17, 2017, the CAC Special Committee, consisting entirely of independent directors, acting upon the advice of its own independent financial, tax and legal advisors, unanimously determined (i) that the Merger Agreement and the transactions contemplated thereby, including the Merger, are fair to and in the best interest of CAC and CAC's stockholders and (ii) to recommend that the CAC board of directors approve the terms of the Merger Agreement and the Merger.

In reaching its recommendation, the CAC Special Committee considered the following factors that weighed positively in favor of its recommendation, which factors are not intended to be exhaustive and are not necessarily in order of relative importance:

the CAC Special Committee's review and understanding of CAC's and CEC's business, operations, management, financial condition, earnings and prospects, including the risks and challenges faced by CAC in conducting its business and maintaining its financial viability separate and apart from CEC. In particular, the CAC Special Committee considered:

that CAC's interest in CGP, CAC's principal asset since CAC was formed, is dependent in large part on CGP's access to the Total Rewards program and property management services that are provided by CEC, CES and certain of CEC's other affiliates, given that CGP's principal assets, especially after the sale of CIE's social and mobile games business, are land-based casinos;

the terms of the CGP Operating Agreement, including that (i) CGP's purpose is limited to owning and managing only those businesses and assets that are from time to time contributed to it by CEC or that are acquired by CGP in conjunction with CEC, (ii) any business opportunity of which CGP becomes aware must first be offered to CEC and can only be pursued by CGP if CEC declines to pursue such opportunity separate and apart from CGP, (iii) CAC cannot transfer its limited liability company interests to a third party without CEC's consent (until October 2018) and thereafter CAC is prohibited from transferring such interests so long as it remains the managing member, (iv) effective October 2016, subject to certain limitations, CEC has the right to purchase all or a portion of CAC's limited liability company interests in CGP for a pre-determined price, (v) CEC has a right of first offer on the disposition of assets by CGP, and (vi) CGP is required to liquidate its assets and wind up its affairs no later than October 2022, at which time CAC is entitled to a liquidation preference which gets paid first before any proceeds are distributed to CEC;

the risk that if the Plan were not to be completed, CEC could be forced to file for bankruptcy and/or certain transactions analyzed in the examiner's report related to CES and CGP, including the transfer of assets into CES and CGP, could be unwound, which, in either case, could jeopardize CGP's access to the Total Rewards program and property management services and materially and adversely affect the prospective financial performance of CGP, which would in turn negatively impact value to CAC stockholders; and

the general conditions in the gaming industry, the risk factors set forth in CAC's Annual Report on Form 10-K for the annual period ended December 31, 2016, filed with the SEC on February 15, 2017, which is incorporated herein by reference, and the risk factors related to CEC set forth in the section entitled "Risk Factors" beginning on page 69;

the CAC Special Committee's review and understanding of the terms of the Plan and the transactions contemplated by the Plan. In particular, the CAC Special Committee considered:

the fact that completion of the Merger was essential to, and a condition precedent to the effectiveness of, the Plan;

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the restructuring of CEOC into OpCo and PropCo on a tax efficient basis, the capitalization of OpCo, and the terms of the Master Lease Agreements between OpCo and PropCo;

the settlement contemplated by the Plan that is expected to, among other things, eliminate the risks to CAC and CGP associated with the asserted claims, and the risks to CEC and its subsidiaries associated with their respective litigation exposure, including CEC's exposure with respect to the guaranty litigation; and

the fact that the Plan represented a consensual settlement that had been heavily negotiated by the Debtors and their creditors for more than two years;

the views of CAC management that if the Merger were not to be completed and CAC were to remain a standalone entity (i) CAC would need to defend against litigation related to the asserted claims, which could be costly and time consuming and divert management's attention from operating the business, (ii) CAC could have difficulty achieving a non-distressed credit rating which would continue to limit CAC's access to capital markets to refinance existing credit facilities and pursue mergers and acquisitions, and (iii) the employee retention issues at CAC would continue to worsen as it is unlikely CAC would have a stable public currency to attract and retain qualified personnel with stock-based compensation;

the fact that none of the parties contacted in connection with the go-shop process following the execution of the Original Merger Agreement or the A&R Merger Agreement submitted a written indication of interest in acquiring CAC;

the CAC Special Committee's belief that the completion of the Merger was the best strategic alternative to CAC and its stockholders and would provide a number of significant benefits, including the opportunity to:

continue the buildout of the Total Rewards program, enabling New CEC to acquire assets and implement rewards programs to increase profitability;

access capital markets to further rationalize the capital structure and pursue strategic growth transactions;

participate in a diversified public company with geographic and operational exposure to different markets and business strategies with the prospect of generating significant EBITDA and free cash flow, including through participating in the upside of CEOC and CERP, which CAC stockholders currently do not participate;

attract and retain qualified management and key employees due to New CEC public currency for stock-based compensation; and

settle potential litigation exposure against CAC, CGP, CIE and certain other subsidiaries of CGP, related to the asserted claims (the Potential Litigation Exposure), which, according to the value placed on such claims in the examiner s report and the damages sought by certain of CEOC s second lien creditors in connection with the additional claims brought by such creditors, ranged from approximately \$3.7 billion to approximately \$7.9 billion, for a relatively small amount and eliminate the risk that the transactions examined in the examiner s report arguably could be unwound;

the fact that CAC s stockholders will receive 26.5% of the pro forma equity of New CEC on a fully diluted basis after issuance of shares to the Debtors creditors under the Plan, but prior to the conversion of the New CEC Convertible Notes and without giving effect to the CEC Common Equity Buyback, which 26.5% compared favorably to mid-point intrinsic value of 24.8%;

current financial market conditions and historical market prices, volatility and trading information with respect to CAC Common Stock and CEC Common Stock, including the fact that the implied value of

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the per share merger consideration of approximately \$14.95 per share (based on the Exchange Ratio and the closing price of CEC Common Stock on February 17, 2017) represented:

a premium of approximately 1.4% based on the unaffected closing price per share of CAC Common Stock of \$14.75 on February 17, 2017; and

a premium of approximately 1.6% based on the volume-weighted average price per share of CAC Common Stock of \$14.72 over the 20 trading-day period ended February 17, 2017;

the oral opinion of Moelis to the CAC Special Committee (which was confirmed in writing by delivery of Moelis' written opinion dated February 17, 2017), to the effect that, as of the date of such opinion, and subject to the assumptions, limitations and conditions set forth therein, the Exchange Ratio was fair, from a financial point of view, to the holders of CAC Common Stock other than the Sponsors, as more fully described in the section entitled "CEC and CAC Proposal 1: Adoption of the Merger Agreement and Approval of the Merger" Opinion of Financial Advisor to the CAC Special Committee beginning on page 284;

the fact that the consideration to be received by CAC stockholders consists entirely of CEC Common Stock, which, following the completion of the Merger and the effectiveness of the Plan, is expected to provide CAC stockholders with reduced volatility and represents an opportunity to participate in the potential synergies created by the Merger;

the fact that the Merger is intended to constitute a tax-free reorganization within the meaning of Section 368(a) of the Code, and that the closing of the Merger is conditioned on CEC's and CAC's receipt of opinions from Reed Smith and from Skadden Arps, respectively, to such effect;

the results of the CAC Special Committee's and its advisors' financial, tax and legal due diligence investigations of CEC and its subsidiaries;

the terms of the Merger Agreement including:

CAC's right, at any time prior to September 13, 2016, to initiate, solicit and encourage an offer, proposal or inquiry relating to, or any third-party indication of interest in, a CAC Acquisition Proposal, as more fully described under "The Merger Agreement" Acquisition Proposals beginning on page 348;

the CAC board of directors' right, at any time prior to receipt of requisite approval of the CAC's stockholders, to participate in negotiations or discussions with any third party that has made (and not withdrawn) a bona fide, unsolicited Acquisition Proposal in writing that the CAC board of directors believes in good faith, after consultation with outside legal counsel and a financial advisor, constitutes or would reasonably be expected to result in a Superior Proposal, as more fully described under "The

Merger Agreement Acquisition Proposals beginning on page 348;

the CAC board of directors ability to make an Adverse Recommendation Change, and CAC s right to terminate the Merger Agreement and enter into a Superior Proposal prior to receipt of requisite approval of CAC s stockholders, subject in each case to CAC paying CEC a termination fee of \$25 million, or \$18 million if the termination was made pursuant to a CAC Acquisition Proposal received before the go-shop solicitation period ended, which amounts the CAC Special Committee believed were reasonable in light of, among other matters, the benefit of the Merger to CAC s stockholders, the typical size of such termination fees in similar transactions and the likelihood that a fee of such size would not be a meaningful deterrent to Acquisition Proposals, as more fully described under The Merger Agreement Termination Fee beginning on page 352;

CEC s agreement to pay a termination fee under certain circumstances in which the Merger Agreement is terminated, including circumstances relating to Superior Proposals and an Adverse Recommendation Change by the CEC board of directors;

the nature of the closing conditions included in the Merger Agreement including, among others, that (i) the completion of the Plan and the completion of the Merger will occur substantially

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contemporaneous, (ii) the Plan will contain releases that are expected to eliminate CAC's and CGP's litigation exposure related to the asserted claims, and (iii) CEC will have received certain should-level tax opinions related to the tax treatment of certain transactions contemplated by the Plan; and

the customary nature of the other representations, warranties and covenants of CAC in the Merger Agreement.

The CAC Special Committee also considered the following factors relating to the procedural safeguards that it believed would ensure the fairness of the Merger and permit the CAC Special Committee to effectively represent the interests of CAC's unaffiliated stockholders:

the fact that the CAC Special Committee consists entirely of independent members of the CAC board of directors who are not affiliated with the Sponsors, are not employees of CAC or any of its affiliates and have no financial interest in the Merger different from, or in addition to, the interests of CAC's unaffiliated stockholders, other than the interests described under "Interests of Certain Persons in the Merger" "Interests of Directors and Executive Officers of CAC in the Merger" beginning on page 361;

the fact that the Special Committee was advised by Moelis, as financial advisor, by Skadden Arps, as legal advisor, by BDO, as special tax advisor, by Groom, as special legal advisor, each a nationally recognized firm selected by the CAC Special Committee, and that, based on disclosures made to the CAC Special Committee, the CAC Special Committee concluded that each of Moelis, Skadden Arps and BDO were free of material conflicts and could provide independent advice in connection with the proposed transaction;

the fact that, as part of its review of CAC's alternatives, the CAC Special Committee considered the possibility of, and consulted with CAC management and obtained the advice of the CAC Special Committee's financial and legal advisors with respect to, strategic alternatives to the Merger;

the fact that the CAC Special Committee conducted thorough deliberations and held sixty-two formal meetings regarding the Merger and alternatives to the Merger, including the alternative of remaining a standalone entity; and

the fact that the CAC Special Committee was aware that it had no obligation to recommend any transaction and that the CAC Special Committee had the authority to recommend that the CAC board of directors reject any proposals made by CEC or other potential acquirors.

The CAC Special Committee also considered a variety of uncertainties, risks and other potential negative factors, including, among others, and not necessarily in order of relative importance:

the fact that CAC's liquidation preference under the CGP Operating Agreement, for which stockholders of CAC indirectly benefit, and CAC's management and control of the assets owned by CGP will each be eliminated in the Merger;

the fact that the Merger is subject to a number of conditions that are not under CAC's control and that there can be no assurance that all conditions to the parties' obligations to complete the Merger will be satisfied;

the fact that the Merger is subject to the substantially contemporaneous completion of the Plan, which itself is subject to a number of conditions that are not under CAC's control, and that there can be no assurance that all conditions of the Plan will be satisfied;

the fact that the significant operational and financial issues faced by CAC and CGP will likely continue and could worsen during the period prior to the completion of the Merger due to, among other reasons, uncertainty surrounding the length of such period and the ability to satisfy the various conditions to the Plan and the Merger;

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the potential expenses and transaction costs related to the Merger, including in connection with any litigation that may result from the announcement or pendency of the Merger;

the risk that because the Exchange Ratio is fixed, CAC cannot be certain of the market value of the merger consideration until completion of the Merger;

because CAC stockholders will be receiving exclusively CEC Common Stock in the Merger, the risks inherent in owning CEC Common Stock, including risks and contingent exposures identified by the CAC Special Committee's financial, tax and legal advisors during the course of their respective due diligence efforts as well as the risk factors set forth in CEC's Annual Report on Form 10-K for the fiscal year ended December 31, 2016, filed with the SEC on February 15, 2017 and the risk factors related to CEC set forth in the section entitled "Risk Factors" beginning on page 69;

the risk that anticipated synergies, strategic and other benefits to CAC and CEC following completion of the proposed Merger will not be realized or will take longer to realize than expected;

the terms of the Merger Agreement, including,

the restrictions on the conduct of CAC's business prior to completion of the proposed Merger;

the absence of a condition to the Merger that the Merger Agreement must be approved and adopted by holders of a majority of the disinterested shares of CAC Common Stock voting at the CAC Special Meeting, meaning that the vote of the Sponsors, who have already agreed to support the Merger pursuant to separate Voting Agreements with CAC and CEC, is the only vote that is required to complete the Merger;

CEC's right in certain circumstances to engage in negotiations with, and provide information to, a third party that makes an Acquisition Proposal, as more fully described in the section entitled "The Merger Agreement Acquisition Proposals" beginning on page 348;

the rights of the CEC board of directors to make an Adverse Recommendation Change or terminate the Merger Agreement in certain circumstances, as more fully described in the section entitled "The Merger Agreement Acquisition Proposals" beginning on page 348 and the section entitled "The Merger Agreement Termination of the Merger Agreement" beginning on page 351;

the fact that if the Merger is not completed, CAC may be required to pay a termination fee in certain circumstances, as more fully described in the section entitled "The Merger Agreement Termination Fee" beginning on page 352; and

the conditions requiring receipt of certain regulatory approvals and clearances and the risk that regulatory agencies may impose terms and conditions on approvals that could adversely affect the projected financial results of New CEC following the completion of the Merger; and

various other risks associated with the Merger and the business of CEC, CAC and New CEC described under Risk Factors and Cautionary Statements Regarding Forward-Looking Statements , respectively.

The CAC Special Committee considered all of these factors as a whole and, on balance, concluded that they supported a determination that the Merger Agreement, the Merger and the other transactions contemplated thereby are fair to and in the best interests of the stockholders of CAC. In considering the factors described above and any other factors, individual members of the CAC Special Committee may have viewed factors differently or given different weight or merit to different factors.

The foregoing discussion of the information and factors considered by the CAC Special Committee is not exhaustive. In view of the wide variety of factors considered by the CAC Special Committee in connection with its evaluation of the proposed Merger and the complexity of these matters, the CAC Special Committee did not consider it practical to, nor did it attempt to, quantify, rank or otherwise assign relative weights to the specific factors that it considered in reaching its decision.

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The CAC Board Of Directors

After careful consideration, based on the unanimous recommendation of the CAC Special Committee, the CAC board of directors, without the participation of the members of the CAC board of directors who also serve on the CEC board of directors, at a meeting on February 20, 2017 as described above: (i) determined that the Merger Agreement and the transactions contemplated thereby, including the Merger, are advisable, fair to, and in the best interest of, CAC and its stockholders, (ii) approved the Merger Agreement and the performance by CAC of its obligations thereunder and (iii) recommended the adoption by the CAC stockholders of the Merger Agreement.

In determining the reasonableness of the CAC Special Committee's analysis and the fairness of the Merger Agreement and the Merger, the CAC board of directors considered the following factors, among others:

the CAC Special Committee's unanimous determination that the Merger Agreement, the Merger and the other transactions contemplated thereby are fair to and in the best interests of CAC and its stockholders and its recommendation that the CAC board of directors approve, adopt and declare advisable the Merger Agreement and the transactions contemplated thereby, including the Merger;

that the members of the CAC Special Committee consisted of independent and disinterested directors who are not affiliated with CAC or the Sponsors, are not employees of CAC or any of its affiliates and have no financial interest in the Merger different from, or in addition to, that of the unaffiliated stockholders of CAC, other than any interests described under *Interests of Certain Persons in the Merger* beginning on page 356;

the financial presentations of Moelis received by the CAC Special Committee and presented to the CAC board of directors outside the presence of the members of the CAC board of directors who also serve on the CEC board of directors, as well as that the CAC Special Committee received an opinion from Moelis to the effect that, as of February 17, 2017, and subject to the assumptions, limitations and conditions set forth therein, the Exchange Ratio was fair, from a financial point of view, to the holders of CAC Common Stock other than the Sponsors, as more fully described in the section entitled *CEC and CAC Proposal 1: Adoption of the Merger Agreement and Approval of the Merger Opinion of Financial Advisor to the CAC Special Committee* beginning on page 284; and

the process undertaken by the CAC Special Committee and its independent financial and legal advisors in connection with evaluating, negotiating and approving the proposed Merger, as described under *Background of the Transactions* beginning on page 224.

The CAC board of directors adopted the analyses and determinations of the CAC Special Committee in its evaluation of the fairness of the Merger Agreement and the Merger.

The foregoing discussion summarizes the material factors considered by the CAC board of directors in its consideration of the Merger and the transactions contemplated by the Merger Agreement and is not intended to be exhaustive. In light of the wide variety of factors considered in connection with the evaluation of the Merger and the complexity of these matters, the CAC board of directors did not consider it practicable to, and did not attempt to, quantify or otherwise assign relative weights to the specific factors it considered in reaching its final decision. The CAC board of directors viewed its position as being based on the totality of the information available to it and the

factors presented to and considered by it. However, some members of the CAC board of directors may have assigned different weight to various factors. The factors, potential risks and uncertainties contained in this explanation of CAC s reasons for the Merger and other information presented in this section contain information that is forward-looking in nature and, therefore, should be read in light of the factors discussed in Cautionary Statement Regarding Forward-Looking Statements.

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THE CAC BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT CAC STOCKHOLDERS VOTE FOR THE ADOPTION OF THE MERGER AGREEMENT AND APPROVAL OF THE MERGER

Opinion of Financial Advisor to the CEC SAC

Opinion

On February 17, 2017, Centerview Partners LLC, or Centerview, rendered to the CEC SAC its oral opinion, subsequently confirmed in a written opinion dated February 17, 2017 (the Centerview Opinion), that, as of such date and based upon and subject to various assumptions made, procedures followed, matters considered, and qualifications and limitations upon the review undertaken by Centerview in preparing its opinion, the Exchange Ratio provided for pursuant to the Merger Agreement and taking into account the Contribution was fair, from a financial point of view, to CEC. For purposes of the opinion summary below and the summary of Centerview's financial analysis in the section entitled Summary of Financial Analysis below, the term Restructuring refers to the term as defined in the Merger Agreement.

The full text of Centerview's written opinion, dated February 17, 2017, which describes the assumptions made, procedures followed, matters considered, and qualifications and limitations upon the review undertaken by Centerview in preparing its opinion, is attached as Annex C to this joint proxy statement/prospectus and is incorporated by reference herein. The summary of the written opinion of Centerview set forth below is qualified in its entirety to the full text of Centerview's written opinion attached as Annex C. Centerview's financial advisory services and opinion were provided for the information and assistance of the CEC SAC (in their capacity as directors and not in any other capacity) in connection with and for purposes of its consideration of the Transaction, and Centerview's opinion only addressed the fairness, from a financial point of view, as of the date thereof, to CEC of the Exchange Ratio provided for pursuant to the Merger Agreement and taking into account the Contribution.

Centerview's opinion did not address any other term or aspect of the Merger Agreement or the Transaction and does not constitute a recommendation to any stockholder of CEC, CAC or any other person as to how such stockholder or other person should vote with respect to the Merger or otherwise act with respect to the Transaction or any other matter. The full text of Centerview's written opinion should be read carefully in its entirety for a description of the assumptions made, procedures followed, matters considered, and qualifications and limitations upon the review undertaken by Centerview in preparing its opinion.

In connection with rendering the opinion described above and performing its related financial analyses, Centerview reviewed, among other things:

a draft dated February 17, 2017, of the Amendment to the A&R Merger Agreement, and the A&R Merger Agreement;

the Plan and the Confirmation Order;

certain other documents with respect to the Plan, including the related Disclosure Statement;

the Annual Reports on Form 10-K of each of CEC and CAC for the years ended December 31, 2016, 2015 and 2014;

certain interim reports to stockholders and Quarterly Reports on Form 10-Q of each of CEC and CAC;

certain other communications from CEC and CAC to their respective stockholders;

certain internal information relating to the business, operations, earnings, cash flow, assets (including tax assets), liabilities (including tax liabilities) and prospects of CEC, including certain financial forecasts, analyses and projections relating to CEC prepared by CEC management or CES Management, as applicable (referred to as the CEC Forecasts (see the section entitled CEC and

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CAC Proposal 1: Adoption of the Merger Agreement and Approval of the Merger Unaudited Prospective Financial Information beginning on page 300)) (collectively referred to as the CEC Internal Data), and furnished to Centerview by CEC for purposes of Centerview's analysis;

certain internal information relating to the business, operations, earnings, cash flow, assets (including tax assets), liabilities (including tax liabilities) and prospects of CAC, including certain financial forecasts, analyses and projections relating to CAC prepared by CAC management or CES Management, as applicable (referred to as the CAC Forecasts (see the section entitled CEC and CAC Proposal 1: Adoption of the Merger Agreement and Approval of the Merger Unaudited Prospective Financial Information beginning on page 300)) (collectively referred to as the CAC Internal Data), and furnished to Centerview by CEC for purposes of Centerview's analysis. The CEC Forecasts and the CAC Forecasts are collectively referred to as the Forecasts ;

certain documents related to the NRF Action; and

certain internal information and analyses furnished to Centerview, or caused to be furnished to Centerview, by the CEC SAC relating to certain potential liabilities of, or claims against, CEC, CAC or any of their respective subsidiaries or affiliates, including claims asserted or that could be asserted in connection with certain pending or potential future litigation, including guarantee and guarantee related claims, and claims identified or described in the examiner's report, referred to as the Liability Analyses.

Centerview also conducted discussions with members of the senior management and representatives (including legal counsel) of CEC and the CEC SAC regarding their assessments of the CEC Internal Data, the CAC Internal Data, the results of the Liability Analyses and the strategic rationale for the Transaction, as applicable. In addition, Centerview reviewed publicly available financial and stock market data, including valuation multiples, for CEC and CAC and compared that data with similar data for certain other companies, the securities of which are publicly traded, in lines of business that Centerview deemed relevant. Centerview also compared certain of the proposed financial terms of the Merger with the financial terms, to the extent publicly available, of certain other transactions that Centerview deemed relevant and conducted such other financial studies and analyses and took into account such other information as Centerview deemed appropriate.

Centerview assumed, without independent verification or any responsibility therefor, the accuracy and completeness of the financial, legal, regulatory, tax, accounting and other information supplied to, discussed with, or reviewed by Centerview for purposes of its opinion and relied, with the CEC SAC's consent, upon such information as being complete and accurate. In that regard, Centerview assumed, at the CEC SAC's direction, that the CEC Internal Data (including the CEC Forecasts) had been reasonably prepared on bases reflecting the best currently available estimates and judgments of CEC management or CES Management, as applicable, as to the matters covered thereby and that the CAC Internal Data (including the CAC Forecasts) had been reasonably prepared on bases reflecting the best currently available estimates and judgments of CAC management or CES Management, as applicable, as to the matters covered thereby, and Centerview relied, at the CEC SAC's direction, on the CEC Internal Data (including the CEC Forecasts), the CAC Internal Data (including the CAC Forecasts) for purposes of its analysis and its opinion. Centerview assumed, at the CEC SAC's direction, that the results of the Liability Analyses had been reasonably prepared on bases reflecting the best currently available analyses and judgments of the persons who prepared such analyses as to the matters covered thereby, and Centerview relied, at the CEC SAC's direction, on the results of the Liability Analyses for purposes of its analysis and its opinion. In addition, the CEC SAC advised Centerview that certain assumptions relating to the allocation of assets and liabilities in connection with the proposed division of CEOC into the OpCo /

PropCo structure contemplated by the Plan would be subject to material change, which could have a material impact on Centerview's valuation of CEOC and CEC (including the value of CEC's interest in CEOC). Centerview expressed no view or opinion as to the CEC Internal Data (including the CEC Forecasts), the CAC Internal Data (including the CAC Forecasts), the results of the Liability Analyses or the assumptions on which they were based. In addition, at the CEC SAC's direction, Centerview did not make any independent evaluation or appraisal

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of any of the assets or liabilities (contingent, derivative, off-balance-sheet or otherwise) of CEC or CAC, nor was Centerview furnished with any such evaluation (other than the results of the Liability Analyses) or appraisal, and was not asked to conduct, and did not conduct, a physical inspection of the properties or assets of CEC or CAC. Centerview assumed, at the CEC SAC's direction, that the final executed Amendment to the A&R Merger Agreement would not differ in any respect material to Centerview's analysis or opinion from the draft of such agreement reviewed by Centerview. Centerview also assumed, at the CEC SAC's direction, that the Transaction (including the Contribution and the Restructuring) would be completed on the terms set forth in the Transaction Documents, and in accordance with all applicable laws and other relevant documents or requirements, without delay or the waiver, modification or amendment of any term, condition or agreement, the effect of which would be material to Centerview's analysis or opinion and that, in the course of obtaining the necessary governmental, regulatory and other approvals, consents, releases and waivers for the Transaction (including the Contribution and the Restructuring), no delay, limitation, restriction, condition or other change, including any divestiture requirements or amendments or modifications, would be imposed, the effect of which would be material to Centerview's analysis or opinion. Centerview further assumed, at the CEC SAC's direction, that the Merger would qualify for U.S. federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code, and that the Merger Agreement would constitute a plan of reorganization within the meaning of the Code. Centerview did not evaluate and did not express any opinion as to the solvency or fair value of CEC, CAC or any of their respective subsidiaries or affiliates, or the ability of CEC, CAC or any of their respective subsidiaries or affiliates to pay their respective obligations when they come due, or as to the impact of the Transaction on such matters, under any state, federal or other laws relating to bankruptcy, insolvency or similar matters. Centerview is not a legal, regulatory, tax or accounting advisor, and it expressed no opinion as to any legal, regulatory, tax or accounting matters. At the CEC SAC's direction, as part of Centerview's analysis (i) it did not make any assessment as to, and its opinion did not take into account, the valuation of CEOC prior to giving effect to the Plan, (ii) it did not make any assessment as to, and its opinion did not take into account, (1) any value of any additional contributions by CEC or the Sponsors (or certain of their affiliates) to the Plan that were not reflected in the Transaction Documents, (2) the value or relative allocation of value of the releases to be provided or granted to CEC, CAC, their subsidiaries and affiliates and other parties to the Plan, and (3) any tax assets or expenses of CEC (other than as set forth in clause (iii) below) (a) related to any deferred discharge of indebtedness income under Section 108(i) of the Code that cannot be currently fully offset with net operating losses and other tax attributes, (b) related to the Plan, including any transactions in connection with the formation of OpCo and PropCo, that cannot be currently fully offset with net operating losses and other tax attributes, and (c) which may exist prior to or after giving effect to the Transaction, and (iii) it did not make any assessment as to, but its opinion took into account, the amount of embedded tax losses in certain properties of CERP.

Centerview's opinion expressed no view as to, and did not address, CEC's underlying business decision to proceed with or effect the Transaction, or the relative merits of the Transaction as compared to any alternative business strategies or transactions that might be available to CEC or in which CEC might engage. Centerview's opinion was limited to and addressed only the fairness, from a financial point of view, as of February 17, 2017, to CEC of the Exchange Ratio provided for pursuant to the Merger Agreement and taking into account the Contribution. For purposes of its opinion, Centerview was not asked to, and Centerview did not express any view on, and its opinion did not address, any other term or aspect of the Transaction Documents or the Transaction (including the Contribution and the Restructuring), including, without limitation: (i) the amount or relative allocation to CEC and CAC of the Contribution or any other contributions in connection with the Plan, which amounts and relative allocations were agreed to by the CEC SAC, (ii) the structure or form of the Transaction, or (iii) any voting or other agreements or arrangements contemplated by the Merger Agreement or entered into in connection with or otherwise contemplated by the Transaction. Further, Centerview expressed no view or opinion as to (i) the fairness (financial or otherwise) of the Transaction or any other term or aspect of the Transaction to, or any consideration to be received in connection therewith by, or the impact of the Transaction on, the holders of any class of securities, creditors or other constituencies of CEC or any other party or (ii) the amount, nature or any other aspect of any compensation to be paid or payable to any of the officers, directors

or employees of CEC or any other party, or class of such persons in connection with the Transaction, whether relative to the Exchange Ratio provided for pursuant to the Merger Agreement or otherwise.

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Centerview's opinion was necessarily based on financial, economic, monetary, currency, market and other conditions and circumstances as in effect on, and the information made available to Centerview as of, February 17, 2017, and Centerview did not have any obligation or responsibility to update, revise or reaffirm its opinion based on circumstances, developments or events occurring after the date of its opinion. Centerview's opinion, as expressed therein, related, in part, to the relative values of CEC and CAC. Centerview expressed no view or opinion as to what the value of the CEC Common Stock actually will be when issued pursuant to the Transaction or the prices at which CEC Common Stock or CAC Common Stock will trade or otherwise be transferable at any time, including following the announcement or completion of the Transaction. Centerview's opinion does not constitute a recommendation to any stockholder of CEC, CAC or any other person as to how such stockholder or other person should vote with respect to the Merger or otherwise act with respect to the Transaction or any other matter.

Centerview's financial advisory services and its opinion were provided for the information and assistance of the CEC SAC (in their capacity as directors and not in any other capacity) in connection with and for purposes of its consideration of the Transaction. The issuance of Centerview's opinion was approved by the Centerview Partners LLC Fairness Opinion Committee.

Summary of Financial Analysis

The following is a summary of the material financial analyses prepared and reviewed with the CEC SAC in connection with Centerview's opinion, dated February 17, 2017. **The summary set forth below does not purport to be a complete description of the financial analyses performed or factors considered by, and underlying the opinion of, Centerview, nor does the order of the financial analyses described represent the relative importance or weight given to those financial analyses by Centerview. Centerview may have deemed various assumptions more or less probable than other assumptions, so the reference ranges resulting from any particular portion of the analyses summarized below should not be taken to be Centerview's view of the actual value of CEC, CAC, CGP, CEOC or CERP or any other entity. Some of the summaries of the financial analyses set forth below include information presented in tabular format. In order to fully understand the financial analyses, the tables must be read together with the text of each summary, as the tables alone do not constitute a complete description of the financial analyses performed by Centerview. Considering the data in the tables below without considering all financial analyses or factors or the full narrative description of such analyses or factors, including the methodologies and assumptions underlying such analyses or factors, could create a misleading or incomplete view of the processes underlying Centerview's financial analyses and its opinion.** In performing its analyses, Centerview made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of CEC, CAC, CGP, CEOC, CERP or any other parties to the Transaction. None of CEC, CAC, CGP, CEOC, CERP, Centerview or any other person assumes responsibility if future results are materially different from those discussed. Any estimates contained in these analyses are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than as set forth below. In addition, analyses relating to the value of CEC, CAC, CGP, CEOC and CERP do not purport to be appraisals or reflect the prices at which such businesses may actually be sold. Accordingly, the assumptions and estimates used in, and the results derived from, the financial analyses are inherently subject to substantial uncertainty. Except as otherwise noted, the following quantitative information, to the extent that it is based on market data, is based on market data as it existed on or before January 31, 2017 and is not necessarily indicative of current market conditions.

Implied Equity Valuation Analysis (Pre-Contribution)

Centerview performed an implied equity valuation analysis of each of CEC (as described below under "Implied Equity Value of CEC") and CAC (as described below under "Implied Equity Value of CAC"). In performing these analyses,

Centerview did not take into account the Contribution or the impact of the settlement of any third-party claims as a result of the Contribution. Centerview also performed an implied relative valuation analysis based on the foregoing analyses (as described below under Implied Relative Valuation Analysis).

Table of Contents*Implied Equity Value of CEC*

Centerview performed a sum-of-the-parts analysis using the Forecasts to derive ranges of implied aggregate equity values of CEC and implied equity values per share of CEC Common Stock. As part of this analysis, Centerview calculated the sum of:

the implied aggregate equity value ranges of CERP (which was calculated as the implied aggregate enterprise value for CERP (as described below in the section entitled *Implied Enterprise Value of CERP*) less CERP's net debt of \$4.551 billion) as of December 31, 2016, plus

the implied aggregate equity value ranges of CEC's 61% ownership interest in CGP (which was calculated as the sum of (a) 61% of the sum of (1) the implied aggregate enterprise value ranges of CGP (as described below in the section entitled *Implied Enterprise Value of CGP*), less (2) CGP's net debt of \$2.024 billion as of December 31, 2016, plus (b) \$2.013 billion of cash distributed to CEC pursuant to the Plan in connection with the sale of CIE, plus

CEC's net cash as of December 31, 2016, plus

the net present value as of December 31, 2016 of the proceeds received by CEC from Baluma Holdings, S.A.'s (Baluma Holdings) exercise of the Conrad Punta del Este property put option, less

the cash contributions to be made by CEC pursuant to the Plan, plus

the implied gain/(loss) on CEC's investment in New CEOC (as described below in the section entitled *Implied Gain/(Loss) on CEC's Investment in New CEOC*). The foregoing analysis resulted in the following ranges of implied aggregate equity values for CEC and, based on the fully diluted shares of CEC Common Stock outstanding, the following ranges of implied equity values per share of CEC Common Stock.

(\$ in millions, except per share amounts)	Discounted Cash		Selected Comparable Public Companies		Selected Precedent Transactions	
	Flow Methodology		Methodology		Methodology	
	Low	High	Low	High	Low	High
Implied Aggregate Equity Value of CERP	\$ 2,070	\$ 3,607	\$ 1,451	\$ 2,857	\$ 1,388	\$ 2,794
Plus: Implied Value of 61% Equity Interest in CGP	\$ 3,238	\$ 3,810	\$ 2,873	\$ 3,361	\$ 2,849	\$ 3,337
Plus: CEC Net Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Plus: NPV of Conrad Punta del Este Proceeds	\$ 140	\$ 140	\$ 140	\$ 140	\$ 140	\$ 140
(Less): CEC Cash Contributions to the Plan ⁽¹⁾	\$ (1,073)	\$ (1,073)	\$ (1,073)	\$ (1,073)	\$ (1,073)	\$ (1,073)
Plus: Implied Gain/(Loss) on Investment in New CEOC	\$ 1,329	\$ 1,964	\$ 789	\$ 1,266	\$ 1,059	\$ 1,615

Implied Equity Value of CEC	\$ 5,703	\$ 8,448	\$ 4,179	\$ 6,549	\$ 4,363	\$ 6,813
Implied Equity Value per Share of CEC Common Stock	\$ 35.13	\$ 51.75	\$ 25.90	\$ 40.25	\$ 27.01	\$ 41.85

(1) Additional cash contribution to the Plan assumed to come from CEOC and CGP. Centerview noted for reference purposes only the closing price per share of CEC Common Stock on January 31, 2017 of \$8.95 and the 52-week trading range of CEC Common Stock as of January 31, 2017 of \$6.03 to \$9.78.

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Centerview calculated ranges of implied aggregate equity values of CAC and implied equity values per share of CAC Common Stock. Centerview derived these ranges using the Forecasts, by calculating the implied aggregate equity value of CAC as the sum of:

39% of the sum of (a) the implied aggregate enterprise value ranges of CGP (as described below in the section entitled *Implied Enterprise Value of CGP*), less (b) CGP's net debt of \$2.024 billion as of December 31, 2016, plus

\$1.086 billion of cash distributed to CAC pursuant to the Plan in connection with the sale of CIE. The foregoing analysis resulted in the following ranges of implied aggregate equity values for CAC and, based on the fully diluted shares of CAC Common Stock outstanding, the following ranges of implied equity values per share of CAC Common Stock.

<i>(\$ in millions, except per share amounts)</i>	Discounted		Selected		Selected	
	Cash		Comparable		Precedent	
	Flow		Public		Transactions	
	Methodology		Methodology		Methodology	
	<i>Low</i>	<i>High</i>	<i>Low</i>	<i>High</i>	<i>Low</i>	<i>High</i>
Implied Aggregate Equity Value of CAC	\$ 1,869	\$ 2,235	\$ 1,636	\$ 1,947	\$ 1,621	\$ 1,933
Implied Equity Value per Share of CAC Common Stock	\$ 13.40	\$ 16.01	\$ 11.73	\$ 13.96	\$ 11.62	\$ 13.85

Centerview noted for reference purposes only the closing price per share of CAC Common Stock on January 31, 2017 of \$15.00 and the 52-week trading range of CAC Common Stock as of January 31, 2017 of \$5.16 to \$15.45.

Implied Relative Valuation Analysis

Using the ranges of implied equity values for each of CEC and CAC as described above, Centerview calculated ranges of implied (i) exchange ratios of shares of CEC Common Stock per share of CAC Common Stock and (ii) pro forma ownership percentages of the CEC stockholders in the combined implied aggregate equity values of CEC and CAC. Centerview derived the ranges of implied exchange ratios by dividing the low end of the range of implied values per share of CAC Common Stock by the low end of the corresponding range of implied values per share of CEC Common Stock, and the high end of each range of implied values per share of CAC Common Stock by the high end of the corresponding range of implied values per share of CEC Common Stock. Centerview derived the ranges of implied CEC ownership percentages by dividing the low end of the range of implied equity values of CEC by the sum of the low end of the range of implied equity values of CEC and the low end of corresponding range of implied equity values of CAC, and by dividing high end of the range of implied equity values of CEC by the sum of the high end of the range of implied equity values of CEC and the high end of corresponding range of implied equity values of CAC.

The results of Centerview's analyses are as follows:

	Implied Exchange Ratios	Implied Pro Forma Ownership of CEC Stockholders
Discounted Cash Flow Methodology	0.309x to 0.381x	79.1%-75.3%
Selected Comparable Public Companies Methodology	0.347x to 0.453x	77.1%-71.9%
Selected Precedent Transactions Methodology	0.331x to 0.430x	77.9%-72.9%

Centerview noted for reference purposes only the range of implied exchange ratios of 0.856x to 1.580x based on the lowest 52 week trading price of CAC Common Stock as of January 31, 2017 of \$5.16 divided by the lowest 52 week trading price of CEC Common Stock as of January 31, 2017 of \$6.03, and the highest 52 week trading price of CAC Common Stock as of January 31, 2017 of \$15.45 divided by the highest 52 week trading price of CEC Common Stock as of January 31, 2017 of \$9.78.

Table of Contents*Implied Enterprise Value of CGP***Sum-of-the-Parts Analysis**

Centerview performed a sum-of-the-parts analysis to derive ranges of implied aggregate enterprise values for CGP. As part of this analysis, Centerview calculated (i) the sum of the implied enterprise value ranges for (a) CGP's Las Vegas casino assets (consisting of the Planet Hollywood, Bally's Las Vegas, The Quad and The Cromwell properties), plus (b) CGP's 50% portion of the Las Vegas properties management fee streams, plus (c) CGP's regional casino assets (consisting of the Harrah's New Orleans and Horseshoe Baltimore (41% ownership interest) properties), plus (d) CGP's 50% portion of the regional properties management fee streams, plus (e) CIE less (b) CGP's corporate expenses. Centerview performed the sum-of-the-parts analysis using implied enterprise values ranges based on three valuation methodologies: a discounted cash flow analysis, a selected comparable public company analysis and a selected precedent transactions analysis. The implied enterprise value ranges for each of the parts was calculated as set forth in more detail below. The foregoing analysis resulted in the following ranges of implied aggregate enterprise values for CGP:

<i>(\$ in millions)</i>	Discounted Cash Flow Methodology	Selected Comparable Public Companies Methodology	Selected Precedent Transactions Methodology
Las Vegas Casinos	\$3,218 to \$3,950	\$2,623 to \$3,206	\$2,623 to \$3,206
Plus: 50% of Las Vegas Properties Management Fee Streams ⁽¹⁾	\$267 to \$334	\$267 to \$334	\$267 to \$334
Plus: Regional Casinos	\$680 to \$839	\$644 to \$805	\$604 to \$765
Plus: 50% of Regional Properties Management Fee Streams ⁽¹⁾	\$37 to \$50	\$37 to \$50	\$37 to \$50
Plus: CIE ⁽¹⁾	\$51 to \$71	\$51 to \$71	\$51 to \$71
(Less): Corporate Expense ⁽²⁾	\$(222) to \$(273)	\$(189) to \$(233)	\$(187) to \$(231)
CGP Implied Aggregate Enterprise Value	\$4,032 to \$4,970	\$3,433 to \$4,233	\$3,395 to \$4,195

- (1) The implied enterprise values for the Las Vegas property management fee streams, regional property management fee streams and CIE were calculated using only a discounted cash flow analysis.
- (2) The ranges for CGP's corporate expense were calculated by multiplying an estimate of CGP's calendar year 2017 corporate expenses according to the Forecasts of \$21 million times a blended multiple reference range based on CGP's implied aggregate enterprise value to estimated calendar year 2017 EBITDA.

CGP's Las Vegas Casinos**Discounted Cash Flow Analysis**

Centerview performed a discounted cash flow analysis based on the Forecasts to derive an implied enterprise value range for CGP's Las Vegas casino assets. Centerview discounted to present value as of December 31, 2016 the estimated unlevered free cash flows generated by CGP's Las Vegas casino assets for calendar years 2017 through 2021

and a terminal value for such unlevered free cash flows using a terminal multiple range of 9.0x to 11.0x (which terminal multiple range was based on Centerview's experience and professional judgment), in each case using discount rates ranging from 7.0% to 8.0% which reflected Centerview's estimates of such assets' weighted average cost of capital as implied by the capital asset pricing model (using the following assumptions: 2.45% U.S. risk free rate, 0.62 unlevered beta, 300% target debt to equity ratio, 1.83 levered beta, 6.9% historical risk premium, 1.0% size premium, 8.0% pre-tax cost of debt and 35.0% tax rate).

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The foregoing analysis resulted in a range of implied enterprise values for CGP's Las Vegas casino assets of \$3.218 billion to \$3.950 billion.

Selected Comparable Public Company Analysis

Centerview reviewed and compared certain financial information and multiples for CGP's Las Vegas casino assets to corresponding financial information and multiples for selected publicly traded gaming companies that Centerview deemed comparable, based on its experience, knowledge of the domestic gaming industry and professional judgment, to CGP's Las Vegas casino assets. The selected companies consist of:

Boyd Gaming Corporation

Isle of Capri Casinos, Inc.

Red Rock Resorts, Inc.

Wynn Resorts Limited

Using publicly available information obtained from SEC filings, FactSet (a data source containing historical and estimated financial data) and publicly available Wall Street research, Centerview calculated for each selected company the enterprise value (calculated as the market value of common equity (determined using the treasury stock method and taking into account outstanding in-the-money options, warrants and RSUs) plus the book value of debt, less cash (assuming that cash on the balance sheet does not reflect excess cash)) as a multiple of estimated calendar year 2017 earnings before interest, taxes, depreciation and amortization, commonly referred to as EBITDA. With respect to Wynn Resorts Limited, Centerview used the implied valuation of only the Wynn Las Vegas business for its analysis. This analysis resulted in a range of enterprise value to estimated calendar year 2017 EBITDA multiples of 7.7x to 9.9x.

Based on its experience and professional judgment, for purposes of its analysis Centerview selected an enterprise value to estimated calendar year 2017 EBITDA multiple reference range of 9.0x to 11.0x. In selecting this reference range, Centerview made qualitative judgments, based on its experience, knowledge of the domestic gaming industry and professional judgment, concerning differences between the business, financial and operating characteristics and prospects of CGP's Las Vegas casino assets and the selected companies and other factors that could affect the public trading values in order to provide a context in which to consider the results of the quantitative analysis.

Using this multiple reference range and the estimated calendar year 2017 EBITDA of CGP's Las Vegas casino assets based on the Forecasts, Centerview calculated a range of implied enterprise values for CGP's Las Vegas casino assets of \$2.623 billion to \$3.206 billion.

Selected Precedent Transactions Analysis

Centerview reviewed and compared certain financial information and multiples for the Transaction to corresponding financial information and multiples for selected transactions for which publicly disclosed information is available involving Las Vegas-based casino properties that Centerview deemed comparable, based on its experience, knowledge

of the domestic gaming industry and professional judgment, to CGP's Las Vegas casino assets. The selected transactions consisted of:

Announcement Date	Acquirer	Target
April 2015	Penn National Gaming, Inc.	Tropicana Las Vegas
May 2014	Blackstone Real Estate Partners	The Cosmopolitan
March 2014	Caesars Growth Partners	Bally's, The Quad & The Cromwell
November 2013	Caesars Growth Partners	Planet Hollywood Resort & Casino

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June 2011	Penn National Gaming, Inc.	M Resort
March 2011	Stations Casinos, LLC	Green Valley Ranch
February 2010	Harrah's Entertainment, Inc.	Planet Hollywood Resort & Casino
December 2008	Ruffin Acquisition LLC	Treasure Island Hotel & Casino
April 2007	Whitehall Street Real Estate	American Casino & Entertainment Properties

Using public filings, press releases made by the companies involved and other publicly available information, Centerview calculated for each selected transaction the transaction value in the applicable selected transaction as a multiple of the target property's last twelve months, commonly refer to as LTM EBITDA, prior to the announcement of the applicable selected transaction. This analysis resulted in a range of transaction value to LTM EBITDA multiples of 7.7x to 14.9x.

Based on its experience and professional judgment, for purposes of its analysis Centerview selected a transaction value to LTM EBITDA multiple reference range of 9.0x to 11.0x. In selecting this reference range, Centerview made qualitative judgments, based on its experience, knowledge of the domestic gaming industry and professional judgment, concerning differences between the business, financial and operating characteristics and prospects of CGP's Las Vegas casino assets and the target properties included in the selected transactions and other factors that could affect the public trading, acquisition or other values of such properties in order to provide a context in which to consider the results of the quantitative analysis.

Using this multiple reference range and the estimated calendar year 2017 EBITDA of CGP's Las Vegas casino assets based on the Forecasts, Centerview calculated a range of implied enterprise values for CGP's Las Vegas casino assets of \$2.623 billion to \$3.206 billion.

CGP's 50% Portion of the Las Vegas Properties Management Fee Streams**Discounted Cash Flow Analysis**

Centerview performed a discounted cash flow analysis based on the Forecasts to derive an implied enterprise value range for CGP's 50% portion of the Las Vegas properties management fee streams. Centerview discounted to present value as of as of December 31, 2016 the estimated unlevered free cash flows generated by such fee streams for calendar years 2017 through 2021 and a terminal value for such unlevered free cash flows using a perpetuity growth rate range of 1.0% to 2.0% (which perpetuity growth rate range was based on Centerview's experience and professional judgment), in each case using discount rates ranging from 7.0% to 8.0%, which reflected Centerview's estimates of such fee streams' weighted average cost of capital as implied by the capital asset pricing model (using the assumptions described above in the section entitled "CGP's Las Vegas Casinos' Discounted Cash Flow Analysis").

The analysis resulted in a range of implied enterprise values for CGP's 50% portion of the Las Vegas properties management fee streams of \$267 million to \$334 million.

CGP's Regional Casinos**Discounted Cash Flow Analysis**

Centerview performed a discounted cash flow analysis based on the Forecasts to derive an implied enterprise value range for CGP's regional casino assets. Centerview discounted to present value as of December 31, 2016 the estimated unlevered free cash flows generated by CGP's regional casino assets for calendar years 2017 through 2021 and a

terminal value for such unlevered free cash flows using a terminal multiple range of 8.0x to 10.0x (which terminal multiple range was based on Centerview's experience and professional judgment), in each case using discount rates ranging from 7.0% to 8.0%, which reflected

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Centerview's estimates of such assets' weighted average cost of capital as implied by the capital asset pricing model (using the assumptions described above in the section entitled "CGP's Las Vegas Casinos' Discounted Cash Flow Analysis").

The foregoing analysis resulted in a range of implied enterprise values for CGP's regional casino assets of \$680 million to \$839 million.

Selected Comparable Public Company Analysis

Centerview reviewed and compared certain financial information and multiples for CGP's regional casino assets to corresponding financial information and multiples for selected publicly traded gaming companies that Centerview deemed comparable, based on its experience, knowledge of the domestic gaming industry and professional judgment, to CGP's regional casino assets. The selected companies consist of the same selected companies utilized in Centerview's analysis of CGP's Las Vegas casino assets, except for Wynn Resorts Limited. See the section entitled "CGP's Las Vegas Casinos' Selected Comparable Public Company Analysis."

Using publicly available information obtained from SEC filings, FactSet and publicly available Wall Street research, Centerview calculated for each selected company the enterprise value (calculated as the market value of common equity (determined using the treasury stock method and taking into account outstanding in-the-money options, warrants and RSUs) plus the book value of debt, less cash (assuming that cash on the balance sheet does not reflect excess cash)) as a multiple of estimated calendar year 2017 EBITDA. This analysis resulted in a range of enterprise value to estimated calendar year 2017 EBITDA multiples of 7.7x to 9.9x.

Based on its experience and professional judgment, for purposes of its analysis Centerview selected an enterprise value to estimated calendar year 2017 EBITDA multiple reference range of 8.0x to 10.0x. In selecting this reference range, Centerview made qualitative judgments, based on its experience, knowledge of the domestic gaming industry and professional judgment, concerning differences between the business, financial and operating characteristics and prospects of CGP's regional casino assets and the selected companies and other factors that could affect the public trading values in order to provide a context in which to consider the results of the quantitative analysis.

Using this multiple reference range and the estimated calendar year 2017 EBITDA of CGP's regional casino assets based on the Forecasts, Centerview calculated a range of implied enterprise values for CGP's regional casino assets of \$644 million to \$805 million.

Selected Precedent Transactions Analysis

Centerview reviewed and compared certain financial information and multiples for the Transaction to corresponding financial information and multiples for selected transactions for which publicly disclosed information is available involving regional casino properties that Centerview deemed comparable, based on its experience, knowledge of the domestic gaming industry and professional judgment, to CGP's regional casino assets. The selected transactions consisted of:

Announcement Date	Acquirer	Target
September 2016	Eldorado Resorts, Inc.	Isle of Capri Casinos Inc.
August 2016	Z Capital Group, L.L.C.	Affinity Gaming LLC
August 2016	Kicks Entertainment	Isle of Capri Hotel Lake Charles

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May 2016	MGM Resorts International	Boyd's 50% interest in Borgata
May 2016	Red Rock Resorts, Inc.	Palms Casino Resort
September 2015	Full House Resorts Inc.	Bronco Billy's Casino and Hotel
March 2014	Caesars Growth Partners	Harrah's New Orleans

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December 2012	Pinnacle Entertainment, Inc.	Ameristar Casinos Inc.
October 2012	Churchill Downs Inc.	Riverwalk Casino
May 2012	Boyd Gaming Corp	Peninsula Gaming, LLC
May 2012	Penn National Gaming, Inc.	Harrah's St. Louis
April 2012	Full House Resorts Inc.	Silver Slipper Casino
September 2011	Monarch Casino & Resort Inc.	Riviera Black Hawk
June 2011	Boyd Gaming Corp.	IP Casino Resort
September 2010	Churchill Downs Inc.	Harlow's Casino Resort & Hotel
September 2010	Delaware North Companies	Jumer's Casino & Hotel
April 2010	Isle of Capri Casinos Inc.	Rainbow Casino & Hotel
September 2009	Harrah's Entertainment Inc.	Thistledown
September 2009	Chickasaw Nation	Lone Star Park
August 2009	Chickasaw Nation	Remington Park

Using public filings, press releases made by the companies involved and other publicly available information, Centerview calculated for each selected transaction the transaction value in the applicable selected transaction as a multiple of the target property's LTM EBITDA, prior to the announcement of the applicable selected transaction. This analysis resulted in a range of transaction value to LTM EBITDA multiples of 5.5x to 9.5x.

Based on its experience and professional judgment, for purposes of its analysis Centerview selected a transaction value to LTM EBITDA multiple reference range of 7.5x to 9.5x. In selecting this reference range, Centerview made qualitative judgments, based on its experience, knowledge of the domestic gaming industry and professional judgment, concerning differences between the business, financial and operating characteristics and prospects of CGP's regional casino assets and the target properties included in the selected transactions and other factors that could affect the public trading, acquisition or other values of such properties in order to provide a context in which to consider the results of the quantitative analysis.

Using this multiple reference range and the estimated calendar year 2017 EBITDA of CGP's regional casino assets based on the Forecasts, Centerview calculated a range of implied enterprise values for CGP's regional casino assets of \$604 million to \$765 million.

CGP's 50% Portion of the Regional Properties Management Fee Streams**Discounted Cash Flow Analysis**

Centerview performed a discounted cash flow analysis based on the Forecasts to derive an implied enterprise value range for CGP's 50% portion of the regional properties management fee streams. Centerview discounted to present value as of December 31, 2016 the estimated unlevered free cash flows generated by such fee streams for calendar years 2017 through 2021 and a terminal value for such unlevered free cash flows using a perpetuity growth rate range of 1.0% to 2.0% (which perpetuity growth rate range was based on Centerview's experience and professional judgment), in each case using discount rates ranging from 7.0% to 8.0%, which reflected Centerview's estimates of such fee streams' weighted average cost of capital as implied by the capital asset pricing model (using the assumptions described above in the section entitled "CGP's Las Vegas Casinos' Discounted Cash Flow Analysis").

The analysis resulted in a range of implied enterprise values for CGP's 50% portion of the regional properties management fee streams of \$37 million to \$50 million.

Table of Contents**CIE****Discounted Cash Flow Analysis**

Centerview performed a discounted cash flow analysis based on the Forecasts to derive an implied enterprise value range for CIE. Centerview discounted to present value as of December 31, 2016 the estimated unlevered free cash flows generated by CIE for calendar years 2017 through 2021 and a terminal value for such unlevered free cash flows using a perpetuity growth rate range of 1.0% to 2.0% (which perpetuity growth rate range was based on Centerview's experience and professional judgment), in each case using discount rates ranging from 7.0% to 8.0% which reflected Centerview's estimates of CIE's weighted average cost of capital as implied by the capital asset pricing model (using the assumptions described above in the section entitled "CGP's Las Vegas Casinos Discounted Cash Flow Analysis").

Taking into account CGP's fully diluted ownership in CIE, the analysis resulted in a range of implied enterprise values for CGP's investment in CIE of \$51 million to \$71 million.

Implied Enterprise Value of CERP**Sum-of-the-Parts Analysis**

Centerview performed a sum-of-the-parts analysis to derive ranges of implied aggregate enterprise values for CERP. As part of this analysis, Centerview calculated (i) the sum of the implied enterprise value ranges for (a) CERP's Las Vegas casino assets (consisting of the Flamingo, Harrah's Las Vegas, Paris and Rio properties), plus (b) The LINQ and High Roller properties, plus (c) the Octavius Tower property, plus (d) CERP's regional casino assets (consisting of the Harrah's Atlantic City and Harrah's Laughlin properties), less (ii) CERP's corporate expenses. Centerview performed the sum-of-the-parts analysis using implied enterprise values ranges based on three valuation methodologies: a discounted cash flow analysis, a selected comparable public company analysis and a selected precedent transactions analysis. The implied enterprise value ranges for each of the parts was calculated as set forth in more detail below. The foregoing analysis resulted in the following ranges of implied aggregate enterprise values for CERP:

	Discounted Cash Flow	Selected Comparable	Selected Precedent
<i>(\$ in millions)</i>	Methodology	Public Companies	Transactions
	Methodology	Methodology	Methodology
Las Vegas Casinos	\$4,982 to \$6,113	\$4,467 to \$5,460	\$4,467 to \$5,460
Plus: The LINQ / High Roller ⁽¹⁾	\$510 to \$677	\$510 to \$677	\$510 to \$677
Plus: Octavius Tower ⁽¹⁾	\$264 to \$301	\$264 to \$301	\$264 to \$301
Plus: Regional Casinos	\$1,096 to \$1,353	\$970 to \$1,229	\$906 to \$1,165
(Less): Corporate Expense ⁽²⁾	\$(232) to \$(286)	\$(210) to \$(260)	\$(208) to \$(258)
CERP Implied Aggregate Enterprise Value	\$6,621 to \$8,159	\$6,002 to \$7,408	\$5,939 to \$7,345

- (1) The implied enterprise values for The LINQ / High Roller and Octavius Tower properties were calculated using only a discounted cash flow analysis.
- (2) The ranges for CERP's corporate expense were calculated by multiplying an estimate of CERP's calendar year 2017 corporate expenses according to the Forecasts of \$24 million times a blended multiple reference range

based on CERP's implied aggregate enterprise value to estimated calendar year 2017 EBITDA.
CERP's Las Vegas Casinos

Discounted Cash Flow Analysis

Centerview performed a discounted cash flow analysis based on the Forecasts to derive an implied enterprise value range for CERP's Las Vegas casino assets. Centerview discounted to present value as of

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December 31, 2016 the estimated unlevered free cash flows generated by CERP's Las Vegas casino assets for calendar years 2017 through 2021 and a terminal value for such unlevered free cash flows using a terminal multiple range of 9.0x to 11.0x (which terminal multiple range was based on Centerview's experience and professional judgment), in each case using discount rates ranging from 7.25% to 8.25% which reflected Centerview's estimates of such assets weighted average cost of capital as implied by the capital asset pricing model (using the following assumptions: 2.45% U.S. risk free rate, 0.62 unlevered beta, 300% target debt to equity ratio, 1.83 levered beta, 6.9% historical risk premium, 1.5% size premium, 8.0% pre-tax cost of debt and 35.0% tax rate).

The foregoing analysis resulted in a range of implied enterprise values for CERP's Las Vegas casino assets of \$4.982 billion to \$6.113 billion.

Selected Comparable Public Company Analysis

Centerview reviewed and compared certain financial information and multiples for CERP's Las Vegas casino assets to corresponding financial information and multiples for selected publicly traded gaming companies that Centerview deemed comparable, based on its experience, knowledge of the domestic gaming industry and professional judgment, to CERP's Las Vegas casino assets. The selected companies consist of the same selected companies utilized in Centerview's analysis of CGP's Las Vegas casino assets. See the section entitled "CGP's Las Vegas Casinos Selected Comparable Public Company Analysis."

Using publicly available information obtained from SEC filings, FactSet and publicly available Wall Street research, Centerview calculated for each selected company the enterprise value (calculated as the market value of common equity (determined using the treasury stock method and taking into account outstanding in-the-money options, warrants and RSUs) plus the book value of debt, less cash (assuming that cash on the balance sheet does not reflect excess cash)) as a multiple of estimated calendar year 2017 EBITDA. This analysis resulted in a range of enterprise value to estimated calendar year 2017 EBITDA multiples of 7.7x to 9.9x.

Based on its experience and professional judgment, for purposes of its analysis Centerview selected an enterprise value to estimated calendar year 2017 EBITDA multiple reference range of 9.0x to 11.0x. In selecting this reference range, Centerview made qualitative judgments, based on its experience, knowledge of the domestic gaming industry and professional judgment, concerning differences between the business, financial and operating characteristics and prospects of CERP's Las Vegas casino assets and the selected companies and other factors that could affect the public trading values in order to provide a context in which to consider the results of the quantitative analysis.

Using this multiple reference range and the estimated calendar year 2017 EBITDA of CERP's Las Vegas casino assets based on the Forecasts, Centerview calculated a range of implied enterprise values for CERP's Las Vegas casino assets of \$4.467 billion to \$5.460 billion.

Selected Precedent Transactions Analysis

Centerview reviewed and compared certain financial information and multiples for the Transaction to corresponding financial information and multiples for selected transactions for which publicly disclosed information is available involving Las Vegas-based casino properties that Centerview deemed comparable, based on its experience, knowledge of the domestic gaming industry and professional judgment, to CERP's Las Vegas casino assets. The selected transactions consist of the same selected transactions utilized in Centerview's analysis of CGP's Las Vegas casino assets. See the section entitled "CGP's Las Vegas Casinos Selected Precedent Transactions Analysis."

Using public filings, press releases made by the companies involved and other publicly available information, Centerview calculated for each selected transaction the transaction value in the applicable selected

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transaction as a multiple of the target property's LTM EBITDA, prior to the announcement of the applicable selected transaction. This analysis resulted in a range of transaction value to LTM EBITDA multiples of 7.7x to 14.9x.

Based on its experience and professional judgment, for purposes of its analysis Centerview selected a transaction value to LTM EBITDA multiple reference range of 9.0x to 11.0x. In selecting this reference range, Centerview made qualitative judgments, based on its experience, knowledge of the domestic gaming industry and professional judgment, concerning differences between the business, financial and operating characteristics and prospects of CERP's Las Vegas casino assets and the target properties included in the selected transactions and other factors that could affect the public trading, acquisition or other values of such properties in order to provide a context in which to consider the results of the quantitative analysis.

Using this multiple reference range and the estimated calendar year 2017 EBITDA of CERP's Las Vegas casino assets based on the Forecasts, Centerview calculated a range of implied enterprise values for CERP's Las Vegas casino assets of \$4.467 billion to \$5.460 billion.

The LINQ / High Roller

Discounted Cash Flow Analysis

Centerview performed a discounted cash flow analysis based on the Forecasts to derive an implied enterprise value range for The LINQ and High Roller properties. Centerview discounted to present value as of December 31, 2016 the estimated unlevered free cash flows generated by The LINQ and High Roller properties for calendar years 2017 through 2021 and a terminal value for such unlevered free cash flows using a perpetuity growth rate range of 1.0% to 2.0% (which perpetuity growth rate range was based on Centerview's experience and professional judgment), in each case using discount rates ranging from 7.25% to 8.25% which reflected Centerview's estimates of such assets' weighted average cost of capital as implied by the capital asset pricing model (using the assumptions described above in the section entitled "CERP's Las Vegas Casinos Discounted Cash Flow Analysis").

The foregoing analysis resulted in a range of implied enterprise values for The LINQ and High Roller properties of \$510 million to \$677 million.

Octavius Tower

Discounted Cash Flow Analysis

Centerview performed a discounted cash flow analysis based on the Forecasts to derive an implied enterprise value range for the Octavius Tower property. Centerview discounted to present value as of December 31, 2016 the estimated after-tax annual lease stream to be received by CERP over the remaining term of the Octavius Tower lease, which expires in 2026, using discount rates ranging from 7.25% to 8.25%, which reflected Centerview's estimates of such asset's weighted average cost of capital as implied by the capital asset pricing model (using the assumptions described above in the section entitled "CERP's Las Vegas Casinos Discounted Cash Flow Analysis").

The foregoing analysis resulted in a range of implied enterprise values for the Octavius Tower property of \$264 million to \$301 million.

CERP's Regional Casinos

Discounted Cash Flow Analysis

Centerview performed a discounted cash flow analysis based on the Forecasts to derive an implied enterprise value range for CERP's regional casino assets. Centerview discounted to present value as of

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December 31, 2016 the estimated unlevered free cash flows generated by CERP's regional casino assets for calendar years 2017 through 2021 and a terminal value for such unlevered free cash flows using a terminal multiple range of 7.5x to 9.5x (which terminal multiple range was based on Centerview's experience and professional judgment), in each case using discount rates ranging from 7.25% to 8.25%, which reflected Centerview's estimates of such assets weighted average cost of capital as implied by the capital asset pricing model (using the assumptions described above in the section entitled "CERP's Las Vegas Casinos Discounted Cash Flow Analysis.")

The foregoing analysis resulted in a range of implied enterprise values for CERP's regional casino assets of \$1.096 billion to \$1.353 billion.

Selected Comparable Public Company Analysis

Centerview reviewed and compared certain financial information and multiples for CERP's regional casino assets to corresponding financial information and multiples for selected publicly traded gaming companies that Centerview deemed comparable, based on its experience, knowledge of the domestic gaming industry and professional judgment, to CERP's regional casino assets. The selected companies consist of the same selected companies utilized in Centerview's analysis of CGP's regional casino assets. See the section entitled "CGP's Regional Casinos Selected Comparable Public Company Analysis."

Using publicly available information obtained from SEC filings, FactSet and publicly available Wall Street research, Centerview calculated for each selected company the enterprise value (calculated as the market value of common equity (determined using the treasury stock method and taking into account outstanding in-the-money options, warrants and RSUs) plus the book value of debt, less cash (assuming that cash on the balance sheet does not reflect excess cash)) as a multiple of estimated calendar year 2017 EBITDA. This analysis resulted in a range of enterprise value to estimated calendar year 2017 EBITDA multiples of 7.7x to 9.9x.

Based on its experience and professional judgment, for purposes of its analysis Centerview selected an enterprise value to estimated calendar year 2017 EBITDA multiple reference range of 7.5x to 9.5x. In selecting this reference range, Centerview made qualitative judgments, based on its experience, knowledge of the domestic gaming industry and professional judgment, concerning differences between the business, financial and operating characteristics and prospects of CERP's regional casino assets and the selected companies and other factors that could affect the public trading values in order to provide a context in which to consider the results of the quantitative analysis.

Using this multiple reference range and the estimated calendar year 2017 EBITDA of CERP's regional casino assets based on the Forecasts, Centerview calculated a range of implied enterprise values for CERP's regional casino assets of \$970 million to \$1.229 billion.

Selected Precedent Transactions Analysis

Centerview reviewed and compared certain financial information and multiples for the Transaction to corresponding financial information and multiples for selected transactions for which publicly disclosed information is available involving regional casino properties that Centerview deemed comparable, based on its experience, knowledge of the domestic gaming industry and professional judgment, to CGP's regional casino assets. The selected transactions consist of the same selected transactions utilized in Centerview's analysis of CGP's regional casino assets. See the section entitled "CGP's Regional Casinos Selected Precedent Transactions Analysis."

Using public filings, press releases made by the companies involved and other publicly available information, Centerview calculated for each selected transaction the transaction value in the applicable selected transaction as a

multiple of the target property's LTM EBITDA, prior to the announcement of the applicable selected transaction. This analysis resulted in a range of transaction value to LTM EBITDA multiples of 5.5x to 9.5x.

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Based on its experience and professional judgment, for purposes of its analysis Centerview selected a transaction value to LTM EBITDA multiple reference range of 7.0x to 9.0x. In selecting this reference range, Centerview made qualitative judgments, based on its experience, knowledge of the domestic gaming industry and professional judgment, concerning differences between the business, financial and operating characteristics and prospects of CERP's regional casino assets and the target properties included in the selected transactions and other factors that could affect the public trading, acquisition or other values of such properties in order to provide a context in which to consider the results of the quantitative analysis.

Using this multiple reference range and the estimated calendar year 2017 EBITDA of CERP's regional casino assets based on the Forecasts, Centerview calculated a range of implied enterprise values for CERP's regional casino assets of \$906 million to \$1.165 billion.

Implied Gain/(Loss) on CEC's Investment in New CEOC

Centerview calculated ranges of the implied gain/(loss) on CEC's investment in New CEOC. Centerview derived these ranges using the Forecasts by calculating the implied gain/(loss) on CEC's investment in New CEOC as (i) the implied aggregate enterprise value ranges of New CEOC using each of a discounted cash flow analysis and a selected comparable public company analysis (as described below in this section), less (ii) New CEOC's gross debt, plus (iii) New CEOC's excess cash, less (iv) CEC's purchase price for New CEOC pursuant to the Plan. The foregoing analysis resulted in the following ranges of implied gain/(loss) on CEC's investment in New CEOC:

(\$ in millions)	Discounted Cash		Selected	
	Flow Methodology		Comparable Public	
	Low	High	Low	High
Implied Enterprise Value of New CEOC	\$ 3,638	\$ 4,273	\$ 3,099	\$ 3,575
(Less): New CEOC Gross Debt	\$(1,609)	\$(1,609)	\$(1,609)	\$(1,609)
Plus: New CEOC Excess Cash	\$ 0	\$ 0	\$ 0	\$ 0
(Less): CEC Purchase Price for New CEOC	\$ (700)	\$ (700)	\$ (700)	\$ (700)
Implied Gain/(Loss) on CEC's Investment in New CEOC	\$ 1,329	\$ 1,964	\$ 789	\$ 1,266
<i>Implied Enterprise Value of New CEOC</i>				

Centerview performed a discounted cash flow analysis and selected comparable public company analysis to derive ranges of implied enterprise values for New CEOC.

Discounted Cash Flow Analysis

Centerview discounted to present value as of December 31, 2016 the estimated unlevered free cash flows generated by New CEOC for calendar years 2017 through 2021 (excluding the contribution from the Conrad Punta del Este property) and a terminal value for such unlevered free cash flows using a terminal multiple range of 6.5x to 7.5x (which terminal multiple range was based on Centerview's experience and professional judgment), in each case using discount rates ranging from 6.25% to 7.25% which reflected Centerview's estimates of New CEOC's weighted average cost of capital as implied by the capital asset pricing model (using the following assumptions: 2.45% U.S. risk free rate, 0.46 unlevered beta, 100% target debt to equity ratio, 0.75 levered beta, 6.9% historical risk premium, 1.6% size

premium, 7.0% pre-tax cost of debt and 35.0% tax rate).

The foregoing analysis resulted in a range of implied enterprise values for New CEOC of \$3.638 billion to \$4.273 billion.

Selected Comparable Public Company Analysis

Centerview reviewed and compared certain financial information and multiples for New CEOC to corresponding financial information and multiples for selected casino operating companies that Centerview

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deemed comparable, based on its experience, knowledge of the casino operating industry and professional judgment, to New CEOC. The selected companies consist of:

Penn National Gaming, Inc.

Pinnacle Entertainment, Inc.

Using publicly available information obtained from SEC filings, FactSet and publicly available Wall Street research, Centerview calculated for each selected company the enterprise value (calculated as the market value of common equity (determined using the treasury stock method and taking into account outstanding in-the-money options, warrants and RSUs) plus the book value of debt, less cash (assuming that cash on the balance sheet does not reflect excess cash)) as a multiple of estimated next twelve months, commonly referred to as NTM, EBITDA. This analysis resulted in a range of enterprise value to NTM EBITDA multiples of 4.9x to 8.1x.

Based on its experience and professional judgment, for purposes of its analysis Centerview selected an enterprise value to NTM EBITDA multiple reference range of 6.5x to 7.5x. In selecting this reference range, Centerview made qualitative judgments, based on its experience, knowledge of the casino operating industry and professional judgment, concerning differences between the business, financial and operating characteristics and prospects of New CEOC and the selected companies and other factors that could affect the public trading values in order to provide a context in which to consider the results of the quantitative analysis.

Using this multiple reference range and the estimated calendar year 2017 EBITDA of New CEOC (excluding the contribution from the Conrad Punta del Este property), Centerview calculated a range of implied enterprise values for New CEOC of \$3.099 billion to \$3.575 billion.

Illustrative Recovery Analysis

In coming to its determination that the Exchange Ratio provided for pursuant to the Merger Agreement and taking into account the Contribution was fair, from a financial point of view, to CEC, Centerview considered the fact that absent the settlement of certain litigation claims (including estate claims and guarantee-related claims held by financial creditors of CEOC) pending or threatened against CEC and its subsidiaries (including CERP and CGP) it was likely that the stay of certain of these litigation claims would have been lifted and that a reorganization of CEC under Chapter 11 of the Bankruptcy Code would have been necessary (as more fully described in the section entitled Risk Factors Risks Related to CEC s Business beginning on page 81). Therefore, Centerview, at the direction of the CEC SAC, together with the CEC SAC s legal counsel, prepared a financial analysis of the potential negative impact on CEC s equity value of such litigation claims.

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In preparing this analysis, Centerview used and relied on the results of the Liability Analyses and also considered analyses of the amounts and potential values of estate claims as set forth in the Examiner's Report. Centerview first estimated the implied residual aggregate equity value to CEC taking into account estate claims against CERP and CGP by calculating (1) the implied aggregate equity value of CERP (which was calculated as the implied aggregate enterprise value for CERP based on the midpoint of Centerview's valuation analyses as described above in the section entitled "Implied Enterprise Value of CERP less CERP's net debt of \$4.551 billion as of December 31, 2016) and the implied aggregate equity value of CGP (which was calculated as the implied aggregate enterprise value for CGP based on the midpoint of Centerview's valuation analyses as described above in the section entitled "Implied Enterprise Value of CGP plus CGP's net cash of \$1.075 billion as of December 31, 2016) less (2) the midpoint of the estate claims against CERP and CGP (both based on the results of the Liability Analyses and the Examiner's Report) less (3) in the case of CGP, the preferential return to CAC as of June 30, 2017 due to CAC's ownership interest in CGP less (4) the estimated litigation costs and other expenses that would be incurred by CEC in a standalone CEC Chapter 11 proceeding (as estimated by Millstein in the December 2016 expert report).

(\$ in millions)	Estate Claims based on the results of the Liability Analyses			Estate Claims based on Examiner's Report		
	CEC	CERP	CGP	CEC	CERP	CGP
Midpoint of Implied Aggregate Enterprise Value		\$ 6,912	\$ 4,041		\$ 6,912	\$ 4,041
Plus/(Less): Net Cash/Net Debt		\$ (4,551)	\$ 1,075		\$ (4,551)	\$ 1,075
(Less): Midpoint of Estate Claims		\$ (418)	\$ (1,080)		\$ (997)	\$ (1,996)
(Less): Preferential Return to CAC		N/A	\$ (1,957)		N/A	\$ (1,742)
Implied Residual Aggregate Equity Value before Estimated Litigation Costs and Other Expenses	\$ 4,023	\$ 1,944	\$ 2,079	\$ 2,742	\$ 1,364	\$ 1,378
(Less): Estimated Litigation Costs and Other Expenses	\$ (350)			\$ (350)		
Implied Residual Aggregate Equity Value to CEC	\$ 3,673			\$ 2,393		

Centerview then calculated the implied equity value of CEC taking into account estate claims against CEC and guarantee-related claims held by financial creditors of CEOC by calculating (1) the implied residual equity value to CEC as calculated above less (2) the midpoint of the estate claims directly against CEC (both based on the results of the Liability Analyses and the Examiner's Report) less (3) the net guarantee-related claims held by financial creditors of CEOC (calculated as the gross guarantee-related claims held by financial creditors of CEOC of \$19.615 billion (including post-petition interest as estimated by Millstein in the December 2016 expert report), of which \$5.425 billion are bank debt claims (based on the Disclosure Statement in connection with the Plan dated June 28, 2016) less the midpoint enterprise value of CEOC of \$11.55 billion (as estimated by Millstein in the December 2016 expert report)).

(\$ in millions)

Estate Claims based
on the resultsEstate Claims based
on Examiner's

	of the Liability Analyses	Report
Implied Residual Aggregate Equity Value to CEC	\$ 3,673	\$ 2,393
(Less): Midpoint of Estate Claims Against CEC	\$ (614)	\$ (1,363)
(Less): Net Guarantee-Related Claims ⁽¹⁾	\$ (8,065)	\$ (8,065)
Implied Aggregate Equity Value of CEC	\$ (5,006)	\$ (7,035)

- (1) For illustrative purposes, Net Guarantee-Related Claims are shown based on a risk of litigation loss of 100%. As part of its analysis, Centerview considered a range of risk of litigation loss on guarantee-related claims excluding bank debt guarantee claims as provided to Centerview as part of the Liability Analyses.

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Centerview's analysis did not quantify all risks attendant to a standalone CEC Chapter 11 proceeding, including the possible appointment of a Chapter 11 trustee, the possible appointment of an examiner, the possibility of forced asset sales and the possibility that CEC would be unable to obtain debtor-in-possession financing. Centerview further noted that (1) as part of the Transaction, the Sponsors agreed to forfeit all of their shares of CEC Common Stock in connection with the Plan and (2) pursuant to the Confirmation Order, the Bankruptcy Court approved the settlement of claims, including the Contribution, as in the best interests of CEOC and its estate, creditors and shareholders, and determined such settlement of claims was fair, equitable and reasonable.

Based on the foregoing, Centerview observed that the implied value of CEC retained by CEC stockholders in the Transaction based on the Exchange Ratio and taking into account the Contribution was greater than the implied value of CEC that would be retained by CEC stockholders in a standalone CEC Chapter 11 proceeding pursuant to which the estate claims and guarantee-related claims would be litigated and/or settled.

General

Although none of the selected companies used in any of Centerview's analyses is directly comparable to the assets or properties being valued, the selected companies were selected, among other reasons, because they are publicly traded companies with certain operational and financial characteristics that, for purposes of its various analyses, Centerview considered to be similar to those of the assets or properties being valued. The reasons for and the circumstances surrounding each of the selected companies analyzed were diverse, and there are inherent differences in the business, operations, financial conditions and prospects of the assets or properties being valued, CEC, CAC, CGP, CERP, and the companies included in the selected companies.

No property or transaction used in any of Centerview's analyses is directly comparable to the assets or properties being valued, CEC, CAC, CGP, CERP or the Transaction. The target properties included in the selected transactions are properties that were selected, among other reasons, because they have certain operational and financial characteristics that, for the purposes of the various analyses, Centerview considered to be similar to those of the assets or properties being valued. The reasons for and the circumstances surrounding each of the selected transactions analyzed were diverse, and there are inherent differences in the business, operations, financial conditions and prospects of the assets or properties being valued, CEC, CAC, CGP, CERP and the properties included in the selected transactions.

The preparation of a financial opinion is a complex analytical process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and, therefore, a financial opinion is not readily susceptible to summary description. In arriving at its opinion, Centerview did not draw, in isolation, conclusions from or with regard to any factor or analysis that it considered. Rather, Centerview made its determination as to fairness on the basis of its experience and professional judgment after considering the results of all of the analyses.

Centerview's financial analyses and opinion were only one of many factors taken into consideration by the CEC SAC in its evaluation of the Transaction. Consequently, the analyses described above should not be viewed as determinative of the views of the CEC SAC with respect to the Exchange Ratio or as to whether the CEC SAC would have been willing to determine that a different exchange ratio was fair. The Exchange Ratio was determined through arm's-length negotiations between CEC and CAC and was approved by the CEC board and the CEC SAC. Centerview provided advice to the CEC SAC during these negotiations. Centerview did not, however, recommend any specific exchange ratio or consideration to CEC, the CEC board or the CEC SAC or that any specific exchange ratio or consideration was the only appropriate exchange ratio or consideration for the Merger.

Centerview is a securities firm engaged directly and through affiliates and related persons in a number of investment banking, financial advisory and merchant banking activities. In the two years prior to the delivery of its opinion, Centerview provided certain financial advisory or other services to the CEC SAC and its predecessor,

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including in connection with the sale by CIE of its social and mobile games business in 2016. In the two years prior to the delivery of its opinion, Centerview did not provide financial advisory or other services to CAC. In the two years prior to the delivery of its opinion, Centerview was not engaged to provide financial advisory or other services directly to Apollo or TPG, and did not receive any compensation directly from Apollo or TPG. In the two years prior to the delivery of its opinion, (i) Centerview was engaged to provide, and is currently providing, financial advisory services unrelated to CEC or the Transaction to a portfolio company of Apollo (and during such period Centerview received between \$2.5 million and \$5.0 million in aggregate fees for such services) and two portfolio companies of TPG (and during such period Centerview received between \$5.0 million and \$7.5 million in aggregate fees for such services). Centerview may in the future receive additional compensation for certain of such services. In addition, in the two years prior to the delivery of its opinion, Centerview was engaged to provide, and is currently providing, financial advisory services unrelated to CEC or the Transaction to financial creditor groups or ad hoc committees (of which one or more affiliates of Apollo is, or may have been at some point during Centerview's engagement, a member) in connection with restructurings or potential restructurings involving the relevant issuer, and Centerview received, and may in the future receive, compensation for such services. Centerview may provide financial advisory and other services to or with respect to CEC, CAC or their respective affiliates (including Apollo and TPG) and portfolio companies of such affiliates in the future, for which Centerview may receive compensation. Certain (i) of Centerview's and its affiliates' directors, officers, members and employees, or family members of such persons, (ii) of Centerview's affiliates or related investment funds and (iii) investment funds or other persons in which any of the foregoing may have financial interests or with which they may co-invest, may at any time acquire, hold, sell or trade, in debt, equity and other securities or financial instruments (including derivatives, bank loans or other obligations) of, or investments in, CEC, CAC, Apollo, TPG or any of their respective affiliates and portfolio companies, or any other party that may be involved in the Transaction.

The CEC SAC selected Centerview as its financial advisor in connection with the Transaction based on Centerview's reputation and experience. Centerview is an internationally recognized investment banking firm that has substantial experience in transactions similar to the Transaction.

For Centerview's services as the financial advisor to the CEC SAC (and its predecessor), CEC has paid Centerview \$14,875,000 in fees in connection with the Merger, the Restructuring and the sale by CIE of its social and mobile games business in 2016. Except as set forth in the preceding sentence, Centerview has not received any fees from CEC during the two years prior to the delivery of its opinion. In addition, for Centerview's services as the financial advisor to the CEC SAC in connection with the Merger and the Restructuring, CEC will (1) continue to pay Centerview monthly retainer fees of \$250,000 until termination or completion of Centerview's engagement, (2) pay Centerview an additional \$2,000,000, which is payable conditioned upon completion of the Merger, and (3) pay Centerview an additional \$5,000,000, which is payable contingent upon completion of the Restructuring. In addition, CEC has agreed to reimburse certain of Centerview's expenses arising, and to indemnify Centerview against certain liabilities that may arise, out of Centerview's engagement.

Opinion of Financial Advisor to the CAC Special Committee

For purposes of this section only, capitalized terms used and specifically defined herein with reference to the Plan will have the meaning ascribed to such term in accordance with the Plan.

Opinion

At the meeting of the CAC Special Committee on February 17, 2017, Moelis delivered an oral opinion, which was confirmed by delivery of a written opinion, dated February 17, 2017, addressed to the CAC Special Committee to the effect that, as of the date of the opinion and based upon and subject to the assumptions, conditions and limitations set

forth in the opinion, the Exchange Ratio in the Merger was fair from a financial point of view to the holders of CAC Common Stock, other than the Sponsors.

The full text of Moelis written opinion, dated February 17, 2017, which sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection

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with the opinion (which are also summarized herein), is attached as Annex D to this joint proxy statement/prospectus and is incorporated herein by reference. Stockholders of CAC are urged to read Moelis written opinion carefully and in its entirety. Moelis opinion was provided for the use and benefit of the CAC Special Committee (in its capacity as such) in its consideration of the Merger. Moelis opinion is limited solely to the fairness, from a financial point of view, of the Exchange Ratio to the holders of CAC Common Stock, other than the Sponsors, and does not address CAC's underlying business decision to effect the Merger or the relative merits of the Merger as compared to any alternative business strategies or transactions that might be available with respect to CAC. Moelis opinion does not constitute a recommendation to any stockholder of CAC or CEC as to how such stockholder should vote or act with respect to the Merger or any other matter. Moelis opinion was approved by a Moelis fairness opinion committee.

In arriving at its opinion, Moelis, among other things:

reviewed certain publicly available business and financial information relating to CAC, CEC and CGP;

reviewed certain internal information relating to the business, earnings, cash flow, properties, assets, liabilities and prospects of CAC furnished to Moelis by CAC, including financial forecasts provided to or discussed with Moelis by CAC management or CES Management, as applicable (and such internal information and financial forecasts include certain assumptions provided by CAC management or CES Management, as applicable) (for further information on such financial forecasts and assumptions, see the section entitled "CEC and CAC Proposal 1: Adoption of the Merger Agreement and Approval of the Merger Unaudited Prospective Financial Information" beginning on page 300 of this joint proxy statement/prospectus);

reviewed certain internal information relating to the business, earnings, cash flow, properties, assets, liabilities and prospects of CEC furnished to Moelis by CEC, including financial forecasts provided to or discussed with Moelis by CEC management or CES Management, as applicable (and such internal information and financial forecasts include certain assumptions provided by CEC management or CES Management, as applicable) (for further information on such financial forecasts and assumptions, see the section entitled "CEC and CAC Proposal 1: Adoption of the Merger Agreement and Approval of the Merger Unaudited Prospective Financial Information" beginning on page 300 of this joint proxy statement/prospectus);

reviewed certain internal information relating to the business, earnings, cash flow, properties, assets, liabilities and prospects of CGP furnished to Moelis by CAC and CEC, including financial forecasts provided to or discussed with Moelis by the managements of each of CAC and CEC (and such internal information and financial forecasts include certain assumptions provided by the managements of each of CAC and CEC) (for further information on such financial forecasts and assumptions, see the section entitled "CEC and CAC Proposal 1: Adoption of the Merger Agreement and Approval of the Merger Unaudited Prospective Financial Information" beginning on page 300 of this joint proxy statement/prospectus);

reviewed certain internal information relating to the business, earnings, cash flow, properties, assets, liabilities and prospects of CIE furnished to Moelis by CAC and CEC, including financial forecasts for CIE provided to or discussed with Moelis by the managements of each of CAC and CEC (and such internal information and financial forecasts include certain assumptions provided by the managements of each of CAC and CEC) (for further information on such financial forecasts and assumptions, see the section entitled

CEC and CAC Proposal 1: Adoption of the Merger Agreement and Approval of the Merger Unaudited Prospective Financial Information beginning on page 300 of this joint proxy statement/prospectus);

reviewed certain internal information relating to certain pro forma financial effects of the Merger and the Restructuring furnished to Moelis by CAC and CEC;

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conducted discussions with members of the managements and representatives of each of CAC and CEC concerning the information described in the foregoing, as well as the businesses and prospects of CAC, CEC and CGP generally;

reviewed publicly available financial and stock market data of certain other companies in lines of business that Moelis deemed relevant;

reviewed the financial terms of certain other transactions that Moelis deemed relevant;

reviewed the Original Merger Agreement, the A&R Merger Agreement, the RSAs, the Plan, and a draft, dated February 17, 2017, of the Amendment;

participated in certain discussions and negotiations among representatives of CAC and CEC and their advisors; and

conducted such other financial studies and analyses and took into account such other information as Moelis deemed appropriate.

In connection with its review, Moelis did not assume any responsibility for independent verification of any of the information supplied to, discussed with or reviewed by Moelis for the purpose of its opinion and has, with the consent of the CAC Special Committee, relied on such information being complete and accurate in all material respects. In addition, with the consent of the CAC Special Committee, Moelis did not make any independent appraisal of any of the assets or liabilities (contingent, derivative, off-balance-sheet or otherwise) of CAC or CEC, nor was Moelis furnished with any such appraisal. With respect to the financial forecasts and other information relating to CAC and CEC and certain pro forma financial effects, Moelis assumed, at the direction of the CAC Special Committee, that such financial forecasts and other information were reasonably prepared on a basis reflecting the best currently available estimates and judgments of CEC management, CAC management or CES Management, as applicable, as to the future performance of CAC and CEC and such pro forma financial effects. Moelis also assumed, at the direction of the CAC Special Committee, that the future financial results reflected in such forecasts and other information will be achieved at the times and in the amounts projected. In the case of forecasts based on historical tax depreciation, Moelis assumed, at the direction of the CAC Special Committee and with the consent of the CAC Special Committee, that such forecasts were also representative of the run-rate terminal basis. As discussed with the CAC Special Committee prior to the delivery of Moelis' opinion, Moelis was not provided with, and did not review, certain information including: (i) historical key performance indicators (KPIs); (ii) forecasted KPIs for properties beyond those estimates prepared for the year 2016; and (iii) property-level forecast of net working capital (and Moelis assumed, at the direction of the CAC Special Committee and with the consent of the CAC Special Committee, that such a forecast would be flat year-over-year). With respect to CEOC, Moelis did not conduct site visits at individual CEOC properties or participate in discussions with the property-level management teams and operators at those properties. Moelis assumed, at the direction of the CAC Special Committee and with the consent of the CAC Special Committee, that if such information had been provided to Moelis, it would not have materially affected Moelis analyses.

Moelis' opinion was necessarily based on economic, monetary, market and other conditions as in effect on, and the information made available to Moelis as of, the date of the opinion. Moelis' opinion did not address the fairness of the

Merger or any aspect or implication thereof to, or any other consideration of or relating to, the holders of any class of securities, creditors or other constituencies of CAC, other than the fairness of the Exchange Ratio from a financial point of view to the holders of CAC Common Stock (other than the Sponsors). In addition, Moelis did not express any opinion as to the fairness of the amount or nature of any compensation to be received by any officers, directors or employees of any parties to the Merger, or any class of such persons, relative to the Exchange Ratio or otherwise. Moelis' opinion did not address CAC's underlying business decision to effect the Merger or the relative merits of the Merger as compared to any alternative business strategies or transactions that might be available with respect to CAC and did not constitute a recommendation to any stockholder of CAC or CEC as to how such stockholder should vote or act with respect to the Merger or any other matter. At the direction of the CAC Special Committee, Moelis was not asked to, nor did it, offer any opinion as to any terms of the Merger Agreement, or any aspect or implication of the Merger, except for the

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Exchange Ratio to the extent expressly specified in Moelis' opinion. With the consent of the CAC Special Committee, Moelis expressed no opinion as to what the value of CEC Common Stock actually would be when issued pursuant to the Merger or the prices at which CAC Common Stock or CEC Common Stock may trade at any time, including after the announcement of the Merger. Moelis is not a tax, legal, regulatory or accounting expert, and assumed and relied upon, without independent verification, the assessments of CAC and its other advisors with respect to all tax, legal, regulatory and accounting matters. In rendering its opinion, Moelis assumed, with the consent of the CAC Special Committee, that the final executed form of the Amendment would not differ in any material respect from the draft of February 17, 2017, that Moelis reviewed, that the Merger would be consummated in accordance with the terms of the Merger Agreement, and that the parties to the Merger Agreement would comply with all the material terms of the Merger Agreement.

In rendering its opinion, Moelis also assumed, with the consent of the CAC Special Committee, that (1) the Restructuring will be consummated in accordance with the terms of the Plan, (2) for purposes of the Exchange Ratio, the equity interests in CEC will be issued to creditors of CEOC in accordance with the terms of the Plan, (3) CEC will fund the full amount of the CEC Cash Contribution and the RSA Forbearance Fees (each as defined in the Plan) and (4) CEC will acquire 100% of the equity interests in New CEOC (as defined in the Plan). Moelis also assumed, at the instruction of the CAC Special Committee, that (x) CEC will acquire and retain none of the equity interests in PropCo (as defined in the Plan) pursuant to the terms of the Plan, (y) CEC will retain 100% of the equity interests in New CEOC and (z) the full amount of the Additional CEC Bank Consideration and Additional CEC Bond Consideration (each as defined in the Plan) will be paid in cash. Moelis further assumed, at the instruction of the CAC Special Committee, that no CEC Convertible Notes (as defined in the Plan) will be converted as of the effective date of the Plan. At the direction of the CAC Special Committee, the New CEC Common Equity Buyback (as defined in the Plan) is not factored into Moelis' analysis for purposes of evaluating the Exchange Ratio.

Moelis also assumed, with the consent of the CAC Special Committee, that all governmental, regulatory or other consents and approvals necessary for the consummation of the Merger will be obtained without the imposition of any delay, limitation, restriction, divestiture or condition that would have an adverse effect on CAC, CEC, the Merger or the Restructuring. Moelis understood that it was the intent that (and Moelis assumed, with the consent of the CAC Special Committee, that) the Merger will qualify as a reorganization for federal income tax purposes. Moelis further assumed, with the consent of the CAC Special Committee, that, in accordance with the stated intent of the Plan, the Separation Structure will be accomplished through either (1) the contribution of assets to the REIT in the Spin Structure or (2) the contribution of real property assets to PropCo in a transaction intended to qualify under Section 721 of the Code if (x) CEOC is unable to receive a favorable ruling from the IRS (the Spin Ruling) or a should level opinion of counsel (the Spin Opinion), concluding, in either case, based on facts, customary representations (and certain customary assumptions, in the case of a Spin Opinion) set forth or described in the Spin Ruling or Spin Opinion, that the Spin Structure qualifies under Section 368(a)(1)(G) of the Code, with the consent of the requisite consenting bank creditors, the requisite consenting bond creditors, the Second Lien Committee, and the unsecured creditors committee, such consent not to be unreasonably withheld, (y) at the election of the requisite consenting bond creditors after consultation with the consenting first lien bank creditors if the estimated REIT earnings and profits exceeds \$1.6 billion or (z) at the election of CEOC and CEC, with the consent of the requisite consenting bank creditors and the requisite consenting bond creditors, such consent not to be unreasonably withheld. Moelis also assumed, with the consent of the CAC Special Committee, that, in accordance with the stated intent of the Plan, in either event, the distribution of the new equity and debt will be made in a manner that will not generate taxable income to CEOC other than cancellation of indebtedness income. Moelis further assumed, at the instruction of the CAC Special Committee, with respect to certain litigation matters, including litigation related to the NRF, which is more fully described in the section entitled The Companies' Legal Proceedings of Caesars Entertainment Corporation National Retirement Fund, beginning on page 137, amounts and timing of payments to resolve or otherwise in respect of such matters as provided to Moelis by the CAC Special Committee. Moelis also assumed, at

the instruction of the CAC Special Committee, expected utilization of CEOC tax attributes associated with exchanges pursuant to Section 1031 of the Code related to the Showboat Atlantic City casino and Horseshoe

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Tunica as provided to it by CEC management (which information was prepared by CES Management). Moelis further assumed, at the instruction of the CAC Special Committee, that the value of bonds issued by CEOC and held by CAC was equal to the value of the tax deduction that CAC expected to receive from the write-down of such bonds. In connection with its engagement, in accordance with the terms of the Original Merger Agreement and the A&R Merger Agreement, respectively, and at the direction of the CAC Special Committee, Moelis was requested to approach, and Moelis held discussions with, third parties to solicit indications of interest in the possible acquisition of CAC following the execution of the Original Merger Agreement and the A&R Merger Agreement, respectively.

Calculation of Pro Forma Equity Adjustment Factor

Moelis reviewed the relative equity contributions by CAC and CEC to New CEC based on the respective total equity values implied by a SOTP valuation of CAC and CEC (as described below). To account for the shares of New CEC to be issued to CEOC creditors pursuant to the Plan and the corresponding difference between the ownership of New CEC by all CEC constituencies following consummation of the Merger and the effectiveness of the Plan and the ownership of New CEC by holders of existing CEC shares, on a fully-diluted basis (including RSUs outstanding as of January 31, 2017), Moelis first calculated an adjustment factor to be applied to its calculation (as described below) of the exchange ratio derived from its relative contribution analysis (which exchange ratio, prior to the application of the adjustment factor we refer to as the implied unadjusted exchange ratio). As set forth below, Moelis calculated an adjustment factor of 4.026x. This adjustment factor was calculated by dividing the combined percentage of pro forma equity of New CEC that will be held by (1) CEOC creditors issued shares of New CEC pursuant to the Plan and (2) holders of existing CEC shares, on a fully-diluted basis (which combined percentage is 73.500%) by the percentage of pro forma equity of New CEC represented by holders of existing CEC shares, on a fully-diluted basis (which percentage is 18.256%). These calculations are set forth below:

Implied New CEC Ownership

CEC Fully-Diluted Shares Outstanding (as of January 31, 2017)	156,220,399
(-) CEC Shares from Sponsors to Creditors	(87,605,299)

Non-Excluded Holder CEC Shares	68,615,100
(÷) Non-Sponsors Pro Forma New CEC Equity %	8.018%

Implied Pro Forma New CEC Share Count	855,727,606
(÷) 1/CEC Shares from Sponsors to Creditors	87,605,299

Implied New CEC Ownership Contribution from Sponsors to Creditors	10.238%
(+) Non-Sponsors Pro Forma New CEC Equity %	8.018%

Implied New CEC Ownership by Existing CEC Shareholders	18.256%
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Adjustment Factor

Pro Forma Equity to CEOC Creditors / CEC Equity Holders	73.500%
(÷) Existing CEC Shares Ownership %	18.256%

Adjustment Factor	4.026x
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Summary of Financial Analysis

The following is a summary of the material financial analyses presented by Moelis to the CAC Special Committee at its meeting held on February 17, 2017, in connection with Moelis' opinion.

Some of the summaries of financial analyses below include information presented in tabular format. In order to fully understand Moelis' analyses, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the analyses. Considering the data described below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of Moelis' analyses.

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Moelis calculated the relative equity contributions, implied unadjusted exchange ratio and pro forma implied adjusted exchange ratio derived from the SOTP valuation both (1) excluding any adjustments for the Potential Litigation Exposure, which, according to the examiner's report initially filed with the Bankruptcy Court in March 2016 and related claims alleged by certain of the Debtor second lien noteholders, is in the range of \$3.7 billion to \$7.9 billion, and (2) assuming that CAC has the opportunity to settle the Potential Litigation Exposure for \$440 million to \$590 million, in each case using the amounts provided to Moelis by the CAC Special Committee.

The relative contribution analysis derived from the SOTP valuation indicated the following implied unadjusted exchange ratios and pro forma implied adjusted exchange ratios:

Excluding Potential Litigation Exposure

(\$ in millions)	Amount		Contribution		Implied Unadjusted Exchange Ratio	PF Implied Adjusted Exchange Ratio ⁽¹⁾
	CAC	CEC	CAC	CEC		
	SOTP Valuation (low)	\$ 2,094	\$ 5,909	26.2%		
SOTP Valuation (mid)	\$ 2,250	\$ 6,828	24.8%	75.2%	0.369x	1.485x
SOTP Valuation (high)	\$ 2,406	\$ 7,748	23.7%	76.3%	0.348x	1.400x

(1) PF Implied Adjusted Exchange Ratio equals implied unadjusted exchange ratio multiplied by the adjustment factor of 4.026x.

Including Potential Litigation Exposure⁽¹⁾

(\$ in millions)	Amount		Contribution		Implied Unadjusted Exchange Ratio	PF Implied Adjusted Exchange Ratio ⁽²⁾
	CAC	CEC	CAC	CEC		
	<u>\$440mm Settlement of Potential Litigation Exposure</u>					
SOTP Valuation (low)	\$ 1,654	\$ 5,909	21.9%	78.1%	0.313x	1.262x
SOTP Valuation (mid)	\$ 1,810	\$ 6,828	21.0%	79.0%	0.297x	1.195x
SOTP Valuation (high)	\$ 1,966	\$ 7,748	20.2%	79.8%	0.284x	1.144x
<u>\$490mm Settlement of Potential Litigation Exposure</u>						
SOTP Valuation (low)	\$ 1,604	\$ 5,909	21.3%	78.7%	0.304x	1.224x
SOTP Valuation (mid)	\$ 1,760	\$ 6,828	20.5%	79.5%	0.289x	1.162x
SOTP Valuation (high)	\$ 1,916	\$ 7,748	19.8%	80.2%	0.277x	1.115x
<u>\$540mm Settlement of Potential Litigation Exposure</u>						
SOTP Valuation (low)	\$ 1,554	\$ 5,909	20.8%	79.2%	0.294x	1.185x
SOTP Valuation (mid)	\$ 1,710	\$ 6,828	20.0%	80.0%	0.280x	1.129x
SOTP Valuation (high)	\$ 1,866	\$ 7,748	19.4%	80.6%	0.270x	1.086x

\$590mm Settlement of Potential Litigation Exposure

SOTP Valuation (low)	\$ 1,504	\$ 5,909	20.3%	79.7%	0.285x	1.147x
SOTP Valuation (mid)	\$ 1,660	\$ 6,828	19.6%	80.4%	0.272x	1.096x
SOTP Valuation (high)	\$ 1,816	\$ 7,748	19.0%	81.0%	0.262x	1.056x

- (1) Assumes \$440 million to \$590 million settlement of Potential Litigation Exposure.
- (2) PF implied adjusted exchange ratio equals implied unadjusted exchange ratio multiplied by the adjustment factor of 4.026x.
- Moelis noted that the pro forma implied adjusted exchange ratio in the Merger is 1.625x.

Table of Contents*Sum-of-the-Parts Analysis*CAC

Moelis calculated a low, mid and high equity valuation of CAC's equity stake in CGP by multiplying CAC's equity stake in CGP by the low, mid and high equity values of CGP (for further information about the valuation of CGP, please see the section entitled "CGP Valuation" below). The equity values of CAC were then calculated by adding the values of CAC's equity stake in CGP with CAC's cash in the amount provided by the managements of each of CAC and CEC. This analysis indicated the following total implied equity values of CAC:

(\$ in millions)	Low	Mid	High
CGP Equity Value	\$ 5,300	\$ 5,700	\$ 6,100
CAC Equity Stake in CGP	39.0%	39.0%	39.0%
Implied CAC Equity Value	\$ 2,066	\$ 2,222	\$ 2,378
CAC Cash	\$ 28	\$ 28	\$ 28
Total Implied CAC Equity Value	\$ 2,094	\$ 2,250	\$ 2,406

CEC

Moelis calculated a low, mid and high equity valuation of CEC's equity stake in CGP by multiplying CEC's equity stake in CGP by the low, mid and high equity values of CGP (for further information about the valuation of CGP, see the section entitled "CGP" below). The equity values of CEC were then calculated by adding the low, mid and high values of CEC's equity stake in CGP with (1) the low, mid and high equity values of CERP (for further information about the valuation of CERP, please see the section entitled "CERP" below), (2) the low, mid and high equity values of New CEOC (for further information about the valuation of New CEOC, see the section entitled "New CEOC" below), (3) the equity value of PropCo, which at the direction of the CAC Special Committee was assumed to be \$0, as CEC will acquire and retain none of the equity interests in PropCo pursuant to the terms of the Plan, (4) CEC's cash in the amount provided by the managements of each of CAC and CEC, (5) the estimated CEC restructuring cash shortfall of \$337 million, which amount was provided by CEC management and assumed at the direction of the CAC Special Committee, (6) the estimated present value of the NRF litigation expense, which based on assumptions provided by the CAC Special Committee (which the CAC Special Committee instructed Moelis to use) was assumed to be \$130 million, and (7) the principal amount of the Convertible Notes outstanding. This analysis indicated the following total implied equity values of CEC:

(\$ in millions)	Low	Mid	High
CGP Equity Value	\$ 5,300	\$ 5,700	\$ 6,100
CEC Equity Stake in CGP	61.0%	61.0%	61.0%
Implied Value of Equity Stake in CGP	\$ 3,234	\$ 3,478	\$ 3,722
CERP Equity Value	2,000	2,400	2,800
New CEOC Equity Value	2,230	2,505	2,780
PropCo Equity Value			
CEC Cash	32	32	32
CEC Restructuring Cash Shortfall	(337)	(337)	(337)
NRF Litigation Exp. (Present Value)	(130)	(130)	(130)

Convertible Notes	(1,119)	(1,119)	(1,119)
Total Implied CEC Equity Value⁽¹⁾	\$ 5,909	\$ 6,828	\$ 7,748

(1) Total Implied CEC Equity Value assumes Convertible Notes are not converted.

CGP

Moelis conducted a SOTP analysis of CGP by separately reviewing financial information relating to each casino property of CGP as well as CIE and property-level management fees. Moelis calculated the low, mid and

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high equity values for CGP by using a discounted cash flow analysis and a comparable companies multiples analysis.

Selected Comparable Companies Multiples Analysis of CGP

Moelis reviewed enterprise value (calculated as market value of fully-diluted common equity, plus preferred stock, plus short-term and long-term debt, less cash and cash equivalents, plus book value of non-controlling interests) to equity research analyst consensus 1-year forward EBITDA multiples of companies or casino properties with operations that in Moelis' professional judgment it considered similar to certain operations of CGP for the purposes of this analysis (for more information about the selected comparable companies and assets, see the section entitled

Selected Comparable Companies). Based on the multiples for such companies or casino properties considered similar, Moelis applied the range of selected multiples shown in the table below to the 2017E EBITDA for each casino property of CGP as well as CIE and property-level management fees (for more information about the 2017E EBITDA for each casino property of CGP as well as CIE and property-level management fees, see the section entitled CEC and CAC Proposal 1: Adoption of the Merger Agreement and Approval of the Merger Unaudited Prospective Financial Information beginning on page 300).

Discounted Cash Flow Analysis of CGP

Moelis performed a property-level discounted cash flow analysis, which we refer to as the CGP DCF Analysis , of CGP using financial forecasts and other information and data provided by the managements of each of CAC and CEC to calculate the present value of the estimated future unlevered free cash flows projected to be generated by each casino property of CGP as well as CIE and property-level management fees for the 12-month periods ending December 31, 2017 through December 31, 2020. In performing the CGP DCF Analysis, Moelis utilized a range of discount rates (based on the estimated weighted average cost of capital for each of the CGP properties) to calculate the estimated present values of (1) CAC's estimated after-tax unlevered free cash flows of each casino property of CGP as well as CIE and property-level management fees for the 12-month periods ending December 31, 2017 through December 31, 2020 and (2) a range of terminal values derived by applying a range of terminal value multiples, based on such companies and casino properties considered similar, to the 2021E EBITDA for each casino property of CGP as well as CIE and property-level management fees (for more information about the estimated free cash flows for each casino property of CGP as well as CIE and property-level management fees for the 12-month periods ending December 31, 2017 through December 31, 2020 and the 2021E EBITDA for each casino property of CGP as well as CIE and property-level management fees, see the section entitled CEC and CAC Proposal 1: Adoption of the Merger Agreement and Approval of the Merger Unaudited Prospective Financial Information beginning on page 300). This analysis indicated a range of implied perpetuity growth rates and implied total enterprise values as shown in the table below.

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Moelis calculated a low, mid and high equity valuation of CGP by summing the low, mid and high valuations of each casino property of CGP as well as CIE and property-level management fees and subtracting the present value of the costs attributable to CGP's corporate functions as provided to Moelis by the managements of each of CAC and CEC. Upon deriving an estimated range of the enterprise value for CGP, Moelis calculated the implied equity value of CGP by subtracting CGP's debt and adding CGP's cash, in each case in the amounts provided by the managements of each of CAC and CEC, as well as subtracting the value attributable to CGP's 41% equity interest in Horseshoe Baltimore after reducing total enterprise value by \$332 million of related debt as provided by the managements of each of CAC and CEC.

Property	Multiples Valuation					Discounted Cash Flow Valuation						
	Property Level Multiples		Multiples TEV Range		WACC		Terminal Multiples		Implied Perpetuity Growth Rate		DCF TEV Range	
	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High
Bally's	8.5x	9.5x	\$ 791	\$ 884	7.5%	8.5%	8.5x	9.5x	1.4%	3.0%	\$ 995	\$ 1,135
The Cromwell	8.5x	9.5x	130	146	7.5%	8.5%	8.5x	9.5x	3.4%	4.7%	165	186
Planet Hollywood	9.5x	10.5x	1,093	1,208	7.5%	8.5%	9.5x	10.5x	2.0%	3.4%	1,388	1,563
The LINQ Hotel & Casino	8.5x	9.5x	508	568	7.5%	8.5%	8.5x	9.5x	1.2%	2.8%	604	683
Horseshoe Baltimore	7.0x	8.0x	364	416	7.5%	8.5%	7.0x	8.0x	0.7%	2.4%	373	426
Harrah's NO	7.0x	8.0x	370	423	7.5%	8.5%	7.0x	8.0x	3.4%	4.9%	449	511
CIE & Management Fees⁽¹⁾	10.0	12.0	333	399	7.5%	8.5%	10.5x	11.5x	1.0%	2.5%	436	486
Corporate⁽²⁾	8.1x	9.1x	(170)	(191)	7.5%	8.5%	8.1x	9.1x			(224)	(247)
Total Enterprise Value			\$ 3,418	\$ 3,852							\$ 4,185	\$ 4,742
Debt			(2,330)	(2,330)							(2,330)	(2,330)
Cash			4,046	4,046							4,046	4,046
Noncontrolling interest⁽³⁾			(70)	(101)							(75)	(106)
Equity Value			\$ 5,065	\$ 5,468							\$ 5,826	\$ 6,352
Midpoint Equity Value			\$5,300								\$6,100	

(1) Given the seniority of the cash flows generated by property-level management fees, Moelis used a premium multiple range (1.0x - 2.0x premium to property-level multiples) in its valuation of these fees. Moelis used the same premium multiple range in its valuation of CIE because CIE's cash flows are primarily comprised of royalty fees with similar characteristics to the property-level management fees.

(2) Multiple range applied represents a blended multiple based on CGP's property multiples (excluding the multiple for CIE and management fees).

(3) Reflects value attributable to CGP's 41% equity interest in Horseshoe Baltimore after reducing total enterprise value by \$332 million of related debt as provided by the managements of each of CAC and CEC.

CERP

Moelis conducted a SOTP analysis of CERP by separately reviewing financial information relating to each casino property of CERP. Moelis calculated the low, mid and high equity values for CERP by using a discounted cash flow analysis and a comparable companies multiples analysis.

Selected Comparable Companies Multiples Analysis of CERP

Moelis reviewed enterprise value (calculated as market value of fully-diluted common equity, plus preferred stock, plus short-term and long-term debt, less cash and cash equivalents, plus book value of non-controlling interests) to equity research analyst consensus 1-year forward EBITDA multiples of companies or casino properties with operations that in Moelis' professional judgment it considered similar to certain operations of CERP for the purposes of this analysis (for more information about the selected comparable companies and assets, see the section entitled

Selected Comparable Companies). Based on the multiples for such companies or casino properties considered similar, Moelis applied the range of selected multiples shown in the table below to the 2017E EBITDA for each casino property of CERP (for more information about the 2017E EBITDA for

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each casino property of CERP, see the section entitled "CEC and CAC Proposal 1: Adoption of the Merger Agreement and Approval of the Merger - Unaudited Prospective Financial Information" beginning on page 300).

Discounted Cash Flow Analysis of CERP

Moelis performed a property-level discounted cash flow analysis, which we refer to as the "CERP DCF Analysis", of CERP using financial forecasts and other information and data provided by the managements of each of CAC and CEC to calculate the present value of the estimated future unlevered free cash flows projected to be generated by each casino property of CERP for the 12-month periods ending December 31, 2017 through December 31, 2020. In performing the CERP DCF Analysis, Moelis utilized a range of discount rates (based on the estimated weighted average cost of capital for each of the CERP properties) to calculate the estimated present values of (1) CAC's estimated after-tax unlevered free cash flows of each casino property of CERP for the 12-month periods ending December 31, 2017 through December 31, 2020 and (2) a range of terminal values derived by applying a range of terminal value multiples, based on such companies and casino properties considered similar, to the 2021E EBITDA for each casino property of CERP (for more information about the estimated free cash flows for each casino property of CERP for the 12-month periods ending December 31, 2017 through December 31, 2020 and the 2021E EBITDA for each casino property of CERP; see the section entitled "CEC and CAC Proposal 1: Adoption of the Merger Agreement and Approval of the Merger - Unaudited Prospective Financial Information" beginning on page 300). This analysis indicated a range of implied perpetuity growth rates and implied total enterprise values as shown in the table below.

Moelis calculated a low, mid and high equity valuation of CERP by summing the low, mid and high valuations of each casino property of CERP and subtracting the present value of the costs attributable to CERP's corporate functions as provided to Moelis by the managements of each of CAC and CEC. Upon deriving an estimated range of the enterprise value for CERP, Moelis calculated the implied equity value of CERP by subtracting CERP's debt and adding CERP's cash, in each case in the amounts provided by the managements of each of CAC and CEC.

Property	Multiples Valuation				Discounted Cash Flow Valuation							
	Property Level Multiples		Multiples TEV Range		WACC		Terminal Multiples		Implied Perpetuity Growth Rate		DCF TEV Range	
	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High
Flamingo	9.5x	10.5x	\$ 1,090	\$ 1,205	7.5%	8.5%	9.5x	10.5x	2.3%	3.7%	\$ 1,255	\$ 1,425
Harrah's LV	8.5x	9.5x	1,059	1,184	7.5%	8.5%	8.5x	9.5x	0.9%	2.5%	1,212	1,379
The LINQ & High Roller	8.0x	9.0x	309	347	7.5%	8.5%	8.0x	9.0x	3.7%	5.0%	380	425
Paris	10.0x	11.0x	1,721	1,893	7.5%	8.5%	10.0x	11.0x	1.5%	3.0%	1,912	2,140
Rio	7.5x	8.5x	636	721	7.5%	8.5%	7.5x	8.5x	0.1%	1.8%	737	836
Harrah's AC	7.0x	8.0x	636	727	7.5%	8.5%	7.0x	8.0x	0.6%	2.3%	739	842
Harrah's Laughlin	7.0x	8.0x	270	308	7.5%	8.5%	7.0x	8.0x	(0.9%)	1.0%	304	349
Octavius Tower Lease Payment⁽¹⁾	8.0%	7.0%	420	480							420	480

O Sheas Lease Payment⁽¹⁾	8.5%	7.5%	177	200					177	200
Corporate⁽²⁾	8.9x	9.9x	(214)	(239)	7.5%	8.5%	8.9x	9.9x	(355)	(385)
Total Enterprise Value			\$ 6,104	\$ 6,826					\$ 6,780	\$ 7,691
Debt			(4,618)	(4,618)					(4,618)	(4,618)
Cash			169	169					169	169
Equity Value			\$ 1,655	\$ 2,377					\$ 2,331	\$ 3,242
Midpoint Equity Value			\$2,000						\$2,800	

- (1) Multiples TEV Ranges for the Octavius Tower and O Sheas lease payments were determined using a cap rate range.
- (2) Multiple range applied represents a blended multiple based on CERP s property multiples (excluding multiples for the Octavius Tower and O Sheas lease payments).

Table of Contents**New CEOC****Selected Comparable Companies Multiples Analysis of New CEOC**

Moelis reviewed enterprise value (calculated as market value of fully-diluted common equity, plus preferred stock, plus short-term and long-term debt, less cash and cash equivalents, plus book value of non-controlling interests) to equity research analyst consensus 1-year forward EBITDA multiples of companies or assets with operations that in Moelis' professional judgment it considered similar to certain operations of New CEOC for the purposes of this analysis (for more information about the selected comparable companies and assets, see the section entitled "Selected Comparable Companies"). Based on the multiples for such companies or assets considered similar, Moelis applied the range of selected multiples from 7.0x to 8.0x to the 2017E EBITDA for New CEOC (for more information about the 2017E EBITDA for New CEOC; see the section entitled "CEC and CAC Proposal 1: Adoption of the Merger Agreement and Approval of the Merger - Unaudited Prospective Financial Information" beginning on page 300). Upon deriving an estimated range of the total enterprise value for New CEOC, Moelis calculated the implied equity value of New CEOC by (1) subtracting from such total enterprise value New CEOC's debt, (2) adding New CEOC's cash, (3) adding the present value of the Baluma Holdings note, which was issued in connection with the sale of the Conrad Punta del Este property, and (4) adding the present value of the tax attributes associated with exchanges pursuant to Section 1031 of the Code related to the Showboat Atlantic City casino and Horseshoe Tunica, in each case in the amounts provided by the managements of each of CAC and CEC. This analysis indicated the following total implied equity value of New CEOC:

New CEOC Multiples Valuation		
(\$ in millions)	Low	High
Total Enterprise Value Range	\$ 3,425	\$ 3,914
Debt	(1,608)	(1,608)
Cash	622	622
Balauma Holdings, S.A. Note	127	127
Utilization of Tax Attributes	120	120
Equity Value of New CEOC	\$ 2,685	3,174
CEC Purchase Price of New CEOC⁽¹⁾	(700)	(700)
Equity Value of New CEOC Post CEC Purchase Price	\$ 1,985	\$ 2,474
Midpoint Equity Value of New CEOC Post CEC Purchase Price	\$2,230	

(1) Reflects payment by CEC of \$700 million to purchase 100% of the common equity of New CEOC as provided in the Plan.

Discounted Cash Flow Analysis of New CEOC

Moelis performed a discounted cash flow analysis, which we refer to as the "New CEOC DCF Analysis", of New CEOC using financial forecasts and other information and data provided by the managements of each of CAC and CEC to calculate the present value of the estimated future unlevered free cash flows projected to be generated by New CEOC for the six-month period ending December 31, 2017 and the 12-month periods ending December 31, 2018 through December 31, 2020. In performing the New CEOC DCF Analysis, Moelis utilized a range of discount rates (based on the estimated weighted average cost of capital for New CEOC) to calculate the estimated present values of (1) New

CEOC's estimated after-tax unlevered free cash flows for the six-month period ending December 31, 2017 and the 12-month periods ending December 31, 2018 through December 31, 2020 and (2) a range of terminal values derived by applying a range of terminal value multiples, based on such companies and assets considered similar, to the 2021E EBITDA for New CEOC (for more information about the estimated free cash flows of New CEOC for the six-month period ending December 31, 2017 and the 12-month periods ending December 31, 2018 through December 31, 2020 and the 2021E EBITDA for New CEOC; see the

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section entitled "CEC and CAC Proposal 1: Adoption of the Merger Agreement and Approval of the Merger - Unaudited Prospective Financial Information" beginning on page 300). Upon deriving the present value of the estimated future unlevered free cash flows projected to be generated by New CEOC during this period, Moelis calculated the implied equity value of New CEOC by (1) subtracting from such present value New CEOC's debt, (2) adding New CEOC's cash, (3) adding the present value of the Baluma Holdings note, which was issued in connection with the sale of the Conrad Punta del Este property, and (4) adding the present value of the tax attributes associated with exchanges pursuant to Section 1031 of the Code related to the Showboat Atlantic City casino and Horseshoe Tunica, in each case in the amounts provided by CEC management (which information was prepared by CES Management). This analysis indicated a range of implied perpetuity growth rates and total implied equity values of New CEOC as follows:

(\$ in millions)	Discounted Cash Flow Valuation							
	WACC		Terminal Multiples		Implied Perpetuity Growth Rate		DCF Equity Value Range	
	Low	High	Low	High	Low	High	Low	High
CEC Purchase Price of New CEOC⁽¹⁾	7.5%	8.5%	7.0x	8.0x	1.1%	2.8%	\$ 3,165	\$ 3,795
							(700)	(700)
Equity Value of New CEOC Post CEC Purchase Price							\$ 2,465	\$ 3,095
Midpoint Equity Value of New CEOC Post CEC Purchase Price							\$2,780	

(1) Reflects payment by CEC of \$700 million to purchase 100% of the New CEOC Common Stock as provided in the Plan.

Selected Comparable Companies

For the purposes of the selected comparable companies multiples analysis, Moelis derived enterprise values of CGP, CERP and New CEOC by observing enterprise value to equity research analyst consensus 1-year forward EBITDA multiples of selected companies or assets with operations that in Moelis' professional judgment it considered similar to certain operations of CGP, CERP and New CEOC for the purposes of this analysis. Given the nature of recent and significant capital expenditures and development projects at certain CGP, CERP and New CEOC properties and the consensus industry growth outlook, Moelis determined that forward (2017E) multiples were more appropriate indications of value than multiples based on last 12-month performance. Moelis referenced (1) equity research analyst reports about public gaming companies, (2) research analyst estimates of property-level valuation multiples for Las Vegas casino properties and (3) research analyst estimates of regional casino property valuation multiples. This analysis indicated the following average 1-year forward EBITDA multiples:

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Public Gaming Companies		
Company		Multiple
U.S. National/Asian Operators		
Las Vegas Sands Corp.		13.8x
MGM Resorts International		11.1x
Wynn Resorts International		13.8x
Average		12.9x
U.S. Regional Operators		
Boyd Gaming Corp.		9.1x
Eldorado Resorts Inc.		7.4x
Red Rock Resorts, Inc.		10.0x
Average		8.8x
U.S. OpCos		
Penn National Gaming, Inc.		7.0x
Pinnacle Entertainment, Inc.		7.3x
Average		7.2x
U.S. PropCos		
Gaming and Leisure Properties, Inc.		13.0x
MGM Growth Properties		14.8x
Average		13.9x
Las Vegas Casino Properties		
Property		Multiple
Bellagio		11.0x
Circus Circus		10.5x
Encore		11.3x
MGM Grand		10.8x
Palazzo		10.5x
Venetian		10.5x
Wynn		11.3x
Average		10.8x
Regional Properties		
Region		Multiple
Las Vegas Downtown		8.3x
Las Vegas Local		9.5x
East		7.1x
Midwest		7.4x
Southern		7.4x
West		7.0x
Average		7.8x

Based on this information, Moelis used its professional judgment in deriving the range of multiples for each casino property of CGP and CERP and for New CEOC for use in its SOTP analysis above.

Selected Precedent Transactions

Moelis also performed a precedent transactions analysis based on publicly available financial information related to selected precedent transactions that, in Moelis' professional judgment, were similar to the Merger for the purposes of this analysis. Moelis observed enterprise value to last 12-months EBITDA multiples for gaming

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industry transactions with a transaction value above \$100 million since 2000. This analysis indicated the following last 12-months EBITDA multiples:

Date Announced	Target	Acquiror	TEV (\$mm)	TEV / EBITDA
US 2013 - Present				
9/16/16	Isle of Capri Casinos	Eldorado Resorts	\$ 1,702	8.8x
8/22/16	St. Charles Gaming	Laguna Development	135	
5/31/16	Borgata Hotel Casino & Spa	MGM Resorts International	1,822	8.6x
5/10/16	Palms Casino Resort	Red Rock Resorts	313	
4/25/16	Cannery Hotel & Casino	Boyd Gaming Corporation	230	
4/21/16	ALST Casino Holdings	Boyd Gaming Corporation	400	21.7x
7/7/15	Circus Circus Reno / Silver Legacy	Eldorado Resorts	211	7.1x
4/29/15	Tropicana Las Vegas Hotel & Casino	Penn National Gaming	360	
5/15/14	Cosmopolitan	Blackstone Group	1,730	14.9x
5/14/14	Meadows Racetrack and Casino	GLPI	440	9.6x
3/3/14	Caesars 4 Gaming Asset ⁽³⁾	Caesars Growth Partners	2,208	10.3x
12/15/13	Hard Rock Hotel & Casino Biloxi	Twin River Worldwide	250	9.1x
12/9/13	Casino Queen (St. Louis)	GLPI	140	
8/16/13	Lumiere Place Casino (PNK)	Tropicana	260	7.6x
7/25/13	Ameristar Lake Charles	Golden Nugget	176	
3/29/13	BB Development	Churchill Downs Inc.	160	7.5x
	Mean			10.3x
	Median			8.8x
US 2009 - 2012				
12/27/12	Casino Queen (St. Louis)	Casino Queen ESOP	\$ 170	
12/21/12	Ameristar Casinos	Pinnacle Entertainment	2,910	8.0x
5/16/12	Peninsula Gaming	Boyd Gaming	1,450	6.9x
5/7/12	Harrah s St. Louis	Penn National	610	7.8x
6/16/11	IP Casino Resort Biloxi	Boyd Gaming	288	7.0x
3/3/11	CGP	CACQ	1,526	9.4x
	Mean			7.8x
	Median			7.8x
US 2006 - 2008				
12/13/08	Treasure Island	Ruffin Acquisition	\$ 775	8.3x
12/12/07	Cannery Casino Resorts	Crown Limited	1,802	10.2x
4/22/07	American Casino & Ent. Properties	Whitehall Street Fund	1,487	14.9x
4/3/07	Gateway Casinos	PBL Ltd. / Macquarie	1,185	14.8x
4/3/07	Resorts East Chicago	Ameristar	675	10.5x
12/19/06	Harrah s	Apollo / TPG	27,800	10.1x

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12/4/06	Station Casinos	Fertitta Colony Partners	8,662	13.0x
5/11/06	Hard Rock Hotel & Casino Las Vegas	Morgan s Hotel Group / DLJ MB	770	10.2x
5/1/06	Aztar Corp.	Columbia Ent.	2,688	10.9x
3/20/06	Kerzner International Ltd.	Investor Group	3,742	24.0x
2/14/06	Isle of Capri Vicksburg and Bossier City	Legends Gaming	240	6.9x

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Date Announced	Target	Acquiror	TEV (\$mm)	TEV / EBITDA
	Mean			12.2x
	Median			10.5x
US Prior to 2006				
2/4/05	Golden Nugget	Landry's Restaurants	\$ 318	9.1x
11/3/04	Argosy Gaming	Penn National Gaming	2,150	7.7x
9/27/04	Harrah's / Caesars Assets	Colony Capital	1,239	8.1x
7/15/04	Caesars	Harrah's	10,224	8.0x
6/4/04	Mandalay Resorts	MGM MIRAGE	7,692	10.0x
2/9/04	Coast Casinos	Boyd Gaming	1,253	7.4x
9/11/03	Horseshoe Gaming	Harrah's	1,388	7.2x
6/26/03	Golden Nugget	Poster Financial Group	215	6.7x
2/22/00	Mirage Resorts	MGM Grand	6,354	9.9x
	Mean			8.2x
	Median			8.0x
	Overall Mean			9.9x
	Overall Median			8.9x

Moelis noted these multiples and reviewed this information with the CAC Special Committee.

This summary of the analyses is not a complete description of Moelis' opinion or the analyses underlying, and factors considered in connection with, Moelis' opinion. The preparation of a fairness opinion is a complex analytical process and is not necessarily susceptible to partial analysis or summary description. Selecting portions of the analyses or summary set forth above, without considering the analyses as a whole, could create an incomplete view of the processes underlying Moelis' opinion. In arriving at its fairness determination, Moelis considered the results of all of its analyses and did not attribute any particular weight to any factor or analysis. Rather, Moelis made its fairness determination on the basis of its experience and professional judgment after considering the results of all of its analyses.

No company or transaction used in the analyses described above is identical to CAC, CEC, CGP, CIE, CERP, New CEOC, the Merger or the Restructuring. In addition, such analyses do not purport to be appraisals, nor do they necessarily reflect the prices at which businesses or securities actually may be sold. Analyses based upon forecasts of future results are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by such analyses. Because the analyses described above are inherently subject to uncertainty, being based upon numerous factors or events beyond the control of the parties or their respective advisors, none of CAC, Moelis or any other person assumes responsibility if future results are materially different from those forecast.

Table of Contents*Other Reference Information**Historical Market-Implied Exchange Ratio*

Moelis reviewed trading prices of the publicly traded equity of CAC and CEC for the date of and the three-month, six-month and one-year periods ending on February 14, 2017, the date when the CAC Special Committee and the CEC SAC agreed to the Exchange Ratio of 1.625x. A summary of the historical market-implied exchange ratio on that date and of the low, high and average market-implied exchange ratios for the three-month, six-month and one-year periods ending on that date, each based on the trading prices of the publicly traded equity of CAC and CEC, is set forth below:

	Average Market-Implied Exchange Ratio	Low Market-Implied Exchange Ratio	High Market-Implied Exchange Ratio
Period Ending February 14, 2017			
February 14, 2017	1.597x	1.597x	1.597x
3 Months Prior	1.613x	1.483x	1.755x
6 Months Prior	1.630x	1.311x	1.984x
1 Year Prior	1.408x	0.641x	1.984x

Miscellaneous

As described above, the opinion of Moelis to the CAC Special Committee was one of many factors taken into consideration by the CAC Special Committee in making its recommendation to the CAC board of directors to approve the Merger Agreement and the Merger. The Exchange Ratio was determined through arms length negotiations between the CAC Special Committee and the CEC SAC and was approved by the CAC board of directors. Moelis did not recommend any specific consideration to the CAC Special Committee, or that any specific amount or type of consideration constituted the only appropriate consideration for the Merger.

Moelis acted as financial advisor to the CAC Special Committee in connection with the Merger pursuant to the engagement letter between Moelis and the CAC Special Committee, as amended and restated on February 13, 2017 (the Moelis Engagement Letter), and will receive a fee for its services of \$10 million in the aggregate, of which \$500,000 was paid upon Moelis' engagement, \$2 million was paid in connection with the delivery of its opinion, dated December 21, 2014, in connection with entry into the Original Merger Agreement, \$2 million became payable upon the delivery of the Moelis' opinion, dated February 17, 2017, to the CAC Special Committee and \$5.5 million is contingent upon completion of the Merger. No part of Moelis' fee is conditioned upon the conclusion expressed in any opinion. In addition, CAC agreed to indemnify Moelis and certain related parties for certain liabilities and other items arising out of its engagement. CAC has also agreed in the Moelis Engagement Letter to reimburse Moelis for reasonable and customary documented out-of-pocket expenses Moelis has incurred in performing services pursuant to the Moelis Engagement Letter, including the reasonable fees of Moelis' outside legal counsel, provided that such expenses (other than reasonable fees of Moelis' outside legal counsel) do not exceed \$75,000 without the prior written consent of CAC.

Moelis' affiliates, employees, officers and partners may at any time own securities (long or short) of CAC and CEC. Moelis has provided investment banking and other services to the Sponsors unrelated to the Merger, currently provides such services to the Sponsors and in the future may provide such services to CAC, CEC and the Sponsors and has received and may receive compensation for such services. Since 2014, Moelis acted as, among other things

(1) financial advisor to an affiliate of Apollo in connection with its adoption of a limited duration stockholder rights plan in 2017, (2) financial advisor to a creditor committee on which Apollo served as a member in connection with a reorganization in 2017, (3) financial advisor to an affiliate of Apollo in connection with its restructuring in 2017, (4) financial advisor to Aleris International, Inc. (Aleris), an affiliate of Apollo, in connection with a sale of a business in 2015, (5) co-manager of Aleris senior secured notes offering in 2016, (6) financial advisor to a creditor committee on which Apollo served as a member in connection with the reorganization of Energy Future Holdings Corporation in 2016, (7) financial advisor to CORE Media Group, Inc., an affiliate of Apollo, in connection with its restructuring in 2016, (8) financial advisor to Vectra

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Corporation, an affiliate of Apollo, in connection with a sale of a business in 2017, (9) financial advisor to Aleris in connection with its sale to an affiliate of Apollo in 2016, (10) financial advisor to Apollo in connection with the restructuring of Energy Future Holdings Corporation in 2014, (11) financial advisor to an affiliate of Apollo in connection with the reorganization of UniTek Global Services, Inc. in 2014, (12) financial advisor to Momentive Performance Materials Inc., an affiliate of Apollo, in connection with its restructuring in 2014, (13) financial advisor to Gala Coral Group, an affiliate of Apollo, in connection with the restructuring of its subsidiary's debt in 2014, (14) financial advisor to an affiliate of Apollo in connection with the sale of such affiliate in 2014, (15) financial advisor to Sbarro Inc., an affiliate of Apollo, in connection with its reorganization in 2014, (16) financial advisor to Li Ning Company Limited, an affiliate of TPG, in connection with the sale of an equity interest in a subsidiary in 2016, (17) financial advisor to a creditor committee on which TPG served as a member in connection with the reorganization of Vertellus Specialties, Inc. in 2016, (18) financial advisor to RentPath Inc., an affiliate of TPG, in connection with the sale of an equity interest in such affiliate in 2014, (19) financial advisor to an affiliate of TPG in connection with a sale of such affiliate in 2014, (20) financial advisor to TPG and one of its affiliates in connection with a sale of such affiliate in 2014 and (21) financial advisor to UTAC Holdings Limited, an affiliate of TPG, in connection with an acquisition of certain assets in 2014. Moelis' fees in connection with such services totaled approximately \$43.7 million in the aggregate.

The CAC Special Committee selected Moelis as its financial advisor in connection with the Merger because Moelis has substantial experience in similar transactions. Moelis is regularly engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, strategic transactions, corporate restructurings, and valuations for corporate and other purposes.

Unaudited Prospective Financial Information

CEC and CAC do not as a matter of course make public projections as to future sales, earnings, or other results. CEC and CAC are including certain unaudited prospective financial information in this joint proxy statement/prospectus solely because it was among the financial information made available to the CEC board of directors, CEC's financial advisors, the CEC SAC's financial advisors, the CAC board of directors, and the CAC Special Committee's financial advisors in connection with their respective evaluations of the Merger and the other transactions contemplated by the Merger Agreement. The unaudited prospective financial information is not being included in this joint proxy statement/prospectus in order to influence any CEC stockholder or CAC stockholder to make an investment decision with respect to the Merger or to influence any CEC stockholder or CAC stockholder as to how to vote or act with respect to the Merger or the other transactions contemplated by the Merger Agreement.

The accompanying prospective financial information was not prepared with a view toward public disclosure or with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information, but, in the view of CES Management (as defined below), was prepared on a reasonable basis, reflects the best currently available estimates and judgments, and presents, to the best of CES Management's belief knowledge and belief, the expected course of action and the expected future financial performance of CEC and CAC, as applicable. However, this information is not fact and should not be relied upon as being necessarily indicative of future results, and readers of this joint proxy statement/prospectus are cautioned not to place undue reliance on the prospective financial information.

Neither CEC's independent auditors, CAC's independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information.

The assumptions and estimates underlying the prospective financial information are inherently uncertain and, though considered reasonable by CES Management, as of the date of the prospective financial information s

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preparation, are subject to a wide variety of significant business, economic, and competitive risks and uncertainties that could cause actual results to differ materially from those contained in the prospective financial information. Accordingly, there can be no assurance that the prospective results are indicative of the future performance of CEC or CAC or that actual results will not differ materially from those presented in the prospective financial information. Inclusion of the prospective financial information in this joint proxy statement/prospectus should not be regarded as a representation by any person that the results contained in the prospective financial information will be achieved.

CEC and CAC have made available to the financial advisors certain prospective financial information prepared by CES Management on a property-level basis. However, given the competitively sensitive nature of such property-level prospective financial information, for purposes of presentation in this joint proxy statement/prospectus, such information has been aggregated by region.

CEC and CAC do not generally publish their business plans and strategies or make external disclosures of their respective anticipated financial position or results of operations. Accordingly, CEC and CAC do not intend to update or otherwise revise the prospective financial information to reflect circumstances existing since its preparation or to reflect the occurrence of unanticipated events, even in the event that any or all of the underlying assumptions are shown to be in error. Furthermore, CEC and CAC do not intend to update or revise the prospective financial information to reflect changes in general economic or industry conditions.

Additional information relating to the principal assumptions used in preparing the projections is set forth below. See

Risk Factors beginning on page 69 for a discussion of various factors that could materially affect CEC's financial condition, results of operations, business, prospects and securities. See Risk Factors in Part I, Item 1A in the CAC 2016 10-K for a discussion of the various factors that could materially affect CAC's financial condition, results of operations, business, prospects and securities of CAC (see the section entitled Where You Can Find More Information beginning on page 385).

Prospective Financial Information

The projections contained below represent projections for the CEC entity post-Merger and Emergence, or New CEC (the New CEC Projections). Upon the request of CEC and CAC, CES management and personnel that provide corporate and management services to CEC's and CAC's respective properties (CES Management) prepared and developed the New CEC Projections, with input from CEC, CEO, CAC, and others, as applicable, during the annual budgeting cycle in late 2016 and are consistent with the 2017 annual plan and corresponding long range plan. The New CEC Projections do not incorporate any impact or adjustments to projections based on current 2017 year-to-date performance. Additionally, the New CEC Projections reflect CES Management's judgment (at the time the projections were prepared) of future operating and business conditions, which are subject to change. Although CES Management believes the assumptions disclosed herein to be reasonable, it is important to note that CEC and CAC can provide no assurance that such assumptions will be realized. Projections include a range of outcomes by their nature. For this discussion, the New CEC Projections were prepared to include projections that CES Management believed, at the time of preparation in late 2016, to be the most likely case. CEC and CAC have not included nor does CEC or CAC anticipate including the associated ranges.

The New CEC Projections include certain information that represents non-GAAP measures. CEC and CAC are unable to reconcile Adjusted EBITDAR, which is a forward-looking non-GAAP measure, to its nearest GAAP measure because the nearest GAAP financial measure is not accessible on a forward-looking basis. The New CEC Projections did not include, among other things, the following material items:

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Fair Value adjustments and the related income statement effects required as a result of the reacquisition of OpCo and its consolidation by CEC subsequent to CEOC's Emergence from bankruptcy;

The effect of the adoption of ASU 2014-09, Revenue from Contracts With Customers (Topic 606), which CEC is required to adopt by January 1, 2018;

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The effect of the adoption of ASU 2016-02, Leases (Topic 842), which CEC is required to adopt by January 1, 2019;

Depreciation expense on a GAAP basis as the New CEC Projections are prepared at a much higher level than GAAP would prescribe;

Stock compensation expense as the New CEC Projections do not include expected future grants; and

Adjustments that may be required if future changes are made to consolidation conclusions.

Because the items noted above are expected to have a material effect on the GAAP results, the nearest GAAP financial measure, Net Income, is unavailable without an unreasonable effort.

Adjusted EBITDA is determined on a basis consistent with CEC and CAC periodic earning releases. CEC and CAC believe that Adjusted EBITDA provides investors with additional information and allows an understanding of the results of operational activities separate from the financial impact of decisions that may be made for the long-term benefit of New CEC. For more information on this non-GAAP measure, how it is calculated and why it is used, please refer to CEC's and CAC's periodic earnings releases.

Adjusted EBITDAR is Adjusted EBITDA further adjusted to remove the effects of projected rental payments to PropCo. CEC and CAC believe Adjusted EBITDA will be useful to investors following the Merger and the Restructuring, as New CEC will have substantial rental obligations that investors could view as a form of financing expense when attempting to compare New CEC results to prior CEC, CEOC, or CAC results.

Net Revenue

<i>(\$ in millions)</i>	2017E	2018E	2019E	2020E	2021E
New CEOC	\$ 4,627	\$ 4,752	\$ 4,858	\$ 4,974	\$ 5,087
CERP	2,248	2,339	2,419	2,497	2,578
CGP	1,683	1,783	1,852	1,908	1,960
Other	(168)	(168)	(168)	(168)	(168)
Total CEC	\$ 8,391	\$ 8,707	\$ 8,961	\$ 9,211	\$ 9,457

Adjusted EBITDAR

The following shows Adjusted EBITDAR based on region. For each region, each of New CEOC, CERP, CGP and Other incorporate intercompany management fees and rent payments. The All Other region includes regional properties in addition to managed and international assets and corporate expense.

Las Vegas

<i>(\$ in millions)</i>	2017E	2018E	2019E	2020E	2021E
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New CEOC	\$ 353	\$ 393	\$ 419	\$ 438	\$ 457
CERP	584	623	664	702	743
CGP	305	356	390	413	433
Other					
Total CEC	\$ 1,241	\$ 1,373	\$ 1,473	\$ 1,553	\$ 1,634

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<i>(\$ in millions)</i>	2017E	2018E	2019E	2020E	2021E
New CEOC	\$ 777	\$ 793	\$ 809	\$ 831	\$ 851
CERP	105	111	116	120	125
CGP	96	104	107	111	115
Other	(13)	(13)	(13)	(13)	(13)
Total CEC	\$ 964	\$ 994	\$ 1,018	\$ 1,049	\$ 1,078

Total

<i>(\$ in millions)</i>	2017E	2018E	2019E	2020E	2021E
New CEOC	\$ 1,129	\$ 1,186	\$ 1,228	\$ 1,269	\$ 1,308
CERP	689	734	780	823	868
CGP	400	460	497	524	549
Other	(13)	(13)	(13)	(13)	(13)
Total CEC	\$ 2,205	\$ 2,367	\$ 2,492	\$ 2,602	\$ 2,711

Capital Expenditures

<i>(\$ in millions)</i>	2017E	2018E	2019E	2020E	2021E
New CEOC	\$ 225	\$ 225	\$ 225	\$ 225	\$ 225
CERP	240	156	169	173	126
CGP	205	160	72	74	76
Other					
Total CEC	\$ 670	\$ 541	\$ 467	\$ 472	\$ 426

Operating Projection Assumptions

Although presented with numerical specificity, the above unaudited prospective financial information reflects numerous assumptions and estimates as to future events made by CES Management. The long range projections assume organic top line growth of 2.0% 3.0% across the New CEC portfolio, 1.75% per annum fixed cost increases, and renovation of hotel room product at many of CEC's Las Vegas properties during the forecast period. Although acquisitions, divestitures, and development prospects are regularly evaluated by CEC and CAC, the projections do not include any costs or contributions from these inorganic opportunities due to the speculative nature of such prospects.

Certain Relationships Between CEC and CAC

The following are summaries of the material terms of transactions and agreements between CEC and CAC and their respective affiliates. The summaries may not contain all of the information about the transactions and agreements that is important to you. The summaries in this section and elsewhere in this joint proxy statement/prospectus are qualified in their entirety by reference to the agreements applicable to such transactions or the referenced agreements, as

applicable. You are encouraged to read the referenced agreements in their entirety.

Transaction Agreement

In connection with the Initial CGP Transactions, on October 21, 2013, CAC and CGP entered into that certain Transaction Agreement (the "Transaction Agreement") with CEC and certain of its subsidiaries that governs the distribution of the rights, the contribution and purchase of certain assets by subsidiaries of CEC and

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the ongoing rights and responsibilities among the parties. The Transaction Agreement, among other things, provided for the:

distribution of the CAC subscription rights via dividend to the stockholders of record of CEC;

contribution by CAC to CGP of the proceeds in exchange for voting units of CGP;

contribution by certain subsidiaries of CEC of the shares of CIE's outstanding common stock and approximately \$1.1 billion in aggregate principal amount of the CEOC Notes in exchange for non-voting units of CGP (reflecting the closing date allocation true-up for the CEOC Notes), subject to certain closing conditions and adjustments for an amount based on a component of CIE's earnings in 2015;

issuance of non-voting units of CGP to a subsidiary of CEC if, within nine months after the closing of the Initial CGP Transactions, CGP sells or agrees to sell all of its interest in CIE (or any material component part) to any third party other than CEC at a sale price greater than the valuation of CIE (or any such material component part) at the time of contribution to CGP;

purchase of the assets in the Purchase Transaction by CGP for fair value, subject to certain closing conditions and adjustments;

option, at the election of the Sponsors, to proceed with a closing in multiple stages (deferred closings will not be applicable);

agreement to enter into the CGP Management Services Agreement (as described below); and

return of the aggregate fair-market value, if any, of the subscription rights distributed by CEC to be restored to CEC in the form of the CEOC Notes.

CGP was obligated to issue non-voting membership units to CEC in 2016 to the extent that the earnings from CIE's social and mobile games business exceeded a specified threshold amount as of December 31, 2015. In connection therewith, in April 2016, CGP issued 32 million Class B non-voting units to CEC, resulting in CEC's economic ownership in CGP increasing from 57.4% to 61.2%.

CGP Contribution Transaction

On October 21, 2013, (1) CAC, CEC and CGP completed the CGP Contribution Transaction, (2) affiliates of the Sponsors exercised their basic subscription rights in full to purchase \$457.8 million worth of CAC Common Stock and CAC used such proceeds to acquire all of the voting units of CGP, and (3) CGP used the proceeds to complete the Purchase Transaction. Also on October 21, 2013, CEC distributed to its stockholders as of October 17, 2013 subscription rights to purchase shares of CAC Common Stock in connection with a rights offering (the Rights

Offering). The Rights Offering closed on November 18, 2013, and CAC Common Stock began trading on the NASDAQ under the symbol CACQ on November 19, 2013.

Omnibus Voting Agreement

In connection with the CGP Contribution Transaction, on October 21, 2013, Hamlet Holdings, affiliates of the Sponsors and their co-investors, CAC and CEC entered into a voting rights agreement (the Omnibus Voting Agreement) pursuant to which, in the event that any meeting of the stockholders of either CEC or CAC is called to seek approval for any action in connection with the Call Right (as defined below), such parties agree to appear at any such meeting and otherwise cause the shares under its beneficial ownership to be voted in favor of granting any such approval required or necessary for completion of the Call Right (other than the election to require CEC to acquire CAC Common Stock in lieu of voting units of CGP) and pursuant to which some of the parties provide for certain rights and obligations of such parties with respect to their ownership of the CAC Common Stock. The Omnibus Voting Agreement also contains, among other things, the agreement among such parties to restrict their ability to transfer stock of CAC, as well as rights of first refusal, tag-along rights and drag-

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along rights. The Omnibus Voting Agreement also provides the parties with certain rights with respect to the approval of certain matters and the designation of nominees to serve on CAC's board of directors. This agreement will terminate upon completion of the Merger.

CGP Operating Agreement

HIE Holdings, Inc. and Harrah's BC, Inc., which are subsidiaries of CEC (collectively, the CEC Members), and CAC are parties to CGP's amended and restated limited liability company agreement (as amended from time to time, the CGP Operating Agreement) under which CAC manages and operates the business and affairs of CGP as the managing member and sole holder of its voting units, and may request certain back-office and advisory services from CEOC under the CGP Management Services Agreement (as defined below). Approval by the CAC board of directors is required to approve certain significant corporate actions at CGP, including, among other things, liquidation or dissolution; merger, consolidation or sale of all or substantially all of the assets of CGP or any of its subsidiaries; acquisitions or investments outside of the ordinary course of business; and material amendments to the CGP Operating Agreement. The CGP Operating Agreement may not be amended in a manner that adversely affects the interests or rights of CEC or any other member of CGP that is a wholly owned subsidiary of CEC, including HIE Holdings, Inc. and Harrah's BC, Inc.

All of the holders of CGP's units are entitled to share equally in any distributions that CAC, as managing member, may declare from legally available sources, subject to the distribution waterfall in connection with a liquidation, a partial liquidation or sale of material assets. All of the holders of units are also entitled to receive quarterly cash tax distributions (other than in connection with a liquidation or certain partial liquidations). The Call Right, the liquidation right held by CAC and the development of ongoing business opportunities are further described below.

The management, operation and power of CGP is vested exclusively in CAC and is independent of CEC; provided, however, that the CGP Operating Agreement contains certain provisions requiring CAC to cause CGP to interact with CEC on an arm's length basis.

In connection with the sale of CIE's social and mobile games business, the CEC Members, CEC and CAC amended the CGP Operating Agreement to, among other things, permit CGP to make one or more non-pro rata special distributions following the sale to (1) the CEC Members in an amount (a) up to \$235 million for the payment of professional fees and certain payment obligations set forth in the CIE Proceeds and Reservation of Rights Agreement, dated as of September 9, 2016 (as subsequently amended, the CIE Proceeds Agreement), by and among CEC, CAC, CIE and CEOC, and the RSA with the second lien noteholders, (b) up to \$50 million for the replenishment of a deposit previously made by CEC for the support or advancement of a proposed casino project in South Korea, and (c) equal to a \$35 million special distribution to satisfy certain payment obligations as set forth in the CIE Proceeds Agreement and (2) CAC of up to \$300 million to pay tax liabilities resulting from the sale.

Call Right

As set forth in CAC's certificate of incorporation and the CGP Operating Agreement, after the third anniversary of the closing of the Initial CGP Transactions, CEC and/or its subsidiaries will have the right, which it may assign to any of its affiliates or to any transferee of all non-voting units of CGP held by CEC and which may only be exercised under certain circumstances as described below, to acquire all or a portion of the voting units of CGP, or at the election of CAC and subject to the approval of CAC's stockholders, the shares of CAC Common Stock, not otherwise owned by CEC and/or its subsidiaries at such time (the Call Right). The purchase consideration may be, at CEC's option, cash or shares of CEC Common Stock valued at market value, net of customary market discount and expenses, provided that the cash portion will not exceed 50% of the total consideration in any exercise of the Call Right. The purchase price

will be the fair market value of the voting units of CGP (or shares of CAC Common Stock) at such time based on an independent appraisal, subject to (1) a

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minimum purchase price equal to the capital contribution in respect of such units plus a 10.5% per annum return on such capital contribution, or (2) a maximum purchase price equal to the capital contribution in respect of such units plus a 25% per annum return on such capital contribution, in either case, taking into account prior distributions (other than tax distributions) with respect to such units.

The Call Right may be exercisable in part by CEC (up to three times), but until the Call Right is exercised in full, any voting units of CGP (or shares of CAC Common Stock) acquired by CEC will be converted into non-voting units (or non-voting shares of CAC's Class B Common Stock, par value \$0.001 per share ("CAC Class B Common Stock")). Additionally, the Call Right may only be exercised by CEC and/or its subsidiaries if, at the time of such exercise, (w) CEC and CAC enter into a resale registration rights agreement with respect to the shares of CEC Common Stock used as all or a portion of the purchase consideration in connection with the exercise of the Call Right, (x) the CEC Common Stock (i) is registered with the Securities and Exchange Commission, (ii) is listed for trading and trades on a national securities exchange, and (iii) issuable upon exercise of the Call Right will represent, in the aggregate, not more than one half of the total CEC Common Stock issued and outstanding giving effect to the exercise of the Call Right, (y) CEC has a minimum liquidity of \$1.0 billion and a maximum net debt leverage ratio of 9.00 to 1.00, and (z) no event of default has occurred and is in effect under any financing agreement of CEC or its subsidiaries. Further, in the event that a stockholder vote of CEC is required in connection with the exercise of such Call Right, receipt of affirmative approval of such vote will be a condition to the exercise of the Call Right and at the closing of the Initial CGP Transactions, affiliates of the Sponsors agreed to enter into a voting support agreement in favor of any such stockholder approval. In addition, a majority of the independent directors of the board of directors of CEC must approve the exercise of the Call Right by CEC and/or its subsidiaries. The Call Right will be transferable to a transferee that also receives a transfer of all of the non-voting units of CGP, and exercisable by the transferee upon the same terms and conditions (including same consideration in the form of the CEC stock) as apply to CEC and its subsidiaries.

The Call Right will terminate upon completion of the Merger.

Liquidation Right

Following the fifth anniversary of the closing of the Initial CGP Transactions and until the eight year six month anniversary of the closing of the Initial CGP Transactions, CAC's board of directors will have the right to cause a liquidation of CGP, including the sale or winding up of CGP, or other monetization of all of its assets and the distribution of the proceeds remaining after satisfaction of all liabilities of CGP to the holders of CGP's units according to the waterfall described below. On the eight year and six month anniversary of the closing of the Initial CGP Transactions (unless otherwise agreed by CEC and CAC), if CAC's board of directors has not previously exercised its liquidation right, CGP will, and CAC's board of directors will cause CGP to, effect a liquidation.

Upon a liquidation, partial liquidation or sale of material assets, all net cash and other assets not monetizable of CGP will, subject to applicable gaming regulatory laws, be distributed as follows: (1) first, to all units held by CAC until amounts distributed equal return of CAC's capital contribution (less an amount equal to the aggregate of the amount reimbursed in the form of the approximately \$1.1 billion of aggregate principal amount of senior notes previously issued by CEOC and the aggregate value of the CAC subscription rights that were distributed by CEC and that were restored to CEC by CGP in the form of The CEOC Notes with equivalent value to the rights value (such amount, the "Capital Shift Amount")) plus a 10.5% per annum of return on such capital contribution (such return to begin accruing on the proceeds in excess of the purchase price of Planet Hollywood, Horseshoe Baltimore and 50% of the related management fees only upon the investment of such excess proceeds by CGP); (2) second, to the CEC Members in an amount equal to the difference between the amount CEC and/or its subsidiaries would have received had the non-pro rata special distributions been made pursuant to the amendments to the CGP Operating Agreement made in

connection with and following CIE's sale of its social and mobile games business in September 2016 been made pro rata based on the members' respective company percentage interests in CGP as of the closing of the sale and (y) the amount of special distributions actually

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received by CEC and/or its subsidiaries; (3) third, to all units held by CEC and/or its subsidiaries until CEC catches up (on a per unit basis) to its respective amount distributed in provision (1) (including the 10.5% per annum of return on the capital contribution) and CEC receives the Capital Shift Amount; and (4) fourth, to all holders of units pro rata.

The structure pursuant to which CGP will effect a liquidating distribution, sale of CGP or other similar transaction that provides liquidity to the holders of CGP's units as described above will be determined by a special-purpose liquidation committee that will include representatives from CEC and CAC. In connection with any liquidation of CGP, CAC will have an approval right over any sale or other monetization of assets of CGP that would not exceed the greater of (x) the book value of CGP, and (y) the value of CGP as determined by an appraiser selected by CAC.

Business Opportunities

Pursuant to the CGP Operating Agreement, when CAC considers new investment and acquisition opportunities, it has to submit them to CEC, except for any expansion, add-on or additional investment in respect of any existing gaming property of CGP or its subsidiaries, or with respect to CIE, any potential future investment or acquisition by CIE. A committee of the board of directors of CEC comprised of disinterested directors will make the determination on behalf of CEC to (1) exercise its right of first offer to pursue any potential project itself, or (2) decline the project for itself, after which CGP may elect or decline to pursue the project. When CEC considers new investment and acquisition opportunities, CEC will have the option to (1) pursue any potential project itself, or (2) decline the project for itself, after which CGP may elect or decline to pursue the project. In the event CEC declines an opportunity and CGP undertakes the opportunity, CGP will retain a 50% financial stake in the management fee to be received by CEC, unless otherwise agreed, and CGP will acquire 100% of the new equity in such opportunity. In the event CGP plans to sell any of its assets to third parties, CEC will have the first right to make an offer to purchase such assets. This arrangement will terminate upon completion of the Merger.

Equity Registration Rights

The CGP Operating Agreement provides that on or after the fifth anniversary of the closing of the Initial CGP Transactions, the non-voting units of CGP will be exchangeable into non-voting shares of CAC Class B Common Stock with equivalent terms to the non-voting units of CGP and with the addition of rights to have all such CAC Class B Common Stock registered under the Securities Act, pursuant to demand and shelf registration rights. In addition, to the extent that the CAC Common Stock held by the Sponsors and their co-investors are deemed control and/or restricted securities, the Sponsors and their co-investors will also have the right to have all of their CAC Common Stock registered under the Securities Act, pursuant to demand and shelf registration rights with respect to such CAC Common Stock. CAC, CGP, certain subsidiaries of CEC as holders of CGP's non-voting units convertible into CAC Class B Common Stock, and the Sponsors and their co-investors entered into a registration rights agreement (the "CAC Registration Rights Agreement") that governs the terms of the demand and shelf registration rights. In addition, CEC and CAC entered into a registration rights agreement (the "Resale Registration Rights Agreement") on substantially the same terms as the CAC Registration Rights Agreement. The Resale Registration Rights Agreement grants demand and shelf registration rights to CAC in the event that CAC receives CEC publicly traded stock as compensation upon exercise of the Call Right and such stock is deemed control and/or restricted securities.

Debt Registration Rights

On August 6, 2014, CGP effectuated a distribution of 100% of the CEOC 6.50% Senior Notes due 2016 (the "6.50% Senior Unsecured Notes") and the CEOC 5.75% Senior Notes due 2017 (the "5.75% Senior Unsecured Notes", and, together with the 6.50% Senior Notes, the "Senior Unsecured Notes") as a dividend to its members, pro rata based upon each member's ownership percentage in CGP (the "Notes Distribution"). CAC, as a member

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of CGP and the holder of 42.4% of the economic interests in CGP, received in connection with the Notes Distribution \$137,457,000 in aggregate principal amount of the 6.50% Senior Notes and \$151,433,000 in aggregate principal amount of the 5.75% Senior Notes. On August 6, 2014, CAC entered into that certain Registration Rights and Cooperation Agreement (the CEOC Registration Rights Agreement), by and between CAC and CEOC. Pursuant to the CEOC Registration Rights Agreement, CEOC granted CAC registration rights to, and agreed to assist and cooperate with CAC in conducting a possible private placement of the Senior Notes received by CAC, pursuant to the Notes Distribution made by CGP.

Pursuant to the CEOC Registration Rights Agreement, CEOC has agreed to (1) prepare a shelf registration statement (the CEOC Shelf Registration Statement), (2) use commercially reasonable efforts to have the CEOC Shelf Registration Statement declared effective by the SEC and (3) use commercially reasonable efforts to maintain the effectiveness of the CEOC Shelf Registration Statement, as further specified in the CEOC Registration Rights Agreement. If by October 31, 2014, CEOC did not file, or failed to maintain the effectiveness of, the CEOC Shelf Registration Statement, CAC may request that (i) CEOC register all or part of the Senior Notes under the Securities Act and/or (ii) CEOC assist and cooperate in conducting a private placement of the Senior Notes received by CAC pursuant to the Notes Distribution, subject to certain blackout periods. As of the date of this joint proxy statement/prospectus, CEOC has not filed the CEOC Shelf Registration Statement, and CAC has not requested CEOC to take any action as described in the preceding sentence. In addition to the provisions discussed above, the CEOC Registration Rights Agreement includes provisions concerning registration procedures and indemnification and contribution obligations, amongst other things.

Pursuant to the Plan, CAC will waive its recoveries on approximately \$293 million (including accrued and unpaid interest) of CEOC's 6.50% Senior Notes and 5.75% Senior Notes, and therefore, will not receive any payment with respect to such Senior Notes.

Note Repurchases

In July 2014, CEOC completed the repurchase of \$982 million aggregate principal amount outstanding of its 5.625% Senior Notes due 2015 and 10.00% Second-Priority Senior Secured Notes due 2015 for total consideration of approximately \$1.0 billion. CGP received approximately \$452 million of consideration (including accrued and unpaid interest) as part of the note repurchase transaction.

CGP Management Services Agreement

In connection with the Initial CGP Transactions, on October 21, 2013, CAC and CGP entered into a management services agreement with CEOC pursuant to which CEOC and its subsidiaries provide certain services to CAC, CGP and their subsidiaries (the CGP Management Services Agreement). Generally, the services that would otherwise be performed under the CGP Management Services Agreement are now performed by CES pursuant to other arrangements. Under the CGP Management Services Agreement, at the request of CAC, CEOC may also provide certain business advisory services, including identifying and analyzing opportunistic investments and developing and implementing corporate and business strategies. While CEOC may provide recommendations in its role as service provider, its primary role under the CGP Management Services Agreement would be to provide administrative and operational services as requested by CAC's board of directors and executive officers. CAC holds all of the voting and decision-making power to authorize and implement strategies and operational direction at CGP.

The agreement, among other things:

contemplates that CEOC and its subsidiaries will provide certain corporate services and back-office support, which will include, but not be limited to: (1) maintaining books and records in accordance with GAAP; (2) preparing financial statements in accordance with GAAP; (3) preparing operating and capital budgets (including budgets in support of the services fees required to be paid) which will be

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approved by CAC; (4) establishing bank accounts, if necessary, and providing treasury and cash management functions; (5) arranging for letters of credit, as needed; (6) paying certain outstanding accounts payable, payroll and other expenses on a fully reimbursable basis; (7) preparing and filing all regulatory filings, including SEC filings and those required by any gaming control board or regulatory authority governing gaming; (8) providing access to certain trademarks for use in entity names; (9) providing access to certain proprietary business plans, projections and marketing, advertising and promotion plans, strategies, and systems; (10) providing access to lobbying services; and (11) providing certain centralized services including information technology services, information systems, website management, vendor relationship management, real estate, strategic sourcing, design and construction, regulatory compliance functions, finance and accounting, consolidated finance operations, risk management, internal audit, tax, record keeping and subsidiary management, treasury functions, regulatory compliance, human resources, compensation, benefits, marketing and public relations, legal, payroll, accounts payable, security and surveillance, government relations, communications and data access;

contemplates that CEOC and its subsidiaries will provide certain advisory and business management services, which will include, but not be limited to, assistance in: (1) developing and implementing corporate and business strategy and planning; (2) identifying, analyzing, preparing for, negotiating, structuring and executing acquisitions, joint ventures, development activities, divestitures, investments and/or other opportunistic uses of capital; (3) legal and accounting consultancy services; (4) design and construction consultancy services; and (5) analyzing and executing financing activities;

allows the parties to modify the terms and conditions of the performance of any of the services and to request additional services from time to time; and

provides for payment of a service fee by CAC and/or CGP in exchange for the provision of services.

CIE Shared Services Agreement

CIE is party to that certain shared services agreement, dated as of May 1, 2009 (the Shared Services Agreement) with CEC and HIE Holdings, Inc., pursuant to which CEOC may provide certain services to CIE. The agreement, among other things:

contemplates that CEOC will provide certain services related to accounting, risk management, tax, finance, recordkeeping, financial statement preparation and audit support, legal, treasury functions, regulatory compliance, information systems, office space and corporate and other centralized services;

allows the parties to modify the terms and conditions of CEOC's performance of any of the services and to request additional services from time to time; and

provides for payment of a service fee to CEC in exchange for the provision of services in an amount equal to the fully allocated cost of such services plus 10%.

Since 2015, all CIE Enterprise Services are provided by CES in accordance with the CES Agreements discussed below with the CIE Cost Allocation calculated in accordance with the Shared Services Agreement.

CIE Cross Marketing and Trademark License Agreement

CIE is party to a cross marketing and trademark license agreement with each of Caesars World, Inc. (CWI), Caesars License Company, LLC (CLC), CEC and CEOC (the Cross Marketing and Trademark License Agreement). In addition to granting CIE the exclusive rights to use various trademarks of CEC in connection with social and mobile games and online real money gaming in exchange for royalty payments to CEOC of 3% of the net sales derived from such games, this agreement also provides that CEC and CEOC will provide certain marketing and promotional activities for CIE, including its participation in the Total Rewards loyalty program, and CIE will provide certain marketing and promotional activities for CEC and CEOC.

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However, the marketing and promotional activities that would otherwise be performed under the Cross Marketing and Trademark License Agreement are now performed by CES under the CES Agreements described below. The agreement also provides for certain revenue share arrangements where CIE pays CEOC a percentage of net sales derived from customer referrals. This agreement is in effect until December 31, 2026, unless earlier terminated pursuant to the agreement's terms. CIE paid \$3.0 million, \$1.6 million and \$0.7 million for the years ended December 31, 2015, 2014 and 2013, respectively, pursuant to the terms of the Cross Marketing and Trademark License Agreement.

On September 23, 2016, CIE sold its social and mobile games business as it existed at that time, including Playtika, Ltd., to Alpha Frontier Limited for approximately \$4.4 billion in cash. In connection with such sale, CIE granted Playtika, Ltd. licenses to certain intellectual property owned by or licensed to CIE, and Playtika, Ltd. granted a license to CIE in certain patents owned by Playtika, Ltd. and Playtika Santa Monica, LLC.

CIE granted an exclusive license to Playtika, Ltd. with respect to the WSOP and other WSOP-related trademarks and designs for use in Playtika, Ltd.'s social and mobile games for a 3% royalty on net revenues (the WSOP License). The WSOP License will remain in effect until September 23, 2031, but may be renewed for an additional ten (10) year term if a specified minimum aggregate amount of royalties is paid to CIE during the initial term. CIE has agreed that, during the term of the WSOP License, it will not use, or license any of the WSOP licensed property in connection with Play-For-Fun Gaming; provided, however, that CIE may use or license the WSOP licensed property in connection with Play-For-Fun Gaming so long as it is not offered as a stand-alone product and CIE or its licensee do not sell virtual coins in connection with such Play-For-Fun Gaming. CIE is also obligated to market and promote Playtika, Ltd.'s WSOP-branded games on CIE's WSOP website and on other marketing channels.

CIE also sublicensed on an exclusive basis to Playtika, Ltd. certain of the trademarks licensed to CIE by CEOC and certain of its affiliates under the Cross Marketing and Trademark License Agreement for use in Playtika, Ltd.'s social and mobile games for a 3% royalty on net revenues. The sublicense agreement will remain in effect for the term of the Cross Marketing and Trademark License Agreement. CIE has agreed that, during the term of the sublicense agreement, it will not use, or license any of the sub-licensed marks in connection with Play-For-Fun Gaming; provided, however, that CIE may use or license the sub-licensed marks in connection with Play-For-Fun Gaming so long as it is not offered as a stand-alone product and CIE or its licensee do not sell virtual coins in connection with such Play-For-Fun Gaming.

Playtika, Ltd. and Playtika Santa Monica, LLC have granted CIE a royalty-free, non-exclusive license under patents owned by them for use in CIE's and its affiliates' Real-Money Gaming business. The patent license also permits CIE and its affiliates to offer Play-For-Fun games in connection with Real Money Gaming so long as they (1) are not offered as stand-alone products and virtual coins are not sold in connection with them and (2) are not offered in a manner that would violate the WSOP License or the trademark sublicense agreement. The patent license does not restrict CIE and its affiliates from offering Play-For-Fun games whose operation would not infringe the licensed patents. The patent license will remain in effect on a country-by-country basis until the expiration of all valid claims in the licensed patents in such country.

Tax Matters Agreement

In connection with the contribution of CIE to CGP, CIE entered into a tax matters agreement with CEC (the Tax Matters Agreement). The Tax Matters Agreement governs the respective rights, responsibilities, and obligations of CEC and CIE with respect to tax liabilities and benefits, tax attributes, the preparation and filing of tax returns, the control of audits and other tax proceedings, and other matters regarding taxes with respect to CIE. The Tax Matters Agreement will remain in effect until the parties agree in writing to its termination.

In general, under the Tax Matters Agreement:

CIE and CEC agree to cooperate with each other in the preparation of tax returns and with regard to any audits related to the tax returns of CIE or CEC;

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with respect to any period (or portion thereof) ending prior to CIE's deconsolidation from CEC's consolidated group for U.S. federal income tax purposes, CEC will pay (1) any U.S. federal income taxes of the consolidated group of which CEC is the common parent, and (2) any state or local income taxes that are determined on a consolidated, combined, or unitary basis, and if CIE (including any of CIE's subsidiaries) is included in that consolidated, combined, or unitary group, CIE will pay CEC an amount equal to the amount of U.S. federal, state, or local income tax (as applicable) that CIE would have paid had CIE filed a separate consolidated U.S. federal, state, or local income tax return (as applicable) for any such period (or portion thereof), subject to certain adjustments;

with respect to any period (or portion thereof) beginning after CIE's deconsolidation from CEC's consolidated group, CIE will be responsible for any U.S. federal, state, or local income taxes of CIE and its subsidiaries;

CEC will be responsible for any U.S. federal, state, local, or foreign taxes due with respect to tax returns that include only CEC and/or its subsidiaries (excluding CIE and its subsidiaries); and

CIE will be responsible for any U.S. federal, state, local, or foreign taxes due with respect to tax returns that include only CIE and/or CIE's subsidiaries.

Asset Sales

On March 1, 2014, CEC entered into that certain Transaction Agreement (as amended on May 5, 2014, the Property Transaction Agreement) with CEOC, CLC, CAC, CGP, Harrah's New Orleans Management Company and certain direct, wholly owned subsidiaries of CEOC including JCC Holding Company II, LLC, 3535 LV Corp., Parball Corporation and Corner Investment Company, LLC. This agreement was amended on May 5, 2014.

On May 5, 2014, pursuant to the Property Transaction Agreement, CGPH acquired through one or more wholly owned subsidiaries: (1) The Cromwell, The LINQ Hotel, and Bally's Las Vegas, (2) 50% of the ongoing management fees and any termination fees payable under the Nevada Property Management Agreements (as defined below) and (3) certain property-specific intellectual property (collectively referred to as Acquired Properties Transaction). On May 5, 2014, CGP contributed the equity interests of Planet Hollywood Las Vegas and a 50% interest in the management fee revenues of PHW Manager, LLC to CGPH.

On May 20, 2014, pursuant to the Property Transaction Agreement, CGPH, through its wholly owned subsidiary, acquired (1) Harrah's New Orleans, (2) 50% of the ongoing management fees and any termination fees payable under the Louisiana Property Management Agreement (as defined below) and (3) certain property-specific intellectual property (the Harrah's Transaction).

Management Agreements

Planet Hollywood

PHW Las Vegas, LLC and PHW Manager, LLC, each a subsidiary of CEOC, entered into a Hotel and Casino Management Agreement, dated as of February 19, 2010, that engages PHW Manager, LLC to manage and operate Planet Hollywood. The initial term of the agreement is 35 full calendar years, and may be extended by PHW Manager, LLC for two additional terms of 10 years each. PHW Manager, LLC is entitled to a base fee of 3% of adjusted gross operating revenue of PHW Las Vegas, LLC and an incentive fee of 4.5% of EBITDA less the base management fee of

PHW Las Vegas, LLC for each operating year. In connection with the Initial CGP Transactions, PHW Las Vegas, LLC assigned the management agreement to a newly formed subsidiary, PHWLTV, LLC that holds Planet Hollywood and related assets, with the equity interests of such subsidiary purchased by CGP, a subsidiary of CAC. PHW Manager, LLC assigned this agreement to CES on October 1, 2014.

Table of Contents*The LINQ Hotel and Casino, The Cromwell and Bally's Las Vegas*

On May 5, 2014, each of 3535 LV NewCo, LLC (3535 LV NewCo), Corner Investment Company, LLC (CIC) and Parball NewCo, LLC (Parball NewCo) (each a Property Licensee and collectively, the Nevada Property Licensees), each an indirect subsidiary of CGP, entered into a Nevada Property Management Agreement (collectively, the Nevada Property Management Agreements) with the applicable property management entities (each a Nevada Property Manager and collectively, the Nevada Property Managers). Each Nevada Property Manager is a subsidiary of CEOC. Pursuant to the Nevada Property Management Agreements, the ongoing management fees payable to each of the Nevada Property Managers consist of (1) a base management fee of 2% of net operating revenues with respect to each month of each year during the term of such agreement and (2) an incentive management fee in an amount equal to 5% of EBITDA for each operating year. CEOC will guarantee the obligations of the Nevada Property Managers under each of the Nevada Property Management Agreements. Pursuant to the Nevada Property Management Agreements, among other things, the Nevada Property Managers will provide management services to the applicable property. CES licenses enterprise-wide intellectual property used in the operation of the applicable property pursuant to the Omnibus Agreement (as defined below). Each Nevada Property Manager assigned its Nevada Property Management Agreement to CES on October 1, 2014.

Harrah's New Orleans

On May 20, 2014, Jazz Casino Company, LLC (the Louisiana Property Licensee), an indirect subsidiary of CGP, entered into that certain Property Management Agreement (the Louisiana Property Management Agreement) with a property manager (the Louisiana Property Manager), which is a subsidiary of CEOC. Pursuant to the Louisiana Property Management Agreement, the ongoing management fees payable to the Louisiana Property Manager consist of (1) a base management fee of 2% of net operating revenues with respect to each month of each year during the term of such agreement and (2) an incentive management fee in an amount equal to 5% of EBITDA for each operating year. CEOC will guarantee the obligations of the Louisiana Property Manager under the Louisiana Property Management Agreement. Pursuant to the Louisiana Property Management Agreement, among other things, the Louisiana Property Manager will provide management services to Harrah's New Orleans. CES licenses enterprise-wide intellectual property used in the operation of the applicable property pursuant to the Omnibus Agreement. The Louisiana Property Manager assigned the Louisiana Property Management Agreement to CES on October 1, 2014.

Maryland Joint Venture

Caesars Baltimore Management Company, LLC, an indirect subsidiary of CEOC, and the Maryland Joint Venture, are party to that certain Management Agreement, dated October 23, 2012, that engages Caesars Baltimore Management Company, LLC to manage and operate the casino developed by the Maryland Joint Venture. The initial term of the agreement is until the 15th anniversary of the date on which the managed facilities opened for business on an ongoing basis to the general public. Caesars Baltimore Management Company, LLC will have the right to extend the initial term for one additional ten-year period. Caesars Baltimore Management Company, LLC is entitled to a base management fee of 2% of net operating revenues of the Maryland Joint Venture and an incentive management fee of 5% of EBITDA of the Maryland Joint Venture, except that in certain situations the incentive management fee may fall to 4%, 3% or 2% of EBITDA.

CIE's Credit Agreement with CEC

On November 29, 2011, CIE entered into the second amended credit agreement with CEC whereby CEC agreed to provide CIE with a revolving credit facility of up to \$146.9 million. The credit facility had an outstanding principal balance of \$39.8 million as of December 31, 2014, which was repaid in its entirety during the year ended

December 31, 2015.

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In May 2014, CEC formed CES, a joint venture among CEOC, CERP, and CGPH (together the CES Members and each a CES Member). At that time, the parties entered into the Omnibus Agreement, which granted various licenses to the CES Members and certain of their affiliates in connection with the implementation of CES. Under the Omnibus Agreement, CEOC, CLC, CWI and certain of CEOC's subsidiaries that are the owners of properties and related intellectual property granted CES a non-exclusive, irrevocable, world-wide, royalty-free license in and to all intellectual property owned or used by such licensors, including all intellectual property (a) currently used, or contemplated to be used, in connection with the properties owned by the CES Members and their respective affiliates, including any and all intellectual property related to the Total Rewards program, and (b) necessary for the provision of services contemplated by the Omnibus Agreement and by the applicable management agreement for any such property (collectively, the Enterprise Assets). CERP and CGPH also granted CES non-exclusive licenses to certain intellectual property, including intellectual property that is specific to properties controlled by CERP, CGPH or their respective subsidiaries.

CES manages certain Enterprise Assets and the other assets it owns, licenses or controls. In addition, certain of CEOC's subsidiaries' property management agreements have been assigned to CES and others may be assigned to CES in the future. While CES has attained certain key regulatory approvals, before CES can commence all activities in 10 jurisdictions, it may be required to obtain additional regulatory approvals in certain jurisdictions. Operating expenses are allocated to each CES Member with respect to their respective properties serviced by CES in accordance with historical allocation methodologies, subject to annual revisions and certain prefunding requirements. Corporate expenses that are not allocated to the properties directly are allocated by CES to CEOC, CERP, and CGPH according to their allocation percentages (initially 70.0%, 24.6% and 5.4%, respectively), subject to annual review.

CES employs the employees who provide services to CEOC, CERP and CGPH, their affiliates and their respective properties and systems under each property's corresponding property management agreement. The employees include corporate and shared services employees. However, with respect to such employees' services in jurisdictions where CES regulatory approval has not been obtained, CEOC and its subsidiaries retain control over such services through employer understanding agreements with CES. CES' employment of the corporate and shared services employees has occurred in stages commencing October 2, 2014. In connection with employing the employees, CES assumed such employees' employment agreements (including the executive officers' employment agreements) and any collective bargaining agreements covering the employees.

CEC Employee Plan

On April 13, 2014, the board of directors of CAC adopted the CAC Equity-Based Compensation Plan for CEC Employees, which provides CEC's officers, employees, consultants, advisors, contractors and other service providers the opportunity to receive equity-based compensation. Awards under the plan will be dollar-denominated and settled in shares of CAC Common Stock. The plan authorizes the grant of awards up to a maximum aggregate value of \$25 million of such shares. Pursuant to the plan, and subject to a participant's continued employment or service, each grant generally vests in three equal installments, on October 21 of each of 2014, 2015 and 2016.

Upon a vesting date or event, CAC will contribute to CGP a number of shares of CAC Common Stock with an aggregate value equal to the value of award installments that vest on such date or event. CGP will issue to CAC a number of interests equal to the number of shares of CAC Common Stock contributed by CAC on such date. After the contribution by CAC of the shares of CAC Common Stock to CGP, CGP will deliver such shares to CEOC, which will deliver the shares to the participants that vest on such date or event.

The Consent to Proposed CIE Sale Transaction

On September 23, 2016, CEC and CAC entered into an agreement regarding CEC's consent to the sale of CIE's social and mobile games business as it existed at that time, including Playtika, Ltd., to Alpha Frontier

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Limited for approximately \$4.4 billion in cash. Subject to the terms and conditions of the agreement, CEC granted any and all approvals, consents or waivers with respect to the sale of CIE's social and mobile games business, in accordance with the Merger Agreement. In addition, CEC separately waived its right of first offer and consented (as described above) to the sale for all purposes in connection with the CGP Operating Agreement.

Furthermore, CEC and CAC agreed to use commercially reasonable efforts to amend the CGP Operating Agreement to, among other things, permit CGP, following the closing of the sale to (1) make one or more non-pro rata distributions or advances to CEC of up to \$200.0 million for professional fees and up to \$100.0 million to support a proposed casino project in South Korea, and (2) make one or more non-pro rata distributions to CAC to pay tax liabilities resulting from the sale.

Restructuring and Support Agreements

The Caesars RSAs

In connection with the Merger and the Restructuring, each of CEC and CAC entered into restructuring support agreements with CEOC. Pursuant to the Caesars RSAs, CEC and CAC agreed to, among other things, support the Restructuring, negotiate definitive documentation in furtherance thereof and not take actions that would interfere with the Restructuring. In addition, CEC agreed to take, and cause its controlled subsidiaries (other than CEOC) to take, all actions necessary or appropriate to complete the Plan.

CEC and CAC may terminate the Caesars RSAs based on, among other things, (a) the exercise of their fiduciary duties as set forth in the Caesars RSAs or (b) the Plan Effective Time not occurring by December 31, 2017. CEOC may terminate the Caesars RSAs based on, among other things, (x) CEOC's exercise of its fiduciary duties as set forth in the Caesars RSAs or (y) the Plan Effective Time not occurring by December 31, 2017.

For additional discussion regarding CEC's obligations under the Caesars RSAs, see *The CEOC Restructuring* beginning on page 198.

Voting Agreements

In connection with the Caesars RSAs, each of CEC and CAC entered into the Voting Agreements with Hamlet Holdings and, solely with respect to certain provisions of such Voting Agreements, affiliates of Apollo and TPG and certain of their co-investors. The Voting Agreements are further described in *The Voting Agreements* beginning on page 354.

Regulatory Approvals Required for the Merger

The respective obligation of each of CEC and CAC to complete the Merger is subject to the receipt of any and all gaming approvals from gaming authorities in up to 5 jurisdictions in which CEC, CAC or any of their respective subsidiaries or affiliates conduct gaming activities. Gaming approvals will be sought in all such jurisdictions. In each of those states, an application for approval will be submitted at the appropriate time once the owners, directors and officers of PropCo have been identified. The approval process typically takes a minimum of four months, and likely longer, from the date of submission of the application for approval. Accordingly, such gaming approvals may not be obtained in a timely manner or at all. See *Risk Factors* *Risks Related to the Merger* *The Merger* is subject to the receipt of approvals, consents or clearances from gaming authorities, which may impose conditions that could have an adverse effect on CEC or CAC or, if not obtained, could prevent completion of the Merger beginning on page 73.

In addition, the parties' respective obligation to complete the Merger is conditioned upon the absence of a law or order issued, adopted or promulgated by any governmental entity, including any gaming authority, that would prohibit, restrain, enjoin or render unlawful the completion of the Merger.

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No Appraisal Rights

Appraisal rights are statutory rights that enable stockholders to dissent from an extraordinary transaction, such as a merger, and to demand that the corporation pay the fair value for their shares as determined by a court in a judicial proceeding instead of receiving the consideration offered to stockholders in connection with the transaction.

Holders of CAC Common Stock who dissent to the Merger will not have rights to an appraisal of the fair value of their shares. Under the Delaware General Corporation Law, which is referred to in this joint proxy statement/prospectus as the Delaware General Corporation Law, appraisal rights are not available for the shares of any class or series if the shares of the class or series are listed on a national securities exchange or held by more than 2,000 holders of record on the record date, unless the stockholders receive in exchange for their shares anything other than shares of stock of the surviving or resulting corporation or of any other corporation that is publicly listed or held by more than 2,000 holders of record, cash in lieu of fractional shares or fractional depository receipts or any combination of the foregoing. CAC Common Stock is listed on NASDAQ as of the record date, and CAC stockholders will receive shares of CEC Common Stock pursuant to the Merger Agreement. Approval for the listing of the shares of CEC Common Stock on NASDAQ is a condition to completion of the Merger.

U.S. Federal Income Tax Consequences of the Merger

The following discussion summarizes certain U.S. federal income tax consequences of the Merger that apply generally to U.S. holders (as defined below) of CAC Common Stock that exchange their shares of CAC Common Stock for shares of CEC Common Stock in the Merger. This discussion is based on the Code, judicial decisions and administrative regulations and interpretations, all as in effect as of the date of this joint proxy statement/prospectus and all of which are subject to change, possibly with retroactive effect. Accordingly, the U.S. federal income tax consequences of the Merger to the U.S. holders of CAC Common Stock could differ from those described below.

For purposes of this discussion, a U.S. holder is a beneficial owner of CAC Common Stock who for U.S. federal income tax purposes is:

a citizen or individual resident of the United States;

a corporation, or an entity treated as a corporation, created or organized in or under the laws of the United States or any state or political subdivision thereof;

a trust that (1) is subject to (A) the primary supervision of a court within the United States and (B) the authority of one or more U.S. persons to control all substantial decisions of the trust or (2) has a valid election in effect to be treated as a U.S. person; or

an estate that is subject to U.S. federal income tax on its income regardless of its source.

If a partnership (including for this purpose any entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds shares of CAC Common Stock, the tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Any entity or arrangement treated as a partnership for U.S. federal income tax purposes that holds shares of CAC Common Stock, and any owners of such an entity or arrangement,

should consult their own tax advisors regarding the tax consequences of the Merger to their specific circumstances.

This discussion applies only to U.S. holders of shares of CAC Common Stock who hold such shares as a capital asset within the meaning of the Code (generally, property held for investment). This discussion does not address all aspects of U.S. federal income taxation that may be relevant to U.S. holders of CAC Common Stock

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in light of their particular circumstances, nor does it address the U.S. federal income tax consequences to U.S. holders of CAC Common Stock that are subject to special rules, including but not limited to:

dealers in securities, commodities or foreign currencies;

tax-exempt organizations;

banks and certain other financial institutions;

retirement plans;

insurance companies;

mutual funds;

expatriates or holders who have a functional currency other than the U.S. dollar;

pass-through entities and investors in those entities;

holders who acquired their shares in connection with the exercise of stock options or other compensatory transactions or through exercise of warrants;

holders who hold their shares as a hedge or as part of a straddle, constructive sale, conversion transaction or other risk management transaction;

holders who actually or constructively own 5% or more of CAC Common Stock; and

traders in securities that elect to use the mark-to-market method of accounting.

U.S. holders of CAC Common Stock described in the foregoing sentence and non-U.S. holders of CAC Common Stock should consult their own tax advisors as to the tax consequences of the Merger with respect to their particular circumstances.

In addition, this discussion does not address any alternative minimum tax, U.S. federal estate or gift tax, or foreign, state or local tax consequences. Neither CEC nor CAC has obtained or sought to obtain a ruling from the IRS regarding any matter relating to the ability of the Merger to qualify as a reorganization and no assurance can be given

that the IRS will not assert, or that a court will not sustain, a position contrary to any aspect of this discussion. CEC and CAC's board of directors urge holders to consult their own tax advisors as to the U.S. federal income tax consequences of the Merger, as well as the effects of state, local and foreign tax laws in light of their own situations.

CEC and CAC intend for the Merger to qualify as a reorganization within the meaning of Section 368(a) of the Code for U.S. federal income tax purposes. The closing of the Merger is conditioned on CEC's and CAC's receipt of opinions from Reed Smith and from Skadden Arps, respectively, dated the closing date of the Merger, to the effect that, based on facts, representations, assumptions and exclusions set forth or referred to in such opinions, and on U.S. federal income tax law in effect as of the date of such opinions, the Merger will be treated as a reorganization within the meaning of Section 368(a) of the Code. An opinion of counsel is not binding on the IRS or any court. In rendering their respective opinions, Reed Smith and Skadden Arps will rely on certain assumptions, including assumptions regarding the absence of changes in existing facts and the completion of the Merger strictly in accordance with the Merger Agreement and this joint proxy statement/prospectus. The opinions will also rely upon certain representations and covenants made by the management of CEC and CAC and will assume that these representations are true, correct and complete, and that CEC and CAC, as the case may be, will comply with these covenants. If any of these assumptions or representations is inaccurate in any way, or any of the covenants are not satisfied the U.S. federal income tax consequences of the Merger could be materially different from those described below.

Based on and subject to the foregoing, provided that, in accordance with the opinions described above, the Merger qualifies as a reorganization within the meaning of Section 368(a) of the Code, the U.S. federal income tax consequences of the Merger to U.S. holders of CAC Common Stock are as follows.

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Each U.S. holder of CAC Common Stock who receives CEC Common Stock in the Merger will generally not recognize gain or loss.

In general, the aggregate tax basis in the shares of CEC Common Stock that U.S. holders of CAC Common Stock will receive upon the Merger will equal such U.S. holders' aggregate tax basis in the shares of CAC Common Stock surrendered in exchange therefor. A U.S. holder's holding period for the shares of CEC Common Stock that are received in the Merger will generally include such U.S. holder's holding period for the shares of CAC Common Stock surrendered in exchange therefor.

If U.S. holders of CAC Common Stock acquired different blocks of shares of CAC Common Stock at different times or at different prices, such U.S. holders' basis and holding period in their shares of CEC Common Stock may be determined with reference to each block of shares of CAC Common Stock. Any such U.S. holders should consult their tax advisors regarding the manner in which shares of CEC Common Stock received in the exchange should be allocated among different blocks of shares of CAC Common Stock and with respect to identifying the bases or holding periods of the particular shares of CEC Common Stock received in the Merger. Because these rules are complex, CAC recommends that each CAC stockholder who may be subject to these rules consult his, her, or its own tax advisor.

THIS DISCUSSION OF U.S. FEDERAL INCOME TAX CONSEQUENCES IS NOT INTENDED TO BE, AND SHOULD NOT BE CONSTRUED AS, TAX ADVICE. THE FOREGOING SUMMARY IS NOT A SUBSTITUTE FOR AN INDIVIDUAL ANALYSIS OF THE TAX CONSEQUENCES OF THE MERGER TO YOU, WHICH ANALYSIS MAY BE COMPLEX AND WILL DEPEND ON YOUR SPECIFIC SITUATION. CEC AND CAC URGE YOU TO CONSULT A TAX ADVISOR REGARDING THE PARTICULAR FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE MERGER TO YOU.

Accounting Treatment

The Merger is a business combination to be accounted for as a reorganization of entities under common control for accounting and financial reporting purposes. Therefore, in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 805, *Business Combinations*, CAC's assets and liabilities will be accounted for at CAC's carrying value as of the Plan Effective Time. The combined historical financial statements will be derived from the historical accounting records and consolidated financial statements of CEC and CAC, and will reflect the financial position, results of operations and cash flows of the CEC and CAC as if the entities were combined into a single reporting entity for all periods presented.

As part of the Restructuring, New CEOC will be acquired by CEC and will become a consolidated subsidiary of CEC. The acquisition method of accounting under ASC Topic 805 requires all of the following steps: (1) identifying the acquirer; (2) determining the acquisition date; (3) recognizing and measuring the identifiable assets acquired, the liabilities assumed; and (4) recognizing and measuring goodwill. Under the acquisition method of accounting, the assets (including identifiable intangible assets) and liabilities (including executory contracts and other commitments) of New CEOC as of the Plan Effective Time will be recorded at their respective fair values and added to those of CEC (the acquirer). Any excess of purchase price over the fair values of net identifiable, tangible and intangible assets and liabilities is recorded as goodwill. The consolidated financial statements of CEC issued after the Plan Effective Time will reflect these fair values and will not be restated retroactively to reflect the historical financial position or results of operations of New CEOC.

Listing of Shares of CEC Common Stock and Delisting and Deregistration of CAC Common Stock

Under the terms of the Merger Agreement, CEC is required to use its commercially reasonable best efforts to cause the shares of CEC Common Stock to be issued in the Merger and shares reserved for issuance under the Merger Agreement to be approved for quotation on NASDAQ, subject to official notice of issuance. It is a

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condition to both CEC's and CAC's obligation to complete the Merger that such approval is obtained, subject to official notice of issuance. Accordingly, application will be made to have the shares of CEC Common Stock to be issued in the Merger (and shares reserved for issuance under the Merger Agreement) approved for quotation on NASDAQ, where shares of CEC Common Stock are currently traded.

If the Merger is completed, it is expected that CAC Common Stock will be delisted from NASDAQ, will be deregistered under the Exchange Act, and will cease to be publicly traded.

Litigation Relating to the Merger

On December 30, 2014, Nicholas Koskie, on behalf of himself and, he alleged, all others similarly situated, filed the Merger Lawsuit in the Clark County District Court in the State of Nevada against CAC, CEC and the CAC Directors. The Merger Lawsuit alleged claims for breach of fiduciary duty against the CAC Directors and aiding and abetting breach of fiduciary duty against CAC and CEC. It sought (1) an order directing the CAC Directors to fulfill alleged fiduciary duties to CAC in connection with the proposed merger between CAC and CEC announced on December 22, 2014, specifically by announcing their intention to (a) cooperate with bona fide interested parties proposing alternative transactions, (b) ensure that no conflicts exist between the CAC Directors' personal interests and their fiduciary duties to maximize stockholder value in the Merger, or resolve all such conflicts in favor of the latter, and (c) act independently to protect the interests of the stockholders; (2) an order directing the CAC Directors to account for all damages suffered or to be suffered by plaintiff and the putative class as a result of the Merger; and (3) an award to plaintiff for his costs and attorneys' fees. On October 13, 2016, the court dismissed the Merger Lawsuit without prejudice for lack of prosecution. Pursuant to local rule, the case could have been reinstated at the plaintiff's written request, provided such request was filed within 30 days of the date of service of written notice of the dismissal. The 30-day time period has now expired.

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CEC PROPOSAL 2: APPROVAL OF THE MERGER STOCK ISSUANCE

As consideration for the Merger, CEC will issue shares of CEC Common Stock equal to the product of (x) the shares of CAC Common Stock outstanding as of the closing date of the Merger and (y) the Exchange Ratio. The Merger cannot be completed unless the CEC stockholders vote to approve the Merger Stock Issuance. See the section entitled The Merger Agreement beginning on page 340.

Under the NASDAQ Stock Market Rules, stockholder approval is required prior to the issuance of securities in connection with the acquisition of the stock or assets of another company if the number of shares of common stock to be issued is or will be equal to or in excess of 20% of the number of shares of common stock outstanding before the issuance of the common stock or securities. The minimum vote that will constitute stockholder approval is the affirmative vote of a majority of the votes cast by stockholders present in person or by proxy at the meeting and entitled to vote.

**THE CEC BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT CEC STOCKHOLDERS
VOTE FOR THE APPROVAL OF THE MERGER STOCK ISSUANCE.**

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CEC PROPOSAL 3: APPROVAL OF THE EMERGENCE STOCK ISSUANCE

In connection with the Emergence and in accordance with the Plan, CEC will issue shares of CEC Common Stock to certain creditors of the Debtors, in exchange for the New CEOC Preferred Stock issued by New CEOC to such creditors in connection with the CEOC Merger. The Plan cannot be completed and, as a result, the Merger cannot be completed, unless the CEC stockholders vote to approve the Emergence Stock Issuance. See the section entitled "The CEOC Restructuring - The Plan - CEC Contributions - CEC Common Stock" beginning on page 206.

Under the NASDAQ Stock Market Rules, stockholder approval is required prior to the issuance of securities if the number of shares of common stock to be issued in a transaction, other than a public offering, is or will be equal to or in excess of 20% of the number of shares of common stock outstanding before the issuance of the common stock or securities. The minimum vote that will constitute stockholder approval is the affirmative vote of a majority of the votes cast by stockholders present in person or by proxy at the meeting and entitled to vote.

THE CEC BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT CEC STOCKHOLDERS VOTE FOR THE APPROVAL OF THE EMERGENCE STOCK ISSUANCE.

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CEC PROPOSAL 4: APPROVAL OF THE CONVERTIBLE NOTES STOCK ISSUANCE

In connection with the Emergence of the Debtors from Chapter 11 and in accordance with the Plan, CEC will issue \$1.119 billion of the Convertible Notes to certain creditors of the Debtors as partial satisfaction of the claims against the Debtors. The Plan cannot be completed and, as a result, the Merger cannot be completed, unless the CEC stockholders vote to approve the Convertible Notes Stock Issuance. See the section entitled "The CEOC Restructuring CEC Contributions CEC Convertible Notes" beginning on page 204.

Under the NASDAQ Stock Market Rules, stockholder approval is required prior to the issuance or potential issuance of securities (or securities convertible into common stock) if the number of shares of common stock to be issued, or that may potentially be issued, in a transaction, other than in a public offering, is or will be equal to or in excess of 20% of the number of shares of common stock outstanding before the issuance of the common stock or securities. The minimum vote that will constitute stockholder approval is the affirmative vote of a majority of the votes cast by stockholders present in person or by proxy at the meeting and entitled to vote.

THE CEC BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT CEC STOCKHOLDERS VOTE FOR THE APPROVAL OF THE CONVERTIBLE NOTES STOCK ISSUANCE.

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CEC PROPOSAL 5: ADVISORY VOTE ON MERGER-RELATED COMPENSATION FOR CEC NAMED EXECUTIVE OFFICERS AND CERTAIN CAC NAMED EXECUTIVE OFFICERS

CEC is required pursuant to Section 14A of the Exchange Act to include in this joint proxy statement/prospectus a proposal with respect to a non-binding, advisory vote on the compensation payable to (1) each of its named executive officers and (2) to the extent applicable, each of CAC's named executive officers, in each case, as determined in accordance with Item 402(t) of Regulation S-K in connection with the Merger pursuant to arrangements entered into with CEC, and CEC is therefore asking its stockholders to approve the following resolution:

RESOLVED, that the compensation that may be paid or become payable to (1) CEC's named executive officers in connection with the Merger and (2) in respect of any arrangement entered into with CEC, and certain CAC named executive officers, as disclosed pursuant to Item 402(t) of Regulation S-K in this Merger-related named executive officer compensation proposal, is hereby APPROVED.

The information below is intended to comply with Item 402(t) of Regulation S-K, which requires disclosure of information about compensation for each of CEC's named executive officers that is based on or otherwise relates to the Merger. To the extent any of CEC's named executive officers' compensation arrangements are described in Interests of Certain Persons in the Merger Interests of Directors and Executive Officers of CEC in the Merger beginning on page 356 of this joint proxy statement/prospectus, they are incorporated herein by reference.

The amounts set forth in the table below, which represent an estimate of each named executive officer's transaction-related compensation, as of February 28, 2017, assume the following:

a closing date of the Merger of February 28, 2017;

each named executive officer's employment is terminated by CEC without cause or by the named executive officer with good reason immediately following the Merger;

the value of acceleration of vesting of any CEC equity award is calculated assuming a market price per share of CEC Common Stock of \$9.21 (the average closing price of a share of CEC Common Stock on the NASDAQ over the first five business days following February 21, 2017, the date of the first public announcement of entering into the Amendment); and

the value of the vesting acceleration of any CAC equity award is calculated assuming an Exchange Ratio of 1.625, and multiplying the result by the CEC per share stock price described immediately above.

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Please note that the amounts reported below are estimates based on multiple assumptions that may or may not actually occur, including the assumptions described above and on beginning on page 364. As a result, the actual merger-related compensation, if any, to be received by a named executive officer may differ in material respects from the amounts set forth below.

Name	Cash Severance(\$)⁽¹⁾	Equity(\$)⁽²⁾	Benefits(\$)⁽³⁾	Total(\$)⁽⁴⁾
Mark Frissora	9,046,164	8,774,155	103,926	17,924,245
<i>President and Chief Executive Officer</i>				
Eric Hession⁽⁵⁾	1,673,328	2,469,372	60,708	4,203,408
<i>Executive Vice President and Chief Financial Officer</i>				
Thomas Jenkin⁽⁶⁾	2,706,664	3,863,881	199,918	6,770,463
<i>Global President of Destination Markets</i>				
Timothy Donovan	1,748,328	2,628,991	51,702	4,429,021
<i>Executive Vice President, General Counsel and Chief Regulatory and Compliance Officer</i>				
Robert Morse	1,965,829	2,863,619	51,533	4,880,981
<i>President, Hospitality</i>				
Gary Loveman⁽⁷⁾				
<i>Former Chairman of the CEC's board of directors</i>				

(1) Amounts in this column reflect cash severance payments due to the named executive officer assuming he is terminated by CEC without cause or he resigns for good reason immediately following the assumed date of the completion of the Merger (February 28, 2017). The severance amounts for Messrs. Hession, Jenkin, and Donovan, reflect the sum of (x) the aggregate value of continuation of their annual base salary for 18 months and (y) cash-based retention award granted to each of these executive officers in March and June 2016 (\$597,078 for Mr. Hession, \$861,664 for Mr. Jenkin, \$672,078 for Mr. Donovan, and \$658,954 for Mr. Morse). No prorated bonus was included in the calculation of severance for Messrs. Donovan and Jenkin since such prorated bonus is payable only if their employment is terminated on or after June 30 of the applicable year. The severance amount for Mr. Frissora includes the sum of (x) (A) the aggregate of two times his annual base salary plus one times his target bonus, which amount would be payable in equal monthly installments over 24 months following the date of his termination, and (B) a prorated bonus at target of \$556,164 (ultimately, this prorated bonus will be paid based on actual performance when bonuses are payable generally to active employees) and (y) the value of his cash-based retention award of \$990,000. Annual base salaries as of the assumed effective date of the transaction (February 28, 2017) are as follows: Mr. Frissora (\$2,000,000), Mr. Hession (\$717,500), Mr. Jenkin (\$1,230,000), Mr. Morse (\$871,250), and Mr. Donovan (\$717,500). The prorated target bonus for Mr. Frissora assumes a target bonus of \$3,500,000.

(2)

The amounts in this column reflect the value (spread value in the case of stock options) in respect of RSUs and unvested stock options that would vest (at target performance levels, if applicable), in each case, assuming a market price per share of CEC Common Stock of \$9.21 (the average closing price of a share of CEC Common Stock on the NASDAQ over the first five business days following February 21, 2017, the date of the first public announcement of entering into the Amendment) and a termination of the named executive officer's employment by CEC without cause or a resignation by the named executive officer for good reason immediately following the assumed date of the closing of the Merger, in accordance with the Merger Agreement, and without regard to applicable tax withholding. The amounts for each named executive officer represent the following amounts: Mr. Frissora: \$4,688,728 for 509,091 CEC RSUs and \$4,085,427 in respect of 272,976 CAC RSUs granted under the Frissora CAC Award; Mr. Hession: \$2,461,990 for 267,317 CEC RSUs and \$7,383 for 37,204 unvested CEC Stock Options; Mr. Jenkin: \$3,828,293 for 415,667 CEC RSUs and \$35,588 for 117,477 unvested CEC Stock Options; Mr. Donovan: \$2,619,352 for 284,403 CEC RSUs and \$9,640 for 53,648 unvested CEC Stock Options; and Mr. Morse: \$2,863,619 for 310,925 CEC RSUs. The amounts in this column do not reflect the market price per share of CEC Common Stock of \$15.55 (the average closing price of a share of CEC Common Stock on the NASDAQ over the first five business days following December 22, 2014, the date of the first public

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announcement of the Original Merger Agreement). This column does not account for the CEC Option Re-pricing because the reduced exercise price will not be known until after the date of the filing of this Registration Statement. Note, however, even assuming that the Re-price Date had occurred on February 28, 2017, there would not be an incremental benefit to these individuals because the reduced exercise price of the options being re-priced would equal the fair market value of a share of CEC Common Stock on the NASDAQ on the Re-price Date, meaning that the spread value would have been zero.

- (3) The amounts in this column include the following: (i) for all listed named executive officers, continuation of health and welfare benefits for 18 months, (ii) for Mr. Jenkin, lifetime post-retirement medical benefits, and (iii) in addition, for all named executive officers, life and accident insurance benefits, and accrued benefits under the Savings and Retirement Plan. These amounts are payable only if the named executive officer's employment is terminated by CEC without cause or by the named executive officer with good reason immediately following the Merger, in accordance with the terms of their respective employment agreements. The table below identifies and quantifies the individual perquisites and benefits for each of Messrs. Frissora, Hession, Jenkin, and Donovan:

Name	Accrued Benefits				
	Post-retirement Health Care(\$)	Medical Benefits(\$)	Life & Accident Insurance and Benefits(\$)	Under Savings and Retirement Plan(\$)	Total Perquisites and Benefits(\$)
Mark Frissora		38,686	64,640	600	103,926
Eric Hession		23,985	36,123	600	60,708
Thomas Jenkin	163,380		35,938	600	199,918
Timothy Donovan		20,287	30,815	600	51,702
Robert Morse		18,506	32,427	600	51,533
Gary Loveman					

- (4) The Merger will not constitute a change in control for CEC, and the amounts in the table reflect potential severance payments to the named executive officers in the event they are terminated by CEC without cause or they resign for good reason. If the Merger had constituted a change in control for CEC, Mr. Frissora would instead receive a cash severance amount equal to (A) the aggregate of two and one-half times (2.5x) the sum of (x) his annual base salary plus (y) his target bonus, which amount would be payable in a lump sum within 60 days after the change in control, (B) a prorated bonus at target (ultimately, this prorated bonus would be paid based on actual performance when bonuses are payable generally to active employees) and (C) the value of his cash-based retention award of \$990,000.
- (5) Mr. Hession participates in the ESSP II maintained by CEC. Mr. Hession has made an election to receive a distribution of his payments under the ESSP II in connection with his separation from services. Assuming a termination of his services on the assumed closing date, he would be entitled to receive an aggregate of \$139,093, to be paid as follows: (i) \$83,067 in a lump upon such separation from service and (ii) \$56,026 in substantially equal monthly installments over 5 years.
- (6) Mr. Jenkin also has a balance in respect of his participation in deferred compensation plans with liabilities attributable to CEOC. Please see Note 15 to the 2016 CEC Financial Statements for further details regarding such deferred compensation plans.
- (7) Mr. Loveman terminated his employment on December 31, 2016. No additional compensation is due to Mr. Loveman that is based on or otherwise relates to the completion of the Merger.

In addition to the above, Michael Cohen, SVP, Corporate Development, General Counsel and Corporate Secretary and a named executive officer at CAC holds 2,711 unvested CEC Stock Options which, under the Merger Agreement, would accelerate and vest if his employment with CAC were terminated by CAC without cause or he resigns for good reason within six months following the Merger Effective Time. In the event of such qualifying termination of employment, the value of the acceleration of such unvested CEC Stock Options would be \$2,684. Mr. Cohen also is party to a separation and consulting agreement with CEOC, a subsidiary of CEC, pursuant to which he provides assistance and consultation services to CEOC and its affiliates. Under the consulting agreement, his CEC Stock Options continue to vest so long as he remains employed with CIE. In

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addition, Mr. Cohen participates in the ESSP II maintained by CEC. Mr. Cohen has made an election to receive a distribution of his payments under the ESSP II in connection with his separation from service; assuming a termination of his services on the assumed closing date, he would be entitled to receive an aggregate of \$165,697, to be paid in substantially equal monthly installments over 15 years.

The vote on the CEC Advisory Compensation Proposal is a vote separate and apart from the vote on the adoption of the Merger Agreement and the approval of the Merger. Accordingly, you may vote to adopt the Merger Agreement and approve the Merger and vote not to approve the CEC Advisory Compensation Proposal and vice versa. Because the vote on the CEC Advisory Compensation Proposal is advisory only, it will not be binding on CEC. Accordingly, if the Merger Agreement is adopted and the Merger is approved and completed, the compensation payments that are contractually required to be paid by CEC to (i) its named executive officers and (ii) in respect of arrangements between CEC and any named executive officer at CAC will or may be paid, subject only to the conditions applicable thereto, regardless of the outcome of the advisory (non-binding) vote of CEC stockholders.

The affirmative vote of a majority of the votes cast by stockholders present in person or by proxy at the CEC Special Meeting and entitled to vote is required to approve, on an advisory (non-binding) basis, the CEC Advisory Compensation Proposal.

THE CEC BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT CEC STOCKHOLDERS VOTE FOR THE APPROVAL OF THE CEC ADVISORY COMPENSATION PROPOSAL.

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CEC PROPOSAL 6: APPROVAL OF AN AMENDMENT TO CEC S CERTIFICATE OF INCORPORATION TO INCREASE AUTHORIZED STOCK

CEC s certificate of incorporation provides that the total number of shares of CEC Common Stock that CEC has authority to issue is 1,250,000,000 shares of CEC Common Stock. CEC is proposing to amend its certificate of incorporation prior to completion of the Merger and the Restructuring in order to increase the authorized number of shares of CEC Common Stock from 1,250,000,000 shares to 2,000,000,000 shares of CEC Common Stock. The full text of the proposed amendment to CEC s certificate of incorporation is attached as Annex E to this joint proxy statement/prospectus.

The completion of the Merger and the Restructuring are not conditioned upon approval of the Authorized Shares Increase Proposal. However, the CEC board of directors considers the authorization of additional shares of CEC Common Stock advisable to ensure sufficient shares of CEC Common Stock are authorized and available for completing the Stock Issuances in connection with the Merger and the Restructuring. Additionally, the CEC board of directors believes that the increased number of authorized shares of CEC Common Stock contemplated by the proposed amendment will be important post-Emergence so that additional shares will be available for issuance from time to time, without further action or authorization by the CEC stockholders (except as required by law or NASDAQ rules), if needed for corporate purposes as may be determined by the CEC board of directors. Such corporate purposes might include acquiring other businesses; facilitating broader ownership of CEC Common Stock through stock splits or stock dividends; effecting flexibility in future financings; and attracting and retaining valuable employees and directors by the issuance of stock-based awards. The CEC board of directors also believes that approving the Authorized Shares Increase Proposal will avoid the possible delays and significant expenses of calling and holding additional special meetings of stockholders to increase authorized shares of CEC Common Stock at a later date. The additional authorized shares of CEC Common Stock would be a part of the existing class of CEC Common Stock and, if issued, would have the same rights and privileges as the shares of CEC Common Stock presently issued and outstanding.

The affirmative vote of a majority of the CEC Common Stock shares outstanding as of the record date and entitled to vote is required to approve the Authorized Shares Increase Proposal. Abstentions and broker non-votes will have the same effect as a vote AGAINST the Authorized Shares Increase Proposal.

THE CEC BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT CEC STOCKHOLDERS VOTE FOR THE APPROVAL OF THE AUTHORIZED SHARES INCREASE PROPOSAL.

Table of Contents**CEC PROPOSAL 7: APPROVAL OF THE CEC 2017 PERFORMANCE INCENTIVE PLAN**

CEC's stockholders are being asked to approve the CEC 2017 PIP. The CEC 2017 PIP was adopted by the CEC board of directors on March 10, 2017, subject to CEC stockholder approval. The CEC 2017 PIP will become effective on the date of the CEC Special Meeting, subject to approval by CEC's stockholders. Unless and until CEC's stockholders approve the CEC 2017 PIP, CEC will continue to grant awards under the terms of the CEC 2012 PIP using the shares available for issuance thereunder.

The CEC 2017 PIP is intended to replace the CEC 2012 PIP. Upon CEC stockholder approval of the CEC 2017 PIP, the CEC 2017 PIP will become effective and will supersede and replace in its entirety the CEC 2012 PIP, and no further awards will be granted under the CEC 2012 PIP. However, the terms and conditions of the CEC 2012 PIP will continue to govern any outstanding awards granted thereunder. If the CEC 2017 PIP is not approved by CEC stockholders, the CEC 2017 PIP will not become effective, the CEC 2012 PIP will continue in effect, and CEC may continue to grant awards under the CEC 2012 PIP, subject to its terms, conditions and limitations, using the shares available for issuance.

CEC believes that equity incentives are critical to attracting and retaining the most talented employees in CEC's industry. CEC stockholder approval of the CEC 2017 PIP will allow CEC to continue to provide such incentives.

Outstanding Awards Under Existing Plans Ability to Grant Future Equity Awards is Limited

The table below presents information about the number of shares that were subject to various outstanding equity awards under the CEC 2012 PIP, and the shares remaining available for issuance under the CEC 2012 PIP, as of March 7, 2017.

	Number of Shares (#)	As a % of Shares Outstanding ⁽¹⁾	Dollar Value (\$) ⁽²⁾
CEC 2012 PIP			
Shares Subject to Outstanding Stock Awards ⁽³⁾	7,447,248	5.04%	70,748,856
Shares Subject to Outstanding Stock Options	9,490,728	6.43%	90,161,916
Weighted-Average Exercise Price of Options	\$ 10.43		
Weighted-Average Remaining Term of Options	6.12 years		
Shares Remaining Available for Issuance	8,458,122	5.73%	80,352,159

(1) Based on the number of shares of CEC Common Stock outstanding as of March 7, 2017 (147,658,328 shares).

(2) Based on the closing price of CEC Common Stock on March 7, 2017 (\$9.50).

(3) Stock awards the vesting of which is performance-based are reflected at target performance levels.

Background for the Determination of the Share Reserve Under the CEC 2017 PIP

In its determination to approve the CEC 2017 PIP, the board of directors of CEC considered that:

The shares reserved for issuance and available for future grant under the CEC 2017 PIP will be equal to the sum of: (1) 15,881,598 shares , (2) the number of shares which remain available for issuance under the CEC 2012 PIP on the date the CEC 2017 PIP is first approved by stockholders, and (3) the number of shares subject to awards granted under the CEC 2012 PIP, and outstanding on the date the CEC 2017 PIP is first approved by its stockholders, which thereafter expire, or for any reason are cancelled or terminated, without being exercised. In no event will more than 41,277,696 shares be available for

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issuance under the CEC 2017 PIP during its ten-year term. If the CEC 2017 PIP is approved, it will represent the only equity plan under which CEC will be able to grant future equity awards and CEC will no longer grant awards under the CEC 2012 PIP.

In determining to increase the share reserve under the CEC 2017 PIP over the existing share reserve under the CEC 2012 PIP, the board of directors of CEC, in consultation with the CEC HRC, considered CEC's historic burn rate. In 2016, 2015 and 2014, CEC granted equity awards representing a total of approximately 5,160,000 shares (net of forfeitures), 3,780,000 shares (net of forfeitures) and 2,500,000 shares, respectively, under the CEC 2012 PIP. This level of equity awards represents a three-year average burn rate of approximately 3.66% of fully diluted common shares outstanding. Equity burn rate is calculated by dividing the number of shares subject to equity awards granted during the fiscal year by the number of shares outstanding at the end of the period.

CEC expect the share authorization under the CEC 2017 PIP to provide CEC with enough shares for awards for approximately one to two years, assuming CEC continues to grant awards consistent with CEC's current practices and historical usage, as reflected in CEC's historical burn rate, and further dependent on the price of CEC's shares and hiring activity during the next few years, forfeitures of outstanding awards under the CEC 2012 PIP, and noting that future circumstances may require CEC to change its current equity grant practices. CEC cannot predict its future equity grant practices, the future price of its shares or future hiring activity with any degree of certainty at this time, and the share reserve under the CEC 2017 PIP could last for a shorter or longer time.

In 2016, 2015, and 2014, CEC's end of year overhang rate was 17.9%, 15.1%, and 10.00%, respectively. If the CEC 2017 PIP is approved, CEC expects its overhang at the end of 2017 will be approximately 5.0%. Overhang is calculated by dividing (1) the sum of the number of shares subject to equity awards outstanding at the end of the fiscal year plus shares remaining available for issuance for future awards at the end of the fiscal year by (2) the number of shares outstanding at the end of the fiscal year.

In light of the factors described above, and the fact that the ability to continue to grant equity compensation is vital to CEC's ability to continue to attract and retain employees in the competitive labor markets in which it competes, the CEC board of directors has determined that the size of the share reserve under the CEC 2017 PIP is reasonable and appropriate at this time. The CEC board of directors will not create a subcommittee to evaluate the risks and benefits for issuing the additional authorized shares requested.

Stockholder Approval Requirement

Stockholder approval of the CEC 2017 PIP is necessary in order for CEC to (1) meet the stockholder approval requirements of the NASDAQ, (2) take tax deductions for certain compensation resulting from awards granted thereunder intended to qualify as performance-based compensation under Section 162(m) of the Code and (3) grant incentive stock options (ISOs) thereunder.

Specifically, approval of the CEC 2017 PIP will constitute approval of the performance criteria set forth in the CEC 2017 PIP pursuant to the stockholder approval requirements of Section 162(m) of the Code, which is intended to enable (but not require) CEC to award performance-based compensation within the meaning of Section 162(m) through CEC's 2022 annual meeting of stockholders, preserving the deductibility of these awards for federal income tax purposes. In addition, approval of the CEC 2017 PIP will constitute approval pursuant to the stockholder approval

requirements of Section 422 of the Code relating to ISOs.

Summary of the CEC 2017 PIP

The CEC HRC has adopted the CEC 2017 PIP, to become effective upon stockholder approval. The following is a summary of certain terms and conditions of the CEC 2017 PIP. This summary is qualified in its entirety by reference to the CEC 2017 PIP attached as Annex F to this joint proxy statement/prospectus. CEC stockholders are encouraged to read the full CEC 2017 PIP.

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Eligibility

Directors, employees, officers, and individual consultants or advisors who render services to CEC or its subsidiaries may be selected to receive awards under the CEC 2017 PIP. As of March 7, 2017, there were 684 employees, one consultant and three non-employee directors that the plan administrator would have considered for selection to receive awards under the CEC 2017 PIP had it been in effect on such date (based on CEC's historical compensation practices).

Administration

CEC's board of directors or a subcommittee thereof has the authority to administer the CEC 2017 PIP. The CEC board of directors or a subcommittee may delegate some or all authority to another committee. In addition, to the extent permitted by applicable law, the CEC board of directors or subcommittee may delegate to one or more officers of CEC its powers to designate the officers and employees who will receive grants of awards under the CEC 2017 PIP and to determine the number of shares subject to, and the other terms and conditions of, such awards. Ministerial, non-discretionary functions may be delegated to certain officers, employees and third parties.

For awards intended to satisfy the requirements for performance-based compensation under Section 162(m) of the Code, the CEC 2017 PIP is intended to be administered by a committee consisting solely of two or more outside directors. Awards or transactions intended to be exempt under Rule 16b-3 of the Securities Exchange Act, must be authorized by the CEC board of directors or a committee consisting solely of two or more non-employee directors (as such requirement is applied under Rule 16b-3). And, to the extent required by any applicable listing agency, this CEC 2017 PIP is intended to be administered by a committee composed entirely of independent directors, within the meaning of the applicable listing agency.

It is currently anticipated that the CEC HRC will administer the CEC 2017 PIP. The CEC HRC, the CEC board of directors or any subcommittee administering the CEC 2017 PIP is referred to in this summary as the plan administrator.

The plan administrator has broad authority, subject to express provisions of the CEC 2017 PIP, to:

select participants and determine the types of awards that they are to receive;

determine the number of shares that are to be subject to awards and the terms and conditions of awards (including the price (if any) to be paid for the shares or award, vesting schedules, performance targets and the events of termination of such awards);

approve the form of agreements evidencing the awards, which need not be identical as to type of award or among participants;

cancel, modify or waive CEC's rights with respect to, or modify, discontinue, suspend or terminate any or all outstanding awards, subject to any required consents;

accelerate or extend the vesting or exercisability of, or extend the term of, any or all outstanding awards, subject to the terms of the CEC 2017 PIP;

construe and interpret the CEC 2017 PIP and any agreements relating to the CEC 2017 PIP;

subject to the other provisions of the CEC 2017 PIP, make certain adjustments to outstanding awards, including to the number of shares of CEC Common Stock subject to any award or previously imposed terms and conditions;

authorize the termination, conversion, substitution or succession of awards upon the occurrence of certain events;

allow the purchase price of an award or shares of CEC Common Stock to be paid in the form of cash, check or electronic funds transfer, by the delivery of previously-owned shares of CEC Common Stock

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or by a reduction of the number of shares deliverable pursuant to the award, by services rendered by the recipient of the award, by notice and third party payment or cashless exercise on such terms as the plan administrator may authorize, or any other form permitted by law;

determine the date of grant of awards, which may be after, but not before, the plan administrator's action and, unless otherwise designated by the plan administrator, will be the date of plan administrator's action; and

re-price (by amendment or other written instrument) an outstanding stock option or SAR by reducing the exercise price or base price of the award or cancel, exchange or surrender an outstanding stock option or SAR in exchange for cash or other awards for the purpose of re-pricing the award.

The plan administrator will have full discretion to take such actions as it deems necessary or desirable for the administration of the CEC 2017 PIP. Plan administrator decisions relating to the CEC 2017 PIP are final and binding.

Number of Shares Authorized and Award Limits

Subject to adjustment in connection with changes in capitalization, the maximum number of shares of CEC Common Stock that may be delivered pursuant to awards under the CEC 2017 PIP (the "Share Limit") is the sum of: (1) 15,881,598 shares, (2) the number of shares which remain available for issuance under the CEC 2012 PIP on the date the CEC 2017 PIP is first approved by stockholders, and (3) the number of shares subject to awards granted under the CEC 2012 PIP, and outstanding on the date the CEC 2017 PIP is first approved by its stockholders, which thereafter expire, or for any reason are cancelled or terminated, without being exercised. In no event will more than 41,277,696 shares be available for issuance under the CEC 2017 PIP during its ten-year term.

As of the date of this prospectus, no awards have been granted under the CEC 2017 PIP.

Shares that are exchanged by a participant or withheld by CEC to satisfy tax withholding obligations related to any award or that are subject to or underlie awards that expire, are cancelled, terminated or forfeited, fail to vest, or for any other reason are not paid or delivered under the CEC 2017 PIP shall again be available for subsequent awards under the CEC 2017 PIP, but shares that are exchanged by a participant or withheld by CEC as full or partial payment in connection with any award (e.g., payment of the exercise price for shares) under the CEC 2017 PIP will not be available for subsequent awards under the CEC 2017 PIP.

To the extent an award is settled in cash or a form other than CEC Common Stock, the shares that would have been delivered had there been no such cash or other settlement will not be counted against the shares available for issuance under the CEC 2017 PIP. If shares of CEC Common Stock are delivered in respect of a dividend equivalent right, the actual number of shares delivered with respect to the award will be counted against the share limits. If shares of CEC Common Stock are delivered pursuant to the exercise of a stock appreciation right or option granted under the CEC 2017 PIP, the number of underlying shares as to which the exercise related will be counted against the applicable share limits, as opposed to only counting the shares actually issued.

Awards may be granted to eligible persons in substitution for or in connection with an assumption of stock options or other stock-based awards granted by other entities to persons who are or will become eligible participants in the CEC 2017 PIP in connection with a merger or other reorganization by CEC. Any such awards need not comply with other specific terms of the CEC 2017 PIP and any such assumed or substituted awards (or shares delivered in connection with such awards) will not count against the overall share limit under the CEC 2017 PIP or other individual limits in the CEC 2017 PIP.

No fractional shares may be awarded under the CEC 2017 PIP. The plan administrator may pay cash in lieu of fractional shares.

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The CEC 2017 PIP includes the following additional caps:

the maximum number of shares that may be issued with respect to incentive stock options under the CEC 2017 PIP is the Share Limit;

the maximum number of shares of CEC Common Stock subject to options and stock appreciation rights that may be granted during any calendar year to any individual under the CEC 2017 PIP is 3,433,509 shares;

the maximum number of shares of CEC Common Stock which may be delivered pursuant to performance-based awards (other than options and stock appreciation rights intended to satisfy the requirements for performance-based compensation under Code Section 162(m), and other than cash awards covered by the cap in the following bullet) that are granted to any one participant in any calendar year will not exceed 1,373,404 shares, either individually or in the aggregate;

the aggregate amount of compensation to be paid to any one participant in respect of all performance-based awards initially payable only in cash and granted to that participant in any one calendar year will not exceed \$25,000,000.00;

the maximum number of shares of CEC Common Stock with respect to which awards may be granted to any single non-employee member of the CEC board of directors in any calendar year shall be 200,000; and

awards cancelled during the year will be counted against the limits in the preceding bullets to the extent required by Section 162(m) of the Code.

Changes in Capitalization

As is customary in incentive plans of this nature, (1) the number and type of shares of common stock (or other securities) available under the CEC 2017 PIP, and the specific share limits, maximums and numbers of shares set forth in the CEC 2017 PIP, (2) the number, amount and type of shares of common stock (or other securities or property) subject to outstanding awards, (3) the grant, purchase, base, or exercise price and/or (4) the securities, cash or other property deliverable upon exercise or payment of outstanding awards must be equitably and proportionately adjusted by the plan administrator upon any reclassification, recapitalization, stock split, reverse stock split, merger, combination, consolidation, reorganization, spin-off, split-up, extraordinary dividend distribution in respect of CEC Common Stock, any exchange of CEC Common Stock or other securities of CEC, or any similar, unusual or extraordinary corporate transaction in respect of CEC Common Stock. Unless otherwise expressly provided in the applicable award agreement, upon (or, as may be necessary to effect the adjustment, immediately prior to) any change-in-control-type event, the plan administrator shall equitably and proportionately adjust the performance standards applicable to any then-outstanding performance-based awards to the extent determined by the administrator to be necessary to preserve (but not increase) the level of incentives intended by the CEC 2017 PIP and the then-outstanding performance-based awards.

Awards Available for Grant

Awards under the CEC 2017 PIP may be in the form of non-qualified and incentive (qualified) stock options, stock appreciation rights, stock bonuses, restricted stock, performance stock, stock units, phantom stock, dividend equivalents, cash awards, rights to purchase or acquire shares, or similar securities with a value related to CEC Common Stock. Awards may be made in combination or in tandem with, in replacement of, as alternatives to, or as the payment form for grants or rights under any other employee or compensation plan of CEC or one of its subsidiaries.

Awards under the CEC 2017 PIP generally will not be transferable other than by will or the laws of descent and distribution, though the plan administrator may permit awards to be exercised by and paid to, or otherwise transferred, under certain conditions or in the plan administrator's discretion.

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Options and Stock Appreciation Rights

Options granted under the CEC 2017 PIP will be subject to the terms and conditions established by the plan administrator in an award agreement. All options granted under the CEC 2017 PIP shall be non-qualified unless the applicable award agreement states that the option is intended to be an incentive stock option. The term of an option or stock appreciation right will generally be ten years (or five years for incentive stock options granted to a 10% shareholder) subject to the CEC 2017 PIP's and the applicable award agreement's provisions for earlier expiration upon certain termination from employment.

The exercise price of options and base price of stock appreciation rights will not be less than the fair market value of the CEC Common Stock at the date of grant; however, incentive stock options granted to a participant who owns shares representing more than 10% of the voting power of all classes of shares of CEC or any subsidiary will have an exercise price that is no less than 110% of the fair market value of CEC Common Stock at grant.

Restricted Stock Units

RSUs are contractual promises to deliver shares of CEC Common Stock (or the fair market value of such shares in cash) in the future, which may also remain forfeitable unless and until specified vesting conditions are met. RSUs generally may not be sold or transferred until vesting conditions are removed or expire. The shares underlying RSUs will not be issued until the RSUs have vested, and recipients of RSUs generally will have no voting or dividend rights prior to the time the RSUs are settled in shares, unless the RSU includes a dividend equivalent right (in which case the holder may be entitled to dividend equivalent payments under certain circumstances). Delivery of the shares underlying RSUs may be deferred under the terms of the award or at the election of the participant, if the plan administrator permits such a deferral. On the settlement date or dates, CEC will issue to the participant one unrestricted, fully transferable share of CEC Common Stock (or the fair market value of one such share in cash) for each vested and nonforfeited RSU.

Restricted Stock

Restricted stock is an award of nontransferable shares of CEC Common Stock that remain forfeitable unless and until specified vesting conditions are met. Vesting conditions applicable to restricted stock may be based on continuing service, the attainment of performance goals and/or such other conditions as the plan administrator may determine. In general, restricted stock may not be sold or otherwise transferred until restrictions are removed or expire. Holders of restricted stock will have voting rights and, except with respect to performance vesting awards, will have the right to receive dividends, if any, prior to the time when the restrictions lapse.

Performance Stock or Performance Units

Performance stock or performance units are contractual rights to receive a range of shares of CEC Common Stock in the future based on the attainment of specified performance goals, in addition to other conditions which may apply to these awards. Conditions applicable to performance stock or performance units may be based on continuing service, the attainment of performance goals and/or such other conditions as the plan administrator may determine.

Stock Bonuses

Stock bonuses are awards of fully vested shares of CEC Common Stock that may, but need not, be made in lieu of base salary, bonus, fees or other cash compensation otherwise payable to any individual who is eligible to receive awards.

Dividend Equivalents

Dividend equivalents represent the right to receive the equivalent value of dividends paid on shares of CEC Common Stock and may be granted alone or in tandem with awards.

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Other Stock- or Cash- Based Awards

Other stock- or cash-based awards are awards other than those enumerated in this summary that are denominated in, linked to or derived from shares of CEC Common Stock or value metrics related to CEC shares or cash awards, and may remain forfeitable unless and until specified conditions are met. Other stock or cash-based awards may be linked to any one or more of the performance criteria listed below or other specific performance criteria determined by the plan administrator.

Section 162(m) Performance-Based Awards

Any of the types of awards granted under the CEC 2017 PIP may be, and options and stock appreciation rights granted to officers and employees typically will be, granted as awards intended to satisfy the requirements for performance-based compensation within the meaning of Section 162(m) of the Code. If the plan administrator determines that an award other than an option or stock appreciation right is intended to be subject to Section 162(m), the plan administrator shall establish performance criteria based on one or more of the following (as applied under generally accepted accounting principles or in the financial reporting of CEC or of its subsidiaries):

earnings per share;

cash flow (which means cash and cash equivalents derived from either net cash flow from operations or net cash flow from operations, financing and investing activities);

stock price;

total stockholder return;

net revenue;

revenue growth;

operating income (before or after taxes);

net earnings (before or after interest, taxes, depreciation and/or amortization);

return on equity or on assets or on net investment;

cost containment or reduction;

property earnings (before interest, taxes, depreciation and/or amortization);

adjusted earnings (before interest, taxes, depreciation and/or amortization);

reduction in corporate expenses;

customer service scores; or

any combination thereof.

Performance-based awards may provide for performance targets to be adjusted to mitigate the unbudgeted impact of material, unusual or nonrecurring gains and losses, accounting changes or other extraordinary events not foreseen at the time the targets were set. The applicable performance measurement period may not be less than three months nor more than ten years.

Payment of Exercise Price

The purchase or exercise price for an award under the CEC 2017 PIP may be paid by means of any lawful consideration, as determined by the plan administrator, including: services rendered by the award recipient; cash, check, or electronic funds transfer; notice and third party payment; delivery of previously-owned shares of CEC Common Stock; a reduction in the number of shares otherwise deliverable pursuant to the award; or pursuant to a

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cashless exercise with a third party who provides financing for the purposes of (or who otherwise facilitates) the purchase or exercise of awards. Shares of CEC Common Stock used to satisfy the exercise price of an option will be valued at their fair market value on the date of exercise. CEC will not be obligated to deliver any shares of CEC Common Stock until it receives full payment of the exercise or purchase price therefor and any related withholding obligations and other conditions to exercise or purchase have been satisfied. Unless otherwise expressly provided in an applicable award agreement, the plan administrator may at any time eliminate or limit a participant's ability to pay the purchase or exercise price of any award by any method other than cash. The plan administrator may provide for the deferred payment of awards and may determine the terms applicable to deferrals. The closing price per share of CEC Common Stock on the NASDAQ Stock Market on March 7, 2017 was \$9.50.

Corporate Transactions

Generally, and subject to limited exceptions set forth in the CEC 2017 PIP, if CEC dissolves or undergoes certain corporate transactions such as a merger, business combination, consolidation, or other reorganization; an exchange of CEC Common Stock; a sale of substantially all of CEC's assets; or any other event in which CEC is not the surviving entity, all awards then-outstanding under the CEC 2017 PIP will become fully vested or paid, as applicable, and will terminate or be terminated in such circumstances, unless the plan administrator provides for the assumption, substitution or other continuation of the award.

The plan administrator may also make provision for a cash payment in settlement of awards upon such events. The plan administrator may adopt such valuation methodologies for outstanding awards as it deems reasonable in the event of a cash or property settlement and, in the case of options, stock appreciation rights or similar rights, may base such settlement solely upon the excess if any of the per share amount payable upon or in respect of such event over the exercise or base price of the award.

The plan administrator also has the discretion to establish other change in control provisions with respect to awards granted under the CEC 2017 PIP. For example, the plan administrator could provide for the acceleration of vesting or payment of an award in connection with a corporate event that is not described above and provide that any such acceleration shall be automatic upon the occurrence of any such event.

Amendment

CEC's board of directors may amend or terminate the CEC 2017 PIP at any time, but no amendment or termination may, without participant consent, impair the rights of such participant in any material respect under any award previously granted. Plan amendments will be submitted to stockholders for their approval as required by applicable law or any applicable listing agency.

Clawback/Forfeiture

Unless an award agreement provides otherwise, in the event of an accounting restatement due to material noncompliance by CEC with any financial reporting requirement under the securities laws that reduces the amount payable or due in respect of an award under the CEC 2017 PIP that would have been earned had the financial results been properly reported (i) the award will be cancelled and the participant will forfeit the cash or shares received or payable on the vesting, exercise or settlement of the award and proceeds of the sale, gain or other value realized on the vesting or exercise of the award or the shares of CEC Common Stock acquired in respect of the award (and the participant may be required to return or pay such shares or amount to CEC). If, after a termination by a participant from employment or services with CEC and its subsidiaries, the CEC board of directors determines that CEC or any of its subsidiaries had grounds to terminate such participant for cause (as defined in the CEC 2017 PIP), then (i) any

outstanding award held by such participant may be cancelled without payment therefor and (ii) the CEC board of directors may require the participant to forfeit and pay over to CEC, on demand, all or any portion of the compensation, gain or other value realized upon the exercise of any option

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or stock appreciation right, or the subsequent sale of shares of CEC Common Stock acquired upon exercise of such option or stock appreciation right and the value realized on the vesting, payment or settlement of any other award during the period following the date of the conduct constituting cause. To the extent required by applicable law and/or the rules of any exchange or inter-dealer quotation system on which shares of CEC Common Stock are listed or quoted, or if so required pursuant to a written policy adopted by CEC (as in effect and/or amended from time to time), awards under the CEC 2017 PIP shall be subject (including on a retroactive basis) to clawback, forfeiture or similar requirements (and such requirements shall be deemed incorporated by reference into the CEC 2017 PIP and all outstanding award agreements).

U.S. Federal Income Tax Consequences

The following is a general summary of the material U.S. federal income tax consequences of the grant, exercise and vesting of awards under the CEC 2017 PIP and the disposition of shares acquired pursuant to exercise or settlement of such awards and is intended to reflect the current provisions of the Code and the regulations thereunder. This summary is not intended to be a complete statement of applicable law, nor does it address foreign, state, local and payroll tax considerations. Moreover, the U.S. federal income tax consequences to any particular participant may differ from those described herein by reason of, among other things, the particular circumstances of such participant.

Options

The Code requires that, for treatment of an option as an incentive stock option, shares acquired through exercise of an incentive stock option cannot be disposed of before the later of (i) two years from grant or (ii) one year from exercise. Holders of incentive stock options will generally incur no federal income tax liability at the time of grant or exercise. However, the spread at exercise will be an item of tax preference, which may give rise to alternative minimum tax liability for the taxable year in which the exercise occurs. If the holder does not dispose of the shares before the above-mentioned holding periods, the difference between the exercise price and the amount realized upon disposition of the shares will be long-term capital gain or loss. Assuming both holding periods are satisfied, no deduction will be allowed to CEC for federal income tax purposes in connection with the grant or exercise of the incentive stock option. If the holder of shares acquired through exercise of an incentive stock option disposes of those shares within the holding periods, the participant will generally realize taxable compensation at the time of such disposition equal to the difference between the exercise price and the lesser of the fair market value of the share on the exercise date or the amount realized on the subsequent disposition of the shares, and that amount will generally be deductible by CEC for federal income tax purposes, subject to the possible limitations on deductibility under Sections 280G and 162(m) of the Code for compensation paid to executives designated in those sections. Finally, if an incentive stock option becomes first exercisable in any year for shares having an aggregate value in excess of \$100,000 (based on the grant date value), the portion of the incentive stock option in respect of those excess shares will be treated as a non-qualified share option for federal income tax purposes.

No income will be realized by a participant upon grant of an option that does not qualify as an incentive stock option (a nonqualified option). Upon exercise of a non-qualified option, the participant will recognize ordinary compensation income equal to the excess, if any, of the fair market value of the underlying exercised shares over the option exercise price paid at the time of exercise, and the participant's tax basis will equal the sum of the compensation income recognized and the exercise price. CEC will be able to deduct this same amount for U.S. federal income tax purposes, but such deduction may be limited under Sections 280G and 162(m) of the Code for compensation paid to certain executives designated in those sections. In the event of a sale of shares received upon the exercise of a non-qualified option, any appreciation or depreciation after the exercise date generally will be taxed as capital gain or loss and will be long-term gain or loss if the holding period for such shares is more than one year.

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Stock Appreciation Rights

No income will be realized by a participant upon grant of a stock appreciation right. Upon exercise, the participant will recognize ordinary compensation income equal to the fair market value of the payment received in respect of the stock appreciation right. CEC will be able to deduct this same amount for U.S. federal income tax purposes, but such deduction may be limited under Sections 280G and 162(m) of the Code for compensation paid to certain executives designated in those sections.

Restricted Stock

A participant will not be subject to tax upon the grant of an award of restricted stock unless the participant otherwise elects to be taxed at the time of grant pursuant to Section 83(b) of the Code. No election under Section 83(b) of the Code or any similar law shall be made without the prior written consent of the plan administrator. On the date an award of restricted stock becomes transferable or is no longer subject to a substantial risk of forfeiture, the participant will have taxable compensation equal to the difference between the fair market value of the shares on that date over the amount the participant paid for such shares, if any, unless the participant made an election under Section 83(b) of the Code to be taxed at the time of grant. If the participant made an election under Section 83(b), the participant will have taxable compensation at the time of grant equal to the difference between the fair market value of the shares on the date of grant over the amount the participant paid for such shares, if any. CEC will be able to deduct, at the same time as it is recognized by the participant, the amount of taxable compensation to the participant for U.S. federal income tax purposes, but such deduction may be limited under Sections 280G and 162(m) of the Code for compensation paid to certain executives designated in those sections.

Restricted Stock Units

A participant will not be subject to tax upon grant of a RSU. Rather, upon delivery of shares or cash pursuant to an RSU, the participant will have taxable compensation equal to the fair market value of the number of shares (or the amount of cash) the participant actually receives with respect to the RSU. CEC will be able to deduct the amount of taxable compensation for U.S. federal income tax purposes, but the deduction may be limited under Sections 280G and 162(m) of the Code for compensation paid to certain executives designated in those sections.

Other Stock- or Cash- Based Awards

In general, a participant will not be subject to tax on the date of grant of another stock- or cash-based award. In general, the compensation that the participant receives pursuant to another stock- or cash-based award will be subject to tax on the date that the award is paid at ordinary income tax rates. CEC will be able to deduct the amount of taxable compensation for U.S. federal income tax purposes, but the deduction may be limited under Sections 280G and 162(m) of the Code for compensation paid to certain executives designated in those sections.

Section 162(m)

In general, Section 162(m) of the Code denies a publicly held corporation a deduction for U.S. federal income tax purposes for compensation in excess of \$1,000,000 per year per person to its chief executive officer and three other officers whose compensation is required to be disclosed in its proxy statement (excluding the chief financial officer), subject to certain exceptions. The CEC 2017 PIP is intended to satisfy an exception from Section 162(m) with respect to grants of options and stock appreciation rights. In addition, the CEC 2017 PIP is designed to permit certain awards of restricted stocks, stock units and other awards (including cash bonus awards) to qualify under the performance-based compensation exception to Section 162(m) of the Code. The CEC 2017 PIP is designed to permit

the plan administrator to grants awards which may qualify as performance-based compensation under Section 162(m) of the Code; however, awards other than options and stock

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appreciation rights granted under the CEC 2017 PIP will only be treated as performance-based compensation under Section 162(m) if the awards and the procedures associated with them comply with all other requirements of Section 162(m). As one of the factors in its decisions regarding grants under and administration of the CEC 2017 PIP, the plan administrator will consider the anticipated effect of Section 162(m). These effects will depend upon a number of factors, including not only whether the grants qualify for the performance exception, but also the timing of executives vesting in or exercise of previously granted equity awards and receipt of other compensation. Furthermore, interpretations of and changes in the tax laws and other factors beyond the plan administrator's control may also affect the deductibility of compensation. For these and other reasons, the plan administrator may make grants that do not qualify for the performance exception and CEC tax deductions for those grants may be limited or eliminated as a result of the application of Section 162(m).

Section 409A of the Code

Certain types of awards under the CEC 2017 PIP may constitute, or provide for, a deferral of compensation subject to Section 409A of the Code. Unless certain requirements set forth in Section 409A of the Code are complied with, holders of such awards may be taxed earlier than would otherwise be the case (e.g., at the time of vesting instead of the time of payment) and may be subject to an additional 20% penalty tax (and, potentially, certain interest penalties and additional state taxes). To the extent applicable, the CEC 2017 PIP and awards granted under the CEC 2017 PIP are intended to be structured and interpreted in a manner intended to either comply with or be exempt from Section 409A of the Code and the Department of Treasury regulations and other interpretive guidance that may be issued under Section 409A of the Code. To the extent determined necessary or appropriate by the plan administrator, the CEC 2017 PIP and applicable award agreements may be amended to further comply with Section 409A of the Code or to exempt the applicable awards from Section 409A of the Code.

New Plan Benefits

As of the date of this joint proxy statement/prospectus, no awards have been granted under the CEC 2017 PIP. All future grants of awards under the CEC 2017 PIP are subject to the discretion of the plan administrator and it is not possible to determine the benefits that will be received in the future by participants in the CEC 2017 PIP or the benefits that would have been received by such participants if the CEC 2017 PIP had been in effect during 2016.

Certain tables below under the general heading *Interests of Certain Persons in the Merger* *Interests of Directors and Executive Officers of CEC in the Merger*, set forth information with respect to prior outstanding awards granted to CEC's directors and executive officers under the CEC 2012 PIP.

Stockholder Vote

The affirmative vote of a majority of votes cast at the CEC Special Meeting by CEC stockholders will be required to approve the CEC 2017 PIP Proposal.

**THE CEC BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT CEC STOCKHOLDERS
VOTE FOR THE APPROVAL OF THE CEC 2017 PIP.**

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CEC PROPOSAL 8: ADJOURNMENT OF CEC SPECIAL MEETING

CEC stockholders are being asked to approve a proposal that will give the CEC board of directors authority to adjourn the CEC Special Meeting one or more times if necessary to solicit additional proxies if there are not sufficient votes to approve Proposals 1-7 at the time of the CEC Special Meeting. If this proposal is approved, the CEC Special Meeting could be adjourned to any date. If the CEC Special Meeting is adjourned, CEC stockholders who have already submitted their proxies will be able to revoke them at any time prior to their use. If you sign and return a proxy and do not indicate how you wish to vote on any proposal, or if you indicate that you wish to vote in favor of the approval of Proposals 1-7 but do not indicate a choice on the adjournment proposal, your shares will be voted in favor of the adjournment proposal. But if you indicate that you wish to vote against the approval of all of Proposals 1-7, your shares will only be voted in favor of the adjournment proposal if you indicate that you wish to vote in favor of that proposal.

The affirmative vote of a majority of votes cast at the CEC Special Meeting by CEC stockholders will be required to approve the adjournment of the CEC Special Meeting.

THE CEC BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT CEC STOCKHOLDERS VOTE FOR THE ADJOURNMENT OF THE CEC SPECIAL MEETING IF NECESSARY TO SOLICIT ADDITIONAL PROXIES IF THERE ARE NOT SUFFICIENT VOTES TO ADOPT THE MERGER AGREEMENT AND APPROVE THE MERGER, THE STOCK ISSUANCES, THE CEC ADVISORY COMPENSATION PROPOSAL AND THE AUTHORIZED SHARES INCREASE PROPOSAL AT THE TIME OF THE CEC SPECIAL MEETING.

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CAC PROPOSAL 2: ADJOURNMENT OF CAC SPECIAL MEETING

CAC stockholders are being asked to approve a proposal that will give the CAC board of directors authority to adjourn the CAC Special Meeting one or more times if necessary to solicit additional proxies if there are not sufficient votes to approve Proposal 1 at the time of the CAC Special Meeting. If this proposal is approved, the CAC Special Meeting could be adjourned to any date. If the CAC Special Meeting is adjourned, CAC stockholders who have already submitted their proxies will be able to revoke them at any time prior to their use. If you sign and return a proxy and do not indicate how you wish to vote on any proposal, or if you indicate that you wish to vote in favor of the approval of Proposal 1 but do not indicate a choice on the adjournment proposal, your shares will be voted in favor of the adjournment proposal. But if you indicate that you wish to vote against the approval of Proposal 1, your shares will only be voted in favor of the adjournment proposal if you indicate that you wish to vote in favor of that proposal.

The affirmative vote of a majority of votes cast at the CAC Special Meeting by CAC stockholders will be required to approve the adjournment of the CAC Special Meeting.

THE CAC BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT CAC STOCKHOLDERS VOTE FOR THE ADJOURNMENT OF THE CAC SPECIAL MEETING IF NECESSARY TO SOLICIT ADDITIONAL PROXIES IF THERE ARE NOT SUFFICIENT VOTES TO ADOPT THE MERGER AGREEMENT AND APPROVE THE MERGER AT THE TIME OF THE CAC SPECIAL MEETING.

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THE MERGER AGREEMENT

The following section is a summary of the material provisions of the Merger Agreement. The following description of the Merger Agreement is subject to, and qualified in its entirety by reference to, the Merger Agreement, which is included as Annex A to this joint proxy statement/prospectus and incorporate by reference in this joint proxy statement/prospectus. This summary may not contain all of the information about the Merger Agreement that may be important to you. CEC and CAC urge you to read the Merger Agreement carefully and in its entirety.

Explanatory Note Regarding the Merger Agreement

This summary and the copy of the Merger Agreement attached to this document as Annex A are included solely to provide investors with information regarding the terms of the Merger Agreement. They are not intended to provide factual information about the parties or any of their respective subsidiaries or affiliates. The Merger Agreement contains representations and warranties by CEC and CAC, which were made only for purposes of that agreement and as of specific dates. The representations, warranties and covenants in the Merger Agreement were made solely for the benefit of the parties to the Merger Agreement, may be subject to limitations agreed upon by the contracting parties, including being qualified by confidential disclosures made for the purposes of allocating contractual risk between the parties to the Merger Agreement instead of establishing these matters as facts, and may be subject to standards of materiality applicable to the contracting parties that differ from those generally applicable to investors. Investors are not third-party beneficiaries under the Merger Agreement, and in reviewing the representations, warranties and covenants contained in the Merger Agreement or any descriptions thereof in this summary, it is important to bear in mind that those representations, warranties and covenants, and any descriptions of those provisions, were not intended by the parties to the Merger Agreement to be characterizations of the actual state of facts or condition of CEC, CAC or any of their respective subsidiaries or affiliates. Moreover, information concerning the subject matter of the representations, warranties and covenants may change after the date of the Merger Agreement, and those subsequent developments may or may not be fully reflected in CEC's and CAC's public disclosures. For the foregoing reasons, the representations, warranties and covenants, and any descriptions of those provisions, should not be read alone. They should be read in conjunction with the other information contained in the reports, statements and filings that CEC and CAC publicly file with the SEC. For more information regarding these documents, see the section entitled "Where You Can Find More Information" beginning on page 385.

The Merger

The Merger Agreement provides for the Merger of CAC with and into CEC. The parties will take the necessary steps to complete the Merger once the conditions in the Merger Agreement are satisfied. Upon completion of the Merger, CEC will be the surviving company (which is referred to herein as "New CEC") and will continue its corporate existence as a Delaware corporation, and the separate corporate existence of CAC will cease.

Treatment of CAC Common Stock

At the time the Merger is completed, each share of CAC Common Stock that was issued and outstanding immediately prior to the Merger Effective Time will be converted into the right to receive 1.625 shares of CEC Common Stock, which was calculated, after giving effect to the Emergence Stock Issuance but without giving effect to the CEC Common Equity Buyback, which is referred to herein as the "Exchange Ratio." For purposes of clarity, such calculation is on a fully diluted basis assuming no conversion of the Convertible Notes upon the effectiveness of the Plan and the completion of the Merger. Shares of CAC Common Stock beneficially owned by CEC (other than shares held in a trust, fiduciary, or nominee capacity or as a result of debts previously contracted) or held in CAC's treasury will be canceled and retired, and no shares of CEC Common Stock will be exchanged for such shares.

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If CEC or CAC makes a change in its capitalization before the Merger Effective Time, then proportionate adjustments to the Exchange Ratio will be made to give CAC stockholders the same economic effect as contemplated by the Merger Agreement prior to such change. Examples of changes in the capitalization that would trigger an adjustment are:

a stock dividend or distribution on CEC Common Stock or CAC Common Stock;

stock splits and reverse stock splits involving CEC Common Stock or CAC Common Stock; and

a distribution made of CEC Common Stock or CAC Common Stock or a security that is convertible into CEC Common Stock and CAC Common Stock.

CEC will not issue any fractional shares of CEC Common Stock in the Merger. Instead of any fractional shares that would otherwise be issuable to a holder of CAC Common Stock (after aggregating all fractional shares of CEC Common Stock which such holder would otherwise receive), such fractional shares will be rounded up (if equal to or greater than one-half of a share) or down (if less than one-half of a share) to the nearest whole number of shares of CEC Common Stock.

Treatment of CAC and CEC Stock Options

Upon completion of the Merger and subject to the requirements of Section 424 and 409A of the Code, each outstanding option to purchase shares of CAC Common Stock pursuant to CAC's equity-based compensation plans (CAC Stock Options) will be converted automatically into an option to purchase a number of shares of CEC Common Stock equal to the number of shares of CAC Common Stock underlying the stock option immediately prior to the Merger multiplied by the Exchange Ratio (rounded down to the nearest whole share). A corresponding adjustment will be made to the exercise price of the stock option by dividing the exercise price as in effect immediately prior to the Merger by the Exchange Ratio (rounded up to the nearest whole cent).

Each invested CAC Stock Option granted pursuant to the CAC 2014 PIP and held by a CAC employee has been amended, and each unvested option to purchase shares of CEC Common Stock (CEC Stock Options) granted under the CEC 2012 PIP and any other CAC Stock Options not held by CAC employees will be amended pursuant to the Merger Agreement as of the Merger Effective Time, so that it will become vested and exercisable (at target performance levels, if applicable) upon the optionee's termination of employment without cause (as defined in the CAC 2014 PIP or the CEC 2012 PIP, as applicable) by CEC or any of its subsidiaries or for good reason (as defined in the Merger Agreement) in either case within six months following the closing of the Merger. Except for the amendment of the unvested CAC Stock Options granted pursuant to the CAC 2014 PIP, each converted stock option will continue to be governed by the same terms and conditions as were applicable under the CAC Stock Plan (as defined in the Merger Agreement).

The foregoing acceleration provisions are in addition to any acceleration provisions in the existing award agreements governing CAC Stock Options or CEC Stock Options or employment agreements with any holder of CAC Stock Options or CEC Stock Options.

Treatment of CAC and CEC Stock Awards

Each outstanding right to receive shares or share equivalents of CAC Common Stock which has been granted under any CAC Stock Plan (other than any CAC Stock Option) (a CAC Award) will cease to represent a right to receive shares or share equivalents in CAC Common Stock, and will be converted automatically into the right to receive shares (or share equivalents, as the case may be) in CEC Common Stock in an amount equal to the product (rounded down to the nearest whole share) of (1) the number of shares of CAC Common Stock subject to such CAC Award and (2) the Exchange Ratio. In addition, under the Merger Agreement each CAC Award will be amended to accelerate upon a termination without cause (as defined in the CAC 2014 PIP) or resignation for good reason (as defined in the Merger Agreement), in either case within six months following the closing of the Merger. Each outstanding CAC Award held by the CAC named executive officers will vest in full immediately prior to the Merger Effective Time. For all other CAC employees, each unvested CAC Award

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granted pursuant to the CAC 2014 PIP has been amended to provide that it will become vested and exercisable (at target performance levels, if applicable) upon termination of employment without cause by New CEC or any of its subsidiaries or for good reason, in either case within six months following closing.

For CAC Awards denominated in cash, the number of shares of CEC Common Stock or other securities, property or cash that may be delivered will be determined pursuant to the terms of the CAC Stock Plan on the relevant settlement date(s) for such awards. Except for the amendment of the unvested CAC Awards granted pursuant to the CAC 2014 PIP, each CAC Award will continue to be governed by the same terms and conditions as were applicable under the CAC Stock Plan.

Pursuant to the Merger Agreement, each CEC Award and any other CAC Awards not held by CAC employees will be amended so that it will become vested and exercisable (at target performance levels, if applicable) upon termination of employment without cause (as defined in the CEC 2012 PIP or the CAC 2014 PIP) by CEC or any of its subsidiaries or for good reason (as defined in the Merger Agreement), in either case within six months following closing.

The foregoing acceleration provisions are in addition to any acceleration provisions in the existing award agreements governing CAC Awards or CEC Awards or employment agreements with any holder of CAC Awards or CEC Awards.

Effect of Merger on CEC Stock

The Merger will have no effect on CEC's capital stock. Each share of CEC capital stock that was issued and outstanding immediately before the Merger will remain issued and outstanding after the Merger is completed.

Certificate of Incorporation and By-laws of the Surviving Company

The CEC certificate of incorporation and the CEC by-laws as in effect immediately prior to the completion of the Merger will be the certificate of incorporation and the by-laws of New CEC.

Board of Directors and Executive Officers of New CEC

Upon closing of the Merger, the number of the board of directors of New CEC will be eleven, and the directors will be appointed in accordance with the terms of the Plan, which requires that a certain number of independent directors be appointed to the board of directors of New CEC and that the director appointments be subject to the consent of certain of the Debtors' creditors. The executive officers of New CEC will be appointed prior to or at the closing of the Merger and will be in accordance with the terms of the Plan and as agreed upon by CEC and CAC.

Closing and Merger Effective Time

The closing of the Merger will take place in the offices of Reed Smith in New York, on the third Business Day after satisfaction or waiver of the conditions to closing of the Merger or on such other date or at such other time or place that CEC and CAC agree to. Promptly following the closing, CEC and CAC will execute and file a certificate of merger (the Certificate of Merger) with the Secretary of State of the State of Delaware. The Merger will become effective at the time when the Certificate of Merger has been duly filed with the Secretary of State of the State of Delaware or at such later time as specified in the Certificate of Merger.

Exchange and Payment Procedures

At or as promptly as practicable after the Merger is completed, CEC will deposit the merger consideration with its exchange agent, which will be reasonably agreed to by CAC. Specifically, the deposit will consist of:

book entry shares representing the shares of CEC Common Stock issuable in exchange for the shares of CAC Common Stock which will be cancelled in the Merger; and

cash in an amount equal to any dividends or distributions which are payable to CAC stockholders under the Merger Agreement.

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As soon as practicable after the Merger is completed, but in no event later than five business days after the Merger is completed, the exchange agent will mail each holder of record of CAC Common Stock a letter of transmittal which will contain instructions for surrendering their stock certificates. Each holder of a CAC stock certificate, who surrenders his, her or its stock certificates to the exchange agent together with properly signed transmittal materials, will be entitled to receive, for each share of CAC Common Stock he, she or it holds the consideration as provided for in the Merger Agreement.

CEC will have no obligation to make any payments in exchange for cancelled shares of CAC Common Stock until the former CAC stockholders have surrendered the stock certificates representing their shares of CAC Common Stock with properly signed transmittal materials to the exchange agent.

If a CAC stock certificate has been lost, stolen or destroyed, the exchange agent will issue the CEC Common Stock payable under the Merger Agreement to the stockholders upon receipt of an affidavit by the stockholders regarding the loss of their stock certificate. CEC or the exchange agent may require the stockholder to post a bond in a reasonable amount as indemnity against any claim that may be made against CEC or the exchange agent with respect to the stockholder's lost, stolen or destroyed CAC stock certificate.

Former CAC stockholders may exchange their CAC stock certificates through the exchange agent for up to 360 days after the completion of the Merger. At the end of that period, the exchange agent will return any remaining CEC shares and cash to CEC, and former CAC stockholders who did not previously exchange their CAC stock certificates for the Merger consideration must apply to CEC for payment of the merger consideration. Neither CAC nor CEC will be liable to any former holder of CAC Common Stock for any merger consideration that is paid to a public official pursuant to any applicable abandoned property, escheat or similar laws.

The exchange agent (or, after the completion of the Merger, New CEC) is entitled to deduct and withhold from any cash amounts payable to any CAC Common Stockholder the amounts that the exchange agent or New CEC is required to deduct and withhold under the Code or any state, local or foreign tax law or regulation. Any amounts that CEC or the exchange agent withholds will be treated as having been paid to the CAC stockholder, and such amounts will be delivered by CEC or the exchange agent to the applicable taxing authority.

Once the Merger is completed, no transfers on the stock transfer books of CAC will be permitted other than to settle transfers of shares of CAC Common Stock that occurred prior to the Merger Effective Time.

Dividends and Distributions

Upon surrender of their CAC stock certificates to the exchange agent, former CAC stockholders will be paid, without interest:

any dividends or distributions that were declared by CAC on CAC Common Stock with a record date prior to the date on which the Merger was completed, and that remained unpaid at the time the Merger was completed; and

any dividends or distributions that were declared on the CEC Common Stock with a record date after the date on which the Merger was completed, and that became payable before the date of surrender.

Representations and Warranties

The Merger Agreement contains generally reciprocal and customary representations and warranties of CEC and CAC relating to CEC's and CAC's businesses. The representations and warranties of CAC and CEC are subject, in some cases, to exceptions and qualifications contained in the Merger Agreement and the matters contained in the disclosure schedules that CAC and CEC delivered to each other at the time they entered into the Merger Agreement. The representations and warranties in the Merger Agreement only remain in effect until the Merger is completed.

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The representations and warranties that each of CAC and CEC made relate to, among other things, the following:

corporate matters, such as their respective organization, corporate power and authority, and subsidiaries;

their respective capital stock;

certain representations related to the disclosure, organization and ownership of their subsidiaries

their respective corporate power and authority to enter into the Merger Agreement;

the fact that entering into the Merger Agreement and completing the Merger will not cause a violation of their respective organizational documents or applicable laws, a breach of contract or acceleration of indebtedness;

the governmental filings and consents, including any filings or approvals required under the HSR Act or any other applicable antitrust laws, authorizations, approvals and exemptions that are required to be completed or obtained in order to enter into the Merger Agreement and complete the Merger;

reports filed with regulatory entities, and the absence of regulatory proceedings or investigations;

their respective filings with the SEC, the conformity of their respective financial statements with U.S. generally accepted accounting principles, and the maintenance of their respective and their respective subsidiaries' books and records in accordance with applicable legal and accounting requirements;

the general manner in which their respective businesses are conducted, and the absence of any material adverse effect (as defined below) affecting each party and their respective subsidiaries;

legal proceedings;

tax matters;

employee benefit plans and labor matters;

real property;

compliance with applicable laws;

material contracts;

agreements with regulatory agencies;

undisclosed liabilities;

environmental liabilities;

takeover laws and provisions;

intellectual property;

insurance;

accounting and internal controls;

financial advisors; and

related party transactions.

Certain representations and warranties of CEC and CAC are qualified as to materiality or material adverse effect. A material adverse effect, when used in reference to CEC or CAC, means, with respect to CEC or CAC, any event, occurrence, fact, condition or change that is, or would reasonably be expected to become, individually or in the aggregate, materially adverse to (a) the business, results of operations, prospects, condition (financial or otherwise) or assets of CEC and its subsidiaries, taken as a whole, or CAC and its subsidiaries, taken

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as a whole, as the case may be, or (b) the ability of CEC or CAC, as the case may be, to complete the transactions contemplated by the Merger Agreement. In determining whether a material adverse effect has occurred, the following will be excluded:

changes generally affecting the economy, financial or securities markets;

the announcement of the transactions contemplated by the Merger Agreement (including the announcement of the Caesars RSAs and the Plan) and each party's compliance with the terms and conditions of the Merger Agreement and the Caesars RSAs;

any change in GAAP or applicable law (other than a change in gaming law prohibiting or substantially restricting gaming activities which are currently permitted);

any outbreak or escalation of war or any act of terrorism;

the failure, in and of itself, to meet internal or published projections, forecasts, budgets, or revenue, sales or earnings predictions for any period (but not the facts or circumstances underlying or contributing to any such failure);

the Restructuring Related Claims (as defined in the Merger Agreement) to the extent satisfied and discharged in a manner that is materially consistent with the Plan and otherwise acceptable to CEC and CAC;

general conditions (or changes therein) in the travel, hospitality or gaming industries; or

the 105 Injunction Order (as defined in the Merger Agreement) and related guarantee litigation or any of the matters excluded from the consideration and determination of an Adverse Recommendation Change (as described below);

provided, however, that any event, occurrence, fact, condition or change referred to in the first, third, fourth or seventh bullets above will be taken into account in determining whether a material adverse effect has occurred or would reasonably be expected to occur to the extent that such event, occurrence, fact, condition or change has a materially disproportionate effect on CEC and its subsidiaries, taken as a whole, or CAC and its subsidiaries, taken as a whole, as the case may be, compared to other participants in the industries in which CEC and its subsidiaries or CAC and its subsidiaries, as the case may be, conduct their businesses.

Conduct of Business While the Merger is Pending

CEC and CAC agreed to generally customary covenants that place restrictions on them and their respective subsidiaries until the Merger is completed. For example, CEC and CAC agreed to:

conduct their businesses and that of their subsidiaries in the ordinary course of business consistent with past practice and in compliance with law;

use commercially reasonable efforts to maintain its material assets and properties in their current condition; (normal wear and tear damages caused by casualty or by any reason outside of its control excepted); and

preserve intact its business organization and maintain the existing relations with customers, suppliers, tenants, creditors, licensors, licensees, business partners, officers, key employees, consultants, insurers and others having business dealings with it, in each case in all material respects.

CAC and CEC further agreed that CAC and CEC and their subsidiaries would refrain from taking certain actions while the Merger is pending, unless permitted by the Merger Agreement or the other party has consented in advance. For example, CAC and CEC and their subsidiaries will not:

enter into any material new line of business outside the ordinary course of business consistent with past practice;

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amend (A) the governing documents of CEC or CAC, as applicable, (B) the governing documents of its subsidiaries or (C) any terms of its outstanding equity interests or other securities;

make, declare, pay or set aside for payment any dividend on or in respect of, or declare or make any distribution on any shares of its capital stock, or directly or indirectly adjust, split, combine, redeem, reclassify, purchase or otherwise acquire, any shares of its capital stock, except for (A) dividends from its wholly owned subsidiaries to it or another of its wholly owned subsidiaries or (B) dividends, distributions, redemptions and purchases that are not material to it and its subsidiaries, taken as a whole;

issue or sell or encumber any of its equity interests or any securities convertible into, or rights to acquire, any of its equity interests;

purchase any equity interests in or securities of, or make any other investment in, or make any loans or advances to, any person, except for acquisitions, investments, loans or advances (A) in the ordinary course of business consistent with past practice or (B) that are not material to it and its subsidiaries, taken as a whole;

(A) materially increase the compensation payable or that could become payable to directors or officers, (B) increase the compensation payable or that could become payable to employees in any material respect, other than increases in compensation made in the ordinary course of business consistent with past practice, (C) enter into any new, or amend in any material respect, any existing employment, severance, retention or change in control agreement with any of its past or present officers or employees or (D) enter into or amend in any material respect any labor agreement except in the ordinary course of business consistent with past practice;

enter into, establish, adopt, amend, modify or renew any benefit arrangement, or any trust agreement (or similar arrangement) related thereto, in respect of any director, officer or employee, take any action to accelerate the vesting or exercisability of CEC Stock Options, CEC Awards, CAC Stock Options or CAC Awards, as applicable, or other compensation or benefits payable under any benefit arrangement, fund or in any other way secure or fund the payment of compensation or benefits under any benefit arrangement, change the manner in which contributions to any benefit arrangement are made or determined, or add any new participants to or increase the principal sum of any non-qualified retirement plans (or, with respect to any of the preceding, communicate any intention to take such action), subject to certain exceptions;

sell, transfer, lease, dispose of, grant or otherwise authorize the sale, transfer, lease, disposition, grant of, any of its material properties or assets, except in the ordinary course of business consistent with past practice;

except in the ordinary course of business consistent with past practice cancel any material indebtedness owed to it or waive any claims or rights of substantial value of it;

(A) terminate, enter into, renew, extend, amend or modify in any material respect adverse to such party any material contract, (B) incur, guarantee, pay or prepay any material indebtedness for borrowed money other than in the ordinary course of business consistent with past practice, (C) make any capital expenditures in excess of the amount set forth in the Merger Agreement, (D) incur any material liabilities other than in the ordinary course of business consistent with past practice or (E) place any lien on any of its material properties or assets, except in the ordinary course of business consistent with past practice;

make any material change to its financial accounting methods, principles or practices, except as may be required by law or by GAAP;

other than elections made in connection with the Restructuring (including an election to accelerate deferred discharge of indebtedness income under Section 108(i) of the Code or any similar provision of state, local or foreign tax law), change or revoke any material tax election, materially change any of its

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methods of reporting income or deductions for tax purposes, compromise any material tax liability or settle any material tax claim, audit or dispute, or file any materially amended tax return;

enter into any material settlement, consent decree or other agreement or arrangement with a third party or governmental entity;

(A) knowingly take, or knowingly omit to take, any action that would, or would be reasonably likely to, prevent or impede the Merger from qualifying as a reorganization within the meaning of Section 368(a) of the Code or (B) knowingly take, or knowingly omit to take, any action that is reasonably likely to result in any of the conditions set forth in the Merger Agreement not being satisfied in a timely manner, except as may be required by applicable law;

enter into any agreement, agreement in principle, letter of intent, memorandum of understanding or similar contract with respect to any joint venture, strategic partnership or alliance requiring the commitment of capital or the contribution of assets by it or other obligations of it in excess of \$200 million, individually or in the aggregate;

abandon, encumber, convey title (in whole or in part), license or grant a covenant not to sue or any other right to material intellectual property, other than in the ordinary course of business consistent with past practice;

adopt a plan of complete or partial liquidation or resolutions providing for or authorizing such a liquidation or dissolution, restructuring, recapitalization or reorganization; or

enter into any contract with respect to, or otherwise agree or commit to do, any of the foregoing actions.

Regulatory Matters

CEC agreed to prepare and file with the SEC, as soon as reasonably practicable after the date the parties entered into the Merger Agreement, a registration statement on Form S-4, of which this joint proxy statement/prospectus is a part. CAC is responsible for preparing and furnishing information about itself and its directors, officers and stockholders to CEC to include in the registration statement, and for obtaining any needed opinions and consents. CEC will use commercially reasonable best efforts to have the registration statement declared effective under the Securities Act. CEC and CAC agreed they will mail the joint proxy statement/prospectus to their respective stockholders as promptly as reasonably practicable following the registration statement being declared effective.

CEC and CAC agreed to make any necessary filings with antitrust regulators relating to the Merger, to the extent required in the reasonable judgment of counsel to CEC and CAC. CEC and CAC have determined that no such filings are necessary.

Access to Information

CEC and CAC each agreed that upon reasonable notice and subject to applicable laws relating to the exchange of information, they will provide the other party (and its affiliates, directors, officers, employees, agents, consultants, advisors and other representatives, including legal counsel, accountants and financial advisors) reasonable access during normal business hours to all properties, books, contracts, records and personnel as may be reasonably requested. All information so provided will be kept confidential pursuant to pre-existing confidentiality agreements between CEC and CAC.

Stockholder Approvals

CEC and CAC agreed to hold meetings of their respective stockholders as promptly as is reasonably practicable for the purpose of obtaining the necessary CEC and CAC stockholder vote to approve the adoption of

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Merger Agreement and the Merger. In addition, each of CEC's and CAC's board of directors agreed (subject to exercise of its fiduciary duties if CAC receives a Superior Proposal, as discussed later in this summary) to recommend to the stockholders of CEC and CAC, as applicable, that they vote in favor of the Merger and the Merger Agreement as soon as the facts and circumstances would justify such a recommendation.

Listing on NASDAQ

CEC is required to use commercially reasonable best efforts to cause the shares of CEC Common Stock that will be issued in the Merger to be approved for listing on the NASDAQ, subject to official notice of issuance, prior to the completion of the Merger.

Employee Benefit Plans and Labor Agreements

CEC and CAC agreed to use commercially reasonable efforts to obtain waivers from all of their respective employees who will become employees of New CEC following the Merger and who are parties to all employment agreements, severance agreements, change in control agreements, equity and incentive award agreements or similar agreements containing change in control or similar provisions, which state that the transactions contemplated by the Merger Agreement and any other transactions in connection with the Restructuring do not constitute a Change in Control (or similar term) as defined in such agreements. CEC and CAC may each negotiate new labor agreements in the ordinary course of business consistent with past practice and may amend or change benefit arrangements in the ordinary course of business consistent with past practice.

Indemnification and Insurance

CEC agreed it will indemnify each current and former director, officer and employee of CAC and its subsidiaries after the completion of the Merger. Specifically, if any claim, suit, proceeding or investigation is initiated or threatened against any of those persons because of his or her service to CAC or its subsidiaries, or in relation to the Merger Agreement, CEC will indemnify those persons to the fullest extent currently provided under applicable law and the articles of incorporation and by-laws of CAC. CEC agreed it will honor this obligation, regardless of whether the claim, suit, proceeding or investigation is initiated before or after the completion of the Merger.

CEC also agreed to purchase and maintain directors' and officers' liability insurance that covers the persons who are currently covered by CAC's directors' and officers' liability insurance policies. The insurance coverage to be purchased by CEC will cover acts or omissions that may occur before the completion of the Merger. CEC is required to maintain this insurance coverage for six years following the completion of the Merger.

Acquisition Proposals

In connection with CEC's entry into the Merger Agreement, CAC agreed to certain restrictions that may discourage a third party from submitting an Acquisition Proposal to CAC that might result in greater value to CAC's stockholders than the Merger with CEC, or may result in a potential acquirer proposing to pay a lower per share price to acquire CAC than it might otherwise have proposed to pay. For a period of 45 business days after the signing of the A&R Merger Agreement, CAC had the right to solicit and encourage any offer, proposal or inquiry relating to, or any third-party indication of interest in, any acquisition or purchase of 100% of the issued and outstanding CAC Common Stock, which period has expired. Within one business day after the expiration of the 45 business day solicitation period, CAC has agreed to notify CEC in writing of the material terms and conditions of any acquisition proposal received.

After the expiration of the 45 business day solicitation period, CAC has agreed to cease any solicitation activities that relate to a CAC acquisition proposal.

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At any time prior to obtaining its requisite stockholder approval, the CEC or CAC board of directors, as applicable, may participate in negotiations or discussions with any third party that has made (and not withdrawn) a bona fide, unsolicited Acquisition Proposal in writing that the CEC or CAC board of directors, as applicable, believes in good faith, after consultation with outside legal counsel and a financial advisor, constitutes or would reasonably be expected to result in a Superior Proposal (as described below), only if the CEC or CAC board of directors, as applicable, determines in good faith, after consultation with outside legal counsel, that the failure to consider such proposal would be reasonably likely to be inconsistent with the directors' fiduciary duties under applicable law.

The CEC or CAC board of directors, as applicable, may (1) terminate the Merger Agreement to enter into an acquisition agreement with respect to a Superior Proposal if it determines in good faith that failure to take such action would be reasonably likely to be inconsistent with the directors' fiduciary duties under applicable law or (2) effect an Adverse Recommendation Change (as described below) with respect to such party, if the board of directors effecting such Adverse Recommendation Change determines in good faith, after consultation with its legal advisors, that failure to make an Adverse Recommendation Change would be reasonably likely to be inconsistent with the directors' fiduciary duties under applicable law. Such a termination would require the terminating party to pay a termination fee as calculated in accordance with the Merger Agreement.

An Acquisition Proposal as used in the Merger Agreement is defined to include, among other things: with respect to either CEC or CAC, any offer, proposal or inquiry relating to, or any third-party indication of interest in, any purchase, tender offer or business combination involving the acquisition, whether direct or indirect, of 20% or more of the consolidated assets of CEC or CAC or any of their subsidiaries, as applicable, or of 20% or more of the equity or voting securities of CEC or CAC or any of their subsidiaries, as applicable, whose assets constitute more than 20% of the consolidated assets of CEC or CAC or any of their subsidiaries, as applicable.

A Superior Proposal as used in the Merger Agreement is defined to include, among other things: with respect to either CEC or CAC, a bona fide written acquisition proposal which the board of directors of such party concludes in good faith, after consultation with its financial advisors and outside legal counsel, taking into account all legal, financial, regulatory and other aspects of the proposal and the person making the proposal (including any break-up fees, expense reimbursement provisions and conditions to consummation), (1) is more favorable to the stockholders of such party from a financial point of view than the transactions contemplated by the Merger Agreement and (2) is reasonably likely to be completed on the terms proposed (taking into account, among other things, financing and the likelihood of receiving all required governmental approvals). A Superior Proposal does not include any inquiry or proposal relating to the sale of all or any part of the businesses or properties of CIE, including the social and mobile games business of CIE.

An Adverse Recommendation Change as used in the Merger Agreement includes (1) the withdrawal, amendment, modification or material qualification of the recommendation by the CEC board of directors or the CAC board of directors in favor of a adopting the Merger Agreement and approving the Merger, as applicable, in a manner adverse to CAC or CEC, as applicable, (2) the recommendation of a Superior Proposal, (3) the failure to recommend against acceptance of any third-party tender offer or exchange offer for the shares of CEC Common Stock or CAC Common Stock, as applicable, within 10 business days after commencement of such offer and (4) the making of any public statement inconsistent with the recommendation by the CEC board of directors or the CAC board of directors in favor of a adopting the Merger Agreement and approving the Merger, as applicable. In any event, any of the following events, in and of itself, cannot be the basis for an Adverse Recommendation Change:

any decision in *Marblegate Asset Mgmt. v. Educ. Mgmt. Corp.*, 75 F. Supp. 3d 592, 614 (S.D.N.Y. 2014), presently on appeal to the Second Circuit Court of Appeals or any related CEC guaranty litigation;

any legislative change to the Trust Indenture Act of 1939;

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the prosecution of any of the Restructuring Related Claims, provided that, such Restructuring Related Claims are satisfied and discharged in a manner that is materially consistent with the Plan and otherwise acceptable to CEC and CAC; or

any change in the financial or securities markets or in the market price or valuation of any security or financial interest, or in the business, results of operations or prospects of CEC or CAC, except for any such change occurring (I) after the date of the Merger Agreement that is not reasonably foreseeable as of that date, or (II) prior to the date of the Merger Agreement that is not known as of that date to the extent that such change has (1) a materially disproportionate effect on CEC or CAC and their subsidiaries, taken as a whole, compared to (A) the other party and its subsidiaries, taken as a whole, or (B) other participants in the industries in which CEC or CAC and their subsidiaries, conduct their businesses, or (2) a material and adverse impact on the ability of CEC or CAC to finance, complete or implement the Restructuring, including with respect to the completion of the transactions contemplated under the Caesars RSAs and the Plan.

Conditions to Completion of the Merger

The Merger Agreement contains a number of closing conditions. CAC and CEC are required to complete the Merger only if those conditions are satisfied or, in the alternative (and if legally permissible), the requirement to satisfy the condition is waived by the other party.

The following closing conditions apply to both CAC and CEC. In other words, neither party will be required to complete the Merger unless the conditions listed below are satisfied (or waived):

each of CEC and CAC have received the required votes to adopt the Merger Agreement and approve the Merger;

all of the required licenses, permits, approvals, orders, authorizations, registrations, findings of suitability, determinations of qualification, franchises, exemptions, waivers, concessions and entitlements issued by any gaming authority or under any gaming laws which are necessary for the Merger have been granted without the imposition of limitations, restrictions or conditions materially adverse to CEC or CAC, and are in full force and effect;

no law or order issued by any governmental entity (including any gaming authority) has been adopted, promulgated or issued that would prohibit, restrain, enjoin or render unlawful the completion of the Merger;

the registration statement of which this joint proxy statement/prospectus is a part is effective under the Securities Act and no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for that purpose have been initiated by the SEC and not withdrawn;

the shares of CEC Common Stock to be issued in the Merger have been authorized for listing on the NASDAQ, subject to official notice of issuance;

the Plan contains the Debtor Release, the Third-Party Release and the Exculpation (each as defined in the Merger Agreement);

any waiting period under the HSR Act with respect to the Merger or any other applicable antitrust laws for which a filing has been made shall have expired or been terminated;

the Plan has been confirmed by the Bankruptcy Court pursuant to the Confirmation Order, which Confirmation Order was entered on January 17, 2017, and the Confirmation Order has not been stayed, vacated or modified; and

the time at which all conditions to the Plan have been satisfied will occur contemporaneously with the closing of the Merger.

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In addition, CAC and CEC each have their own individual conditions to closing of the Merger. Certain of these closing conditions, as listed below, are based on the other party's compliance with the Merger Agreement. Individually, CAC or CEC will not be obligated to close the Merger unless:

the representations and warranties of each party are true and correct as though made on and as of the closing date (except to the extent such representations and warranties speak as of an earlier date, in which case such representations and warranties will be true and correct as of such date);

the other party has performed all of its obligations under the Merger Agreement in all material respects;

the party has received a legal opinion from its tax counsel, dated as of the closing date of the Merger, that the Merger will be treated as a reorganization within the meaning of Section 368(a) of the Code; and

there will not have occurred, since the date of this Agreement, a material adverse effect with respect to either CEC or CAC.

CAC's obligation to complete the Merger is subject to additional closing conditions related to the tax consequences of the Restructuring. CAC will not be obligated to close the Merger unless:

the PLRs, which were received from the IRS on January 5, 2017, have not been revoked, amended or modified in a manner that is materially adverse to CEC or CEOC or their respective subsidiaries, and the representations made in support of the PLRs and the facts described therein continue to be true, correct and complete in all material respects;

CEC has received (1) an opinion letter from counsel to CEOC, based on facts, customary representations and assumptions set forth or described in such opinion, that the restructuring of CEOC into New CEOC and PropCo and the transfer of consideration to CEOC's creditors should not result in a material amount of U.S. federal income tax to CEOC (determined as if CEOC and its Subsidiaries were a stand-alone consolidated group for U.S. federal income tax purposes), which opinion will comply with the requirements of the Plan (such opinion, the PropCo Tax Letter), and (2) a reliance letter from counsel to CEOC permitting CEC to rely on such opinions, which reliance letter is reasonably satisfactory to CAC; and

CEC has received should-level tax opinions from counsel to CEC or PricewaterhouseCoopers LLP, based on facts, representations and assumptions set forth or described in such opinions, that there should not be a material amount of U.S. federal income tax to CEC as a result of certain transactions undertaken as part of the Restructuring that will not be addressed by the PLRs or the PropCo Tax Letter, which opinions are (1) reasonable, customary and market as to their scope and (2) reasonably satisfactory to CAC.

Neither party can provide assurance as to when, or if, all of the conditions to the Merger can or will be satisfied or waived by the appropriate party. On January 5, 2017 CEC and CEOC received the PLRs. As of the date of this joint proxy statement/prospectus, neither party has any reason to believe that the remaining conditions to the Merger will

not be satisfied.

Termination of the Merger Agreement

The Merger Agreement may be terminated at any time before the Merger is completed by mutual consent of CEC and CAC. Also, either party, acting alone, has the right to terminate the Merger Agreement in any of the following circumstances:

if either CAC or CEC fails to obtain the required votes of its stockholders to adopt the Merger Agreement and approve the Merger, or approve the issuance of CEC Common Stock, as applicable;

if there has occurred and is continuing: (i) a breach by the other party of any representation or warranty or (ii) a breach by the other party of any of the covenants or agreements in the Merger Agreement if the

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breach is not cured within 30 days after the giving of written notice to the breaching party of such breach;

if, before either CEC and CAC have obtained the required votes of its stockholders to adopt the Merger Agreement and approve the Merger, or the Merger Stock Issuance, as applicable, the board of directors of the other party has effected an Adverse Recommendation Change (as described above);

if the closing of the Merger has not occurred by the close of business on December 31, 2017, except that the right to terminate the Merger Agreement will not be available to any party whose failure to comply with any provision of the Merger Agreement has been the cause of, or materially contributed to, the failure of the closing of the Merger to occur on or before such date;

if any gaming authority has denied, rescinded or revoked a required gaming approval and such denial, rescission or revocation has become final and nonappealable, except that the right to terminate the Merger Agreement will not be available to any party whose failure to comply with any provision of the Merger Agreement has been the cause of, or materially contributed to, such denial, rescission or revocation;

if prior to the receipt of the required votes of the stockholders of CEC or CAC, the CEC or CAC board of directors authorizes CEC or CAC, as applicable, to enter into an acquisition agreement in respect of a Superior Proposal (as described above);

by either CEC or CAC, if (A)(1) CEOC files, without CEC or CAC's prior written consent, as applicable, (x) a plan of reorganization, a disclosure statement or a proposed Confirmation Order in the Chapter 11 Cases that does not include the Debtor Release, the Third-Party Release or the Exculpation or (y) any motion, pleading, or other document with the Bankruptcy Court in the Chapter 11 Cases that is otherwise materially inconsistent with the applicable Caesars RSA or the Plan or (2) the Confirmation Order (x) does not include the Debtor Release, the Third-Party Release or the Exculpation or (y) is not otherwise materially consistent with the Plan and otherwise reasonably acceptable to CEC and CAC, as applicable, (B) the Bankruptcy Court has entered an order (1) appointing, in the Chapter 11 Cases a Chapter 11 trustee under section 1104 of the Bankruptcy Code or an examiner with expanded powers beyond those set forth in section 1106(a)(3) and (4) of the Bankruptcy Code, (2) dismissing any of the Chapter 11 Cases or (3) converting any of the Chapter 11 Cases to Chapter 7 of the Bankruptcy Code or (C) either of the Caesars RSAs is terminated or becomes null and void; and

by either Party (i) during the fourteen (14) day period following the date on which any 105 Injunction Order ceases to be in effect or (ii) if CEOC fails to file a motion on or before August 14, 2016 or such earlier date as may be required by the local rules governing the Chapter 11 Cases for the filing of such motion, in form and substance reasonably acceptable to CAC or CEC, as applicable, seeking to extend the 105 Injunction Order currently in effect to the period ending on the Confirmation Date.

Amendment of the Merger Agreement; Waiver

The parties may amend the Merger Agreement and either party may waive a requirement for the other party to comply with any provision in the Merger Agreement. On February 20, 2017, pursuant to the Amendment, the parties have

waived any breaches of covenants related to the Restructuring that may have occurred prior to such date.

Termination Fee

If the Merger Agreement is terminated by (1) CAC or CEC because the CAC stockholder approval has not been received or by CEC because of an uncured breach by CAC of any representation or warranty or any of the covenants or agreements in the Merger Agreement, and CAC completes a transaction with respect to an acquisition proposal within 12 months of the termination of the Merger Agreement, (2) by CAC because it has

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determined to enter into a Superior Proposal or (3) by CEC because CAC's board of directors has effected an Adverse Board Recommendation, then CAC will pay to CEC a termination fee of \$25 million. If CAC had terminated the Merger Agreement because it had determined to enter into a Superior Proposal, which had been received by CAC before the solicitation period ended, then the termination fee payable to CEC would have been \$18 million.

If the Merger Agreement is terminated by (1) CAC or CEC because the CEC stockholder approval has not been received or by CAC because of an uncured breach by CEC of any representation or warranty or any of the covenants or agreements in the Merger Agreement, and CEC completes a transaction with respect to an acquisition proposal within 12 months of the termination of the Merger Agreement, (2) by CEC because it has determined to enter into a Superior Proposal or (3) by CAC because CEC's board of directors has effected an Adverse Board Recommendation, then CEC will pay to CAC a termination fee of \$25 million.

In the event the Merger Agreement is terminated by either party due to an uncured breach by the other party of any representation or warranty or any of the covenants or agreements in the Merger Agreement, then the other party will pay up to \$10 million of the non-breaching party's expenses with respect to the Merger, and such amounts will be credited towards the payment of the termination fee if it should become due.

Expenses

In general, CEC and CAC each are responsible for the expenses which it incurs in connection with the negotiation and completion of the Merger. CEC and CAC will share equally in the cost of the SEC registration fee and costs and expenses associated with filing the Form S-4 registration statement and printing and mailing this joint proxy statement/prospectus.

Table of Contents**THE VOTING AGREEMENTS**

The following is a summary of the material terms of the Voting Agreements. This summary may not contain all of the information about the Voting Agreements that is important to you. The summary in this section and elsewhere in this joint proxy statement/prospectus is qualified in its entirety by reference to the Voting Agreements attached as Annex B to, and incorporated by reference into, this joint proxy statement/prospectus. You are encouraged to read the Voting Agreements in their entirety.

The CEC Voting Agreement

On July 9, 2016, CEC entered into a Voting Agreement (the "CEC Voting Agreement") among CEC, Hamlet Holdings and, solely with respect to certain provisions of the CEC Voting Agreement, affiliates of Apollo and TPG and certain of their co-investors (collectively, the "Holders").

Pursuant to the CAC Irrevocable Proxy made and granted by the Holders on October 21, 2013, Hamlet Holdings has the sole voting and sole dispositive power with respect to 90,063,316 shares of CAC Common Stock (the "CAC Subject Shares"), which constituted approximately 65.0% of the outstanding shares of CAC Common Stock as of December 31, 2016.

Subject to the terms of the CEC Voting Agreement, Hamlet Holdings has agreed to, among other things, (1) cause all of the CAC Subject Shares to be counted as present for purposes of calculating a quorum at any meeting of stockholders of CAC, or any adjournment or postponement thereof, (2) vote the CAC Subject Shares in favor of (x) the adoption of the plan of Merger contained in the Merger Agreement and (y) any other action, proposal, transaction or agreement that would reasonably be expected to facilitate the completion of the Merger, subject to certain conditions, and (3) vote the CAC Subject Shares against (x) any Acquisition Proposal or any action that would reasonably be expected to impede, delay, discourage or adversely affect the timely completion of the Merger and (y) any action to change the voting rights of any class of shares of CAC, amend the organizational documents of CAC or amend the capital structure of CAC. In addition, subject to the terms and conditions of the CEC Voting Agreement, Hamlet Holdings has agreed to support, and cause its Members (as defined in the CEC Voting Agreement) to support, the Restructuring and to not, and to cause its Members to not, transfer, or agree to transfer, any CAC Subject Shares, subject to certain exceptions.

Either party may terminate the CEC Voting Agreement upon providing notice of termination to the other upon the occurrence of, among other things, (1) a CAC Adverse Recommendation Change prior to obtaining the CAC Requisite Vote, (2) the termination of the CAC Voting Agreement, (3) the termination of the Merger Agreement, subject to certain exceptions, (4) December 31, 2017 or (5) the time the Merger becomes effective. In certain circumstances, Hamlet Holdings may also terminate the CEC Voting Agreement if either the Merger Agreement or the Plan is amended in a manner that adversely affects Hamlet Holdings or certain related entities.

The CAC Voting Agreement

On July 9, 2016, CAC entered into a Voting Agreement (the "CAC Voting Agreement" and, together with the CEC Voting Agreement, the "Voting Agreements") among CAC, Hamlet Holdings and, solely with respect to certain provisions of the CAC Voting Agreement, the Holders.

Pursuant to the CEC Irrevocable Proxy made and granted by the Holders on November 22, 2010, Hamlet Holdings has the sole voting and sole dispositive power with respect to 87,605,299 shares of CEC Common Stock (the "CEC Subject Shares"), which constituted approximately 59.6% of the outstanding shares of CEC Common Stock as of

December 31, 2016.

Subject to the terms of the CAC Voting Agreement, Hamlet Holdings has agreed to, among other things, (1) cause all of the CEC Subject Shares to be counted as present for purposes of calculating a quorum at any

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meeting of stockholders of CEC, or any adjournment or postponement thereof, (2) vote the CEC Subject Shares in favor of (x) the adoption of the plan of Merger contained in the Merger Agreement and (y) any other action, proposal, transaction or agreement that would reasonably be expected to facilitate the completion of the Merger, subject to certain conditions, and (3) vote the CEC Subject Shares against (x) any Acquisition Proposal or any action that would reasonably be expected to impede, delay, discourage or adversely affect the timely completion of the Merger and (y) any action to change the voting rights of any class of shares of CEC, amend the organizational documents of CEC or amend the capital structure of CEC. In addition, subject to the terms and conditions of the CAC Voting Agreement, Hamlet Holdings has agreed to support, and cause its Members (as defined in the CAC Voting Agreement) to support, the Restructuring and to not, and to cause its Members to not, transfer, or agree to transfer, any CEC Subject Shares, subject to certain exceptions.

Either party may terminate the CAC Voting Agreement upon providing notice of termination to the other upon the occurrence of, among other things, (1) a CEC Adverse Recommendation Change prior to obtaining the CEC Requisite Vote, (2) the termination of the CEC Voting Agreement, (3) the termination of the Merger Agreement, subject to certain exceptions, (4) December 31, 2017 or (5) the time the Merger becomes effective. In certain circumstances, Hamlet Holdings may also terminate the CAC Voting Agreement if either the Merger Agreement or the Plan is amended in a manner that adversely affects Hamlet Holdings or certain related entities.

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INTERESTS OF CERTAIN PERSONS IN THE MERGER

Interests of Directors and Executive Officers of CEC in the Merger

CEC stockholders should be aware that directors and executive officers of CEC have certain interests in the Merger that may be different from or in addition to the interests of CEC stockholders generally. The CEC board of directors was aware of these interests and considered them, among other things, in evaluating the Merger and negotiating the Merger Agreement. These interests are discussed below and certain of these items are quantified in the tables that follow the narrative below and in the section entitled "CEC Proposal 5: Advisory Vote on Merger-Related Compensation for CEC Named Executive Officers and Certain CAC Named Executive Officers" beginning on page 322 of this joint proxy statement/prospectus.

As of the date of this joint proxy statement/prospectus, CEC's executive officers are:

Mark Frissora, President and Chief Executive Officer;

Eric Hession, Executive Vice President and Chief Financial Officer;

Thomas M. Jenkin, Global President of Destination Markets;

Timothy R. Donovan, Executive Vice President, General Counsel and Chief Regulatory and Compliance Officer;

Janis Jones Blackhurst, Executive Vice President, Communications and Government Relations;

Richard Broome, Executive Vice President of Public Affairs and Communications;

Robert Morse, President of Hospitality;

Les Ottolenghi, Executive Vice President and Chief Information Officer;

Ruben Sigala, Executive Vice President and Chief Marketing Officer;

Mary Thomas, Executive Vice President, Human Resources; and

Steven Tight, President, International Development.

Gary Loveman, who previously served as CEC's President and Chief Executive Officer, resigned from such positions on June 30, 2015 and from employment with CEC on December 31, 2016. In connection with such termination of employment, Mr. Loveman's outstanding CEC and CAC equity awards vested in full and no additional compensation is due to Mr. Loveman, though, pursuant to the terms of his employment agreement, he remains eligible for lifetime medical coverage under CEC's group health insurance plan. Mr. Loveman continues to serve on the board of directors of CEC as its Chairman.

Treatment of CEC and CAC Equity Awards and CEC Cash Awards in the Merger

Enhanced Vesting Terms of CEC Equity Awards in the Merger

Immediately prior to the Merger Effective Time, each CEC Stock Option granted under the CEC 2012 PIP will be amended in accordance with its terms to provide that it will become vested and exercisable (at target performance levels for performance-based CEC Stock Options) in the event the optionee's employment is terminated without cause (as defined in the CEC 2012 PIP) by New CEC or any of its subsidiaries or by the optionee for good reason (as defined in the Merger Agreement), in either case, within six months following the Merger Effective Time. In addition, immediately prior to the Merger Effective Time, each outstanding and unvested right to receive shares or share equivalents of CEC Common Stock granted under the CEC 2012 PIP (other than any CEC Stock Option) will be amended in accordance with its terms to provide that it will become vested (at target performance levels for performance-based awards) in the event the awardee's employment is terminated without cause (as defined in the CEC 2012 PIP) by New CEC or any of its subsidiaries or by the awardee for good reason (as defined in the Merger Agreement), in either case, within six months following the Merger Effective Time.

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Although it is not currently anticipated that any of CEC's executive officers will experience a termination of employment in connection with the completion of the Merger, for an estimate of the amounts that would become payable to each of CEC's named executive officers in settlement of their unvested equity-based awards, see CEC Proposal 5: Advisory Vote on Merger-Related Compensation for CEC Named Executive Officers and Certain CAC Named Executive Officers beginning on page 322 of this joint proxy statement/prospectus. CEC estimates that the aggregate amount that would become payable to the six executive officers who are not named executive officers in settlement of their unvested equity awards if the Merger Effective Time was February 28, 2017, and each experienced a termination of employment by CEC or any of its subsidiaries without cause or a resignation for good reason at such time, based on a share price per CEC Common Stock of \$9.21 (the average closing price of a share of CEC Common Stock on the NASDAQ over the first five business days following February 21, 2017, the date of the first public announcement of the Amendment), is \$5,741,508.

CAC Equity Awards to Mr. Frissora

In connection with strategic advisory consulting services provided to CAC, Mr. Frissora was awarded service-based vesting CAC restricted stock units (referred to in this joint proxy/statement as the Frissora CAC Award). The Frissora CAC Award will be subject to the treatment of CAC Awards as provided in the Merger Agreement. See

Summary Treatment of CAC Equity Awards beginning on page 38 of this joint proxy statement/prospectus for further details.

Although it is not currently anticipated that Mr. Frissora will experience a termination of employment in connection with the completion of the Merger, CEC estimates that the amount that becomes payable in respect of the Frissora CAC Award were Mr. Frissora to incur a severance-qualifying termination of employment on the date immediately following completion of the Merger, is \$4,085,427.

Cash Awards

In March and July 2016, in an effort to retain certain key personnel, CEC granted cash awards to certain employees, including some of its executive officers (the Cash Awards). The Cash Awards granted in March 2016 are scheduled to vest in three equal installments on March 23 of 2017, 2018, and 2019, whereas the Cash Awards granted in July 2016 are scheduled to vest on January 5, 2018. Vesting of the Cash Awards is subject to the executive officer's continued employment with CEC on the applicable vesting date. In the event of certain qualifying terminations of employment, including a termination without cause or a resignation for good reason, the Cash Awards vest in full on the date of such termination of employment. Although it is not currently anticipated that any of CEC's executive officers will experience a termination of employment in connection with the completion of the Merger, CEC estimates that the aggregate amount that would become payable to the seven executive officers who are not named executive officers in settlement of their Cash Awards if the Merger Effective Time was February 28, 2017, and each experienced a termination of employment by CEC or any of its subsidiaries without cause or a resignation for good reason at such time, is \$1,473,645.

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The following table sets forth each of CEC's directors and executive officers holdings of CEC Stock Options, CEC Awards, Cash Awards and/or CAC Awards granted under the CEC 2012 PIP or the CAC 2014 PIP, as applicable. In addition, the following table sets forth the number of shares of CEC Common Stock held by each director and executive officer. The vesting of unvested equity awards will be accelerated if the executive officer experiences a termination of employment without cause or for good reason, or by reason of the executive's death or disability (as such terms are defined in the CEC executive's employment agreement) at any time prior to the second anniversary of the Plan Effective Time (regardless of whether the Merger is completed). The executive officers may also be eligible for additional accelerated vesting rights under their employment agreements, as described below. For purposes of this table, the Merger Effective Time is assumed to be February 28, 2017.

Name	Unvested CEC			CEC Awards	CAC Awards	Cash Awards
	CEC Common Stock	Vested CEC Stock Options	Stock Options			
Executive Officers						
Mark Frissora	159,950	400,000	600,000	509,091	272,976	990,000
Eric Hession	78,459	54,585	37,204	267,317		597,078
Thomas Jenkin	110,019	457,551	117,477	415,667		861,664
Janis Jones Blackhurst	49,485	108,903	32,695	114,022		211,945
Timothy Donovan	5,130	119,534	53,648	284,403		672,078
Richard Broome				82,038		212,769
Robert Morse	70,913	8,865	26,595	310,925		658,954
Les Ottolenghi				125,309		360,208
Ruben Sigala	51,069	48,751	13,545	122,633		339,374
Mary Thomas	89,161	171,554	43,871	219,071		524,894
Steven Tight	34,449	77,161	37,040	103,901		137,495
Directors						
Gary Loveman	298,682	3,846,558				
Jeffrey Benjamin						
David Bonderman						
Kelvin Davis						
Fred Kleisner	40,195	4,830	4,707	30,841		41,247
Eric Press						
Marc Rowan						
David Sambur						
Christopher Williams	39,882	10,371	4,082	29,591		41,247
Bernard Zuroff						
Employment Agreements						

CEC or a subsidiary thereof is currently party to employment agreements with each of CEC's current executive officers, which employment agreements are expected to continue to apply following the completion of the Merger. In addition to payment of accrued benefits such as unused vacation, reimbursement of unreimbursed business expenses, and base salary earned through the date of termination, executive officers are entitled to the following severance benefits upon a termination by CEC without cause or a resignation by the executive officer for good reason:

Cash Severance Payments:

For each of the executive officers other than Mr. Frissora, base salary continuation for a period of 18 months (12 months for Mr. Tight), payable in accordance with CEC's regular payroll practices or, in the case of Ms. Thomas and Messrs. Donovan and Jenkin, in equal monthly installments; and

For Mr. Frissora, cash severance equal to the sum of (x) his annual base salary multiplied by two plus (y) his target annual bonus, which amount is payable in 24 equal monthly installments.

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Pro Rata Annual Bonus: Each of Messrs. Frissora, Donovan, Jenkin, and Mses. Thomas and Jones Blackhurst is entitled to a prorated annual bonus for the year of termination, which will be payable at the time annual bonuses are otherwise paid to similarly situated executives, with the amount prorated to reflect service through the date of termination of employment and based on CEC's actual performance for the year of termination of employment. However, with the exception of Mr. Frissora, no prorated annual bonus is payable if the executive officer's termination of employment occurs on or before June 30.

Health and Welfare Benefits: Each executive officer may continue to participate, at CEC's expense, in CEC's health and welfare plans for the base salary continuation periods set forth above. Each of Mr. Jenkin and Ms. Jones Blackhurst is eligible for lifetime medical coverage under CEC's group health insurance plan, pursuant to which CEC must pay 80% of any premium on an after-tax basis.

Acceleration of Equity Awards for Mr. Frissora: The employment agreement for Mr. Frissora provides that he will be entitled to one year of additional vesting with respect to (i) the unvested portion of the Frissora CAC Award, (ii) the unvested portion of CEC RSUs granted on March 23, 2016, and (iii) any other equity awards granted to him by CEC or CAC after July 5, 2016.

Enhanced Change in Control Severance Benefits: Except for Mr. Frissora's employment agreement, none of the employment agreements provide for enhanced severance upon a change in control. If, within 12 months after a change in control, the employment of Mr. Frissora was to be involuntarily terminated by CEC without cause or by Mr. Frissora for good reason, or if six months prior to a change in control, the employment of Mr. Frissora is involuntarily terminated by CEC without cause by reason of a request from the buyer in such transaction or Mr. Frissora terminates his employment for good reason, Mr. Frissora would be entitled to the following enhanced severance benefits:

In lieu of the cash severance payment set forth above, Mr. Frissora would be entitled to two and a half times (2.5x) the sum of (y) his annual base salary and (x) his target annual bonus, which amount would generally be payable in a lump sum 60 days after the change in control. In addition, if any of Mr. Frissora's severance benefits to which he is entitled as a result of a termination of employment are considered to be excess parachute payments subject to excise taxes under Section 4999 of the Code, he would be entitled to the greater of (determined on an after-tax basis) either the full amount of his severance benefits, or the amount of his severance benefits reduced by an amount such that his severance benefits would no longer be subject to such excise taxes.

Certain severance benefits pursuant to changes in the terms and conditions of certain CEC Stock Options, CEC Awards and other CEC long-term incentive awards described in the section entitled CEC Retention Program Number Three .

As a condition to receiving the above severance payments and benefits, the executive officer must (i) execute and not revoke a release of claims against CEC and its affiliates, employees, directors and other related parties, and (ii) comply with restrictive covenants concerning noncompetition and nonsolicitation of customers and employees for one to two years following the applicable date of termination (generally tied to the period over which cash severance is payable, as described in further detail above) as well as perpetual confidentiality and non-disparagement obligations.

An executive officer's voluntary termination will generally be considered for good reason if any of the following events occur without the executive officer's consent, unless, in the case of paragraphs (a), (b), or (c), such event is fully corrected by CEC prior to the date of termination specified in the written notice provided by the executive officer notifying CEC of his or her intention to resign for good reason:

- (a) any material adverse alteration in the duties, responsibilities, authority or place of employment (except for required business travel) of such executive officer as of the date of the employment agreement;

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- (b) a reduction in the executive officer's annual base salary (including, for Mr. Frissora, his target and maximum bonus opportunity), other than a reduction that applies to a similarly situated class of employees or affiliates (except for Mr. Frissora for whom this qualifier does not apply);
- (c) (i) a failure to pay or provide to the executive officer any material portion of his or her then current base salary or then current benefits under his or her employment agreement or (ii) the failure to pay to the executive officer any material portion of deferred compensation under any of CEC's deferred compensation programs within 30 days of the date such compensation is due and permitted to be paid;
- (d) a failure to obtain a satisfactory agreement from any successor to assume and agree to perform the obligations under the employment agreement;
- (e) for Mr. Frissora, failure to be elected or re-elected as a member the board of directors of CEC; or
- (f) for Mr. Frissora, the requirement that he report to anyone other than the board of directors of CEC (or in his capacity as Chief Executive Officer and President of CES, to the Steering Committee of CES).

CEC Retention Program Number Three

The CEC HRC implemented certain retention programs in January of 2015 and July of 2016 designed to mitigate the effect of the Chapter 11 Cases on CEC's turnover ratios. On March 8, 2017, the CEC HRC approved an additional retention program, which CEC refers to as CEC Retention Program Number Three.

CEC's prior retention programs consisted of retention grants in the form of RSUs and cash. Retention Program Number Three consists of two components (i) a one-time stock option re-pricing (the CEC Option Re-pricing) and (ii) the CEC Amendments. The CEC HRC believes that the CEC Option Re-pricing is an effective and efficient means of providing additional incentives to CEC's management and certain consultants that would not require CEC to issue additional stock-based awards. The CEC HRC also determined that the CEC Amendments were an effective means to retain certain key employees, reinforce their continued attention and dedication to their assigned duties, and counteract uncertainty surrounding the Chapter 11 Cases and the transition period following the Plan Effective Time.

The CEC HRC also took into account that the CEC Amendments and CEC Option Re-pricing would allow CEC to conserve cash while meeting the continued need to incentivize and retain key employees, in each case consistent with constraints associated with the Chapter 11 Cases.

Finally, the CEC HRC designed CEC Retention Program Number Three with the intention of ensuring flexibility for CEC's board of directors following the Plan Effective Time with respect to future equity grants under the CEC 2017 PIP.

In connection with the CEC Option Re-pricing, certain of CEC's current employees and certain consultants currently providing services to CEC and its affiliates who hold CEC Stock Options that were granted under an equity plan of CEC with an exercise price greater than the closing price of a share of CEC Common Stock on the date that is two business days after the filing of this Registration Statement (the Re-price Date), will have the exercise prices of such CEC Stock Options automatically reduced to the greater of the closing price of a share of CEC Common Stock on the Re-price Date and nine dollars.

The CEC Amendments were authorized with respect to each of Messrs. Frissora, Hession, Jenkin, Donovan, Broome, Morse, Ottolenghi and Mses. Thomas and Blackhurst (the Selected Executive Officers). The CEC Amendments provide for double trigger accelerated vesting of CEC Stock Options and other CEC long-term incentive awards granted pursuant to the CEC 2012 PIP, or any other CEC long-term incentive program, in the event that the executive s employment is terminated by CEC or any of its subsidiaries without cause, by the executive for good reason or by reason of the executive s death or disability (as such terms are defined in the applicable Selected Executive Officer s employment agreement), in each case, at any time prior to the second anniversary of the Plan Effective Time. Any performance-based long-term incentive awards that vest in

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accordance with the aforementioned qualifying termination will vest based on actual performance through the end of the original performance period. Further, any outstanding CEC Stock Options held by the Selected Executive Officers at the time of such a qualifying termination will remain exercisable until at least the second anniversary of such qualifying termination, but in no event beyond the original term of the option.

Beneficial Ownership of Directors and Executive Officers

CEC's directors and executive officers hold shares of CEC Common Stock, which will be treated like all other shares of CEC Common Stock in the merger. See "Certain Beneficial Owners of CEC Common Stock" beginning on page 367 of this joint proxy statement/prospectus for further details.

Waivers

Pursuant to the terms of the Merger Agreement, CEC and CAC each agreed to use commercially reasonable efforts to obtain waivers from each employee who is a party to an employment agreement, severance agreement, change in control agreement, equity and incentive award agreement or similar agreement containing "change in control" or similar provisions, which state that the transactions contemplated by the Merger Agreement and any other transactions in connection with the Restructuring do not constitute a "Change in Control" (or similar term) as defined in such agreement.

Interests of Directors and Executive Officers of CAC in the Merger

CAC stockholders should be aware that directors and executive officers of CAC have certain interests in the Merger that may be different from or in addition to the interests of CAC stockholders generally. The CAC board of directors was aware of these interests and considered them, among other things, in evaluating and negotiating the Merger Agreement and the Merger. These interests are discussed below and certain of them are quantified in the tables that follow the narrative below.

Treatment of CAC Common Stock

If the Merger is completed, each share of CAC Common Stock issued and outstanding immediately prior to the Merger Effective Time will be converted into, and become exchangeable for, that number of shares of CEC Common Stock equal to the Exchange Ratio.

Treatment of CAC and CEC Stock Awards in the Merger

CAC Options. Pursuant to the Merger Agreement, in connection with the Merger and subject to the requirements of Section 424 and 409A of the Code, each outstanding and unexercised CAC Option will be cancelled and converted automatically into an option to purchase a number of shares of CEC Common Stock equal to the product (rounded down to the nearest whole share) of (i) the number of shares of CAC Common Stock subject to such CAC Option and (ii) the Exchange Ratio, at an exercise price per share (rounded up to the nearest whole cent) equal to (x) the exercise price of such CAC Option divided by (y) the Exchange Ratio. Each outstanding CAC Award held by the CAC named executive officers will vest in full immediately prior to the Merger Effective Time. For all other CAC employees, each converted CAC Option will continue to vest and be governed by the same terms and conditions as are applicable under the CAC 2014 PIP prior to the Merger Effective Time. In addition, the Merger Agreement provides that each unvested CAC Option granted pursuant to the CAC 2014 PIP will be amended to provide that it will become vested and exercisable (at target performance levels, if applicable) in the event the optionee's employment is terminated by New CEC or any of its subsidiaries without cause or for "good reason", in either case, within six months following the

Merger Effective Time; however, each unvested CAC Option granted pursuant to the CAC 2014 PIP held by a CAC employee has already been amended to provide for the foregoing acceleration.

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Other CAC Awards. Pursuant to the Merger Agreement, in connection with the Merger, outstanding CAC Awards will be cancelled and converted automatically into a right to receive shares of CEC Common Stock. For CAC Awards denominated in shares, the conversion rate will be equal to the product of (x) the number of shares of CAC Common Stock subject to such CAC Award and (y) the Exchange Ratio. For CAC Awards denominated in cash, the number of shares of CEC Common Stock, or other securities, property or cash that may be delivered in settlement thereof, will be determined pursuant to the terms of the CAC 2014 PIP on the relevant settlement date(s) for such CAC Award. In addition, the Merger Agreement provides that each converted CAC Award will continue to vest according to its current terms and will be amended to accelerate upon a termination without cause or resignation for good reason in either case within six months following the closing of the Merger; however, each unvested CAC Award granted pursuant to the CAC 2014 PIP held by a CAC employee has already been amended to provide for the foregoing acceleration. Each of CAC's executive officers holds unvested CAC Awards granted under the CAC 2014 PIP. Additionally, in connection with the Merger, the CAC's Human Resources Committee (the CAC HRC) approved the accelerated vesting of all outstanding CAC Awards held by its named executive officers, Mitch Garber, Craig Abrahams and Michael Cohen, effective immediately prior to the closing of the Merger.

CEC Awards. In connection with the Merger and pursuant to the Merger Agreement, outstanding and unvested CEC Stock Options and CEC Awards granted under the CEC 2012 PIP will similarly be amended to provide that such awards will become vested and exercisable (at target performance levels, if applicable) upon the holder's termination of employment without cause or for good reason, in either case within six months following the Merger Effective Time. Mr. Cohen holds unvested CEC Stock Options granted under the CEC 2012 PIP. The vesting of CEC Stock Options held by Mr. Cohen will be accelerated if he experiences a termination of employment without cause or for good reason, in either case within six months following the Merger Effective Time.

The following table sets forth for each of CAC's directors and executive officers holding CAC Stock Options, CAC Awards and/or CEC Stock Options granted under the CEC 2012 PIP. In addition, the following table sets forth the number of shares of CAC Common Stock that will be converted into shares of CEC Common Stock in connection with the Merger. For purposes of this table, the Merger closing date is assumed to be February 28, 2017.

Name	CAC Common Stock	Vested CAC Options	Unvested CAC Options	Unvested CAC Awards	Vested CEC Stock Options	Unvested CEC Stock Options
Marc Beilinson	26,100					
Philip Erlanger	26,100					
Dhiren Fonseca	26,100					
Don Kornstein	26,100					
Karl Peterson						
Marc Rowan						
David Sambur						
Mitch Garber	129,783	450,000		72,338		
Craig Abrahams	75,587	186,366		43,403		
Michael Cohen	17,824			34,722	38,542	2,711
Other Arrangements						

Management Employment Agreements

Each of CAC's named executive officers is party to an employment agreement with CAC (or, with respect to Mr. Garber, CIE), entered into on August 31, 2012, September 30, 2016 and September 30, 2016 for Messrs. Garber, Abrahams and Cohen, respectively.

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Under the employment agreements, upon a termination of employment by CAC (or, with respect to Mr. Garber, CIE) without cause (as defined below) or, non-renewal of the employment agreement by CAC (or, with respect to Mr. Garber, CIE) or the executive's termination of employment with good reason (as defined below), the executive would be entitled to a severance payment equal to his then current base salary, payable over the 12-month period following termination, as well as, if applicable, medical, life/accident insurance, and financial counseling during this 12-month period. Such severance payments and benefits are subject to the executive's execution of a release of claims against CAC (or, with respect to Mr. Garber, CIE) and its affiliates, employees, directors and other related parties. In addition, continuation of severance payments and benefits is subject to ongoing compliance with (i) upon a termination without cause, for good reason or non-renewal, a one-year non-compete; and (ii) a one-year non-solicitation of customers and employees.

The employment agreements with Messrs. Abrahams and Cohen will end upon the closing of the Merger and if the executive's employment is terminated due to the closing of the Merger, then neither CAC nor the executive will have any additional obligations under the agreements, and (i) there will be no cash severance payable, (ii) their equity awards will receive the treatment as provided under the plans and the Merger Agreement and (iii) they will be entitled to their vested benefits under any tax qualified pension plans of CAC and vested deferred compensation under any applicable deferred compensation plans, and COBRA healthcare continuation benefits. Notwithstanding the foregoing, in connection with the Merger, the CAC HRC approved the accelerated vesting of all outstanding CAC Awards held by its named executive officers, including Messrs. Abrahams and Cohen, effective immediately prior to the closing of the Merger.

In addition, under the employment agreements continuation of severance payments and benefits is subject to ongoing compliance with (i) upon a termination without cause, for good reason, or non-renewal of the employment agreement, a one-year non-compete; and (ii) a one-year non-solicitation of customers and employees.

Definitions under Employment Agreements

For purposes of Mr. Garber's employment agreement, good reason means the following circumstances, unless such circumstances are fully corrected prior to the date of termination specified in the written notice given by Mr. Garber notifying CIE of his intention to terminate employment for good reason: (i) a reduction in Mr. Garber's annual base salary, other than a reduction in base salary that applies to a similarly situated class of employees of CAC or its affiliates; (ii) failure by CIE to pay or provide to Mr. Garber any material portion of his then current base salary or then current benefits (except pursuant to a compensation deferral elected by Mr. Garber) other than such failure that results from a modification to any compensation arrangement or benefit plan that is generally applicable to similarly situated officers; (iii) failure to obtain a satisfactory agreement from any successor to assume and agree to perform Mr. Garber's employment agreement; or (iv) if Mr. Garber is reassigned to a position in which he no longer reports directly to the CIE board of directors.

For purposes of Messrs. Abrahams and Cohen's employment agreements, good reason means, without the executive's express written consent, the following circumstances, unless such circumstances are fully corrected prior to the date of termination specified in the written notice given by the executive notifying CAC of his intention to terminate employment for good reason: (i) a reduction in the executive's annual base salary, as the same may be increased from time to time in accordance with the terms of the employment agreement other than a reduction in base salary that applies to a similarly situated class of employees of CAC or its affiliates; (ii)(A) failure by CAC to pay or provide to the executive any material portion of his then current base salary or then current benefits (except pursuant to a compensation deferral elected by the executive) or (B) failure to pay the executive any material portion of deferred compensation under any deferred compensation program within 30 days of the date such compensation is due and permitted to be paid under Section 409A of the Code, in each case other than any such failure that results from a

modification to any compensation arrangement or benefit plan that is generally applicable to similarly situated officers; or (iii) failure to obtain a satisfactory agreement from any successor to assume and agree to perform the executive's employment agreement.

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For purposes of Mr. Garber's employment agreement, *cause* means (i) the failure of executive to substantially perform his duties, to comply with the policies and procedures of CIE, or to follow a lawful, reasonable directive from executive's direct or indirect supervisors or such other executive officer to whom executive reports; (ii) any willful act of fraud, embezzlement, theft or dishonesty, by Mr. Garber, in each case, in connection with his duties or in the course of his employment or any violation of any provision of CIE's employee handbook or other CIE policies and procedures; (iii) Mr. Garber being found unsuitable for or having a gaming license denied or revoked by the gaming regulatory authorities in any jurisdiction in which CIE or CEC conducts gaming operations or any of their respective subsidiaries conducts gaming operations; (iv)(A) Mr. Garber's willful and material violation of, or noncompliance with, any securities laws or stock exchange listing rules, including, without limitation, the Sarbanes-Oxley Act of 2002, provided that such violation or noncompliance resulted in material economic harm to CEC, or (B) a final judicial order or determination prohibiting Mr. Garber from service as an officer pursuant to the Exchange Act or the rules of the New York Stock Exchange or NASDAQ; or (v) willful breach by Mr. Garber of his non-competition or confidentiality restrictions.

For purposes of Messrs. Abrahams and Cohen's employment agreements, *cause* means (i) the failure of executive to substantially perform his duties, or to comply with the policies and procedures of CAC (as determined by CAC in its sole discretion) or to follow a lawful, reasonable directive from designated executives (or the CAC board of directors in the case of Mr. Cohen); (ii)(A) any willful act of fraud, or embezzlement or theft, by the executive, in each case, in connection with his duties or in the course of his employment or (B) the executive's admission in any court, or conviction of, or plea of *nolo contendere* to, a felony; (iii) the executive being found unsuitable for or having a gaming license denied or revoked by the gaming regulatory authorities in any jurisdiction in which CEC or CAC, or any of their respective subsidiaries or affiliates conducts gaming operations; (iv)(A) the executive's willful and material violation of, or noncompliance with, any securities laws or stock exchange listing rules, including, without limitation, the Sarbanes-Oxley Act of 2002, provided that such violation or noncompliance resulted in material economic harm to CAC, or (B) a final judicial order or determination prohibiting the executive from service as an officer pursuant to the Exchange Act or the rules of the New York Stock Exchange or NASDAQ, as applicable; or (v) willful breach by the executive of his non-competition or confidentiality restrictions.

Cohen Separation and Consulting Agreement

Mr. Cohen also is party to a separation and consulting agreement with CEOC, a subsidiary of CEC, pursuant to which he provides assistance and consultation services to CEOC and its affiliates. Under the consulting agreement, his CEC Stock Options continue to vest so long as he remained employed with CIE. This agreement was assigned to CES on January 12, 2015.

Quantification of Payments and Benefits

The information set forth in the table below is intended to comply with Item 402(t) of Regulation S-K, which requires disclosure of information about certain compensation for each CAC named executive officer that is based on or otherwise relates to the Merger.

Please note that the amounts indicated below are estimates based on the material assumptions described in the notes to the table below, which may or may not actually occur. Some of these assumptions are based on information currently available and, as a result, the actual amounts, if any, that may become payable to a CAC named executive officer may differ in material respects from the amounts set forth below. Furthermore, for purposes of calculating such amounts, CAC has assumed:

a closing date for the Merger of February 28, 2017;

an Exchange Ratio of 1.625;

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the value of the vesting acceleration of any CAC equity award is calculated assuming an Exchange Ratio of 1.625, and multiplying the result by an assumed market price per share of CEC Common Stock of \$9.21 (the average closing price of a share of CEC Common Stock on the NASDAQ over the first five business days following February 21, 2017, the date of the first public announcement of entering into the Amendment); and

unless otherwise described below, a qualifying termination of employment by the executive on the closing date of the Merger.

Name⁽¹⁾	Cash (\$)⁽²⁾	Equity (\$)⁽³⁾	Perquisites / Benefits (\$)⁽⁴⁾	Total (\$)
Mitch Garber	461,428	1,082,629	1,708	1,545,765
Craig Abrahams		649,580		649,580
Michael Cohen		519,658		519,658

- (1) For purposes of this table and the related disclosure, with respect to Mr. Garber, a qualifying termination means a termination of employment without cause, a termination of employment by the executive for good reason or, with respect to the severance payments and benefits only, a non-renewal of the named executive officer's employment agreement by CIE. A qualifying termination may occur regardless of whether or not a change in control occurs. Under the employment agreements with Messrs. Abrahams and Cohen, the employment term will end upon the closing of the Merger, and (i) there will be no cash severance payable, (ii) their equity awards will receive the treatment as provided under the plans and the Merger Agreement and (iii) they will be entitled to their vested benefits under any tax qualified pension plans of CAC and vested deferred compensation under any applicable deferred compensation plans, and continuation of health insurance benefits on the terms and to the extent required by COBRA, neither CAC nor the executive will have any additional obligations under the agreements (including any severance).
- (2) The cash payment to Mr. Garber consists of a severance payment equal to the executive's base salary, payable over the 12-month period following termination. This cash payment would be payable under the executive's employment agreement. This amount is based on base salary paid by CAC and CIE. As of February 28, 2017, Mr. Garber received \$125,000 base salary (paid in U.S. dollars, or USD) from CAC and \$447,800 (paid in Canadian dollars, or CAD) from CIE. To calculate the conversion of CAD to USD, in accordance with SEC rules, we used an exchange ratio of \$0.75129 CAD to \$1 USD, the CAD to USD exchange rate in effect on February 28, 2017. We believe this is an appropriate way of illustrating the cash payment payable to Mr. Garber in USD.
- (3) Under the Merger Agreement, each CAC named executive officer would be entitled to accelerated vesting of his outstanding unvested CAC Options and CAC Awards granted pursuant to the CAC 2014 PIP upon a qualifying termination of employment within six months following the closing of the Merger (i.e., a double-trigger arrangement); however, the CAC HRC approved the accelerated vesting of all outstanding CAC Awards held by its named executive officers, Mitch Garber, Craig Abrahams and Michael Cohen, effective immediately prior to the closing of the Merger (i.e., a single-trigger arrangement). The amounts in this column reflect the value of the unvested CAC Awards granted pursuant to the CAC 2014 PIP held by the CAC named executive officers and outstanding as of the assumed Merger closing date, based on the Exchange Ratio and assuming a market price per share of CEC Common Stock of \$9.21 (the average closing price of a share of CEC Common Stock on the NASDAQ over the first five business days following February 21, 2017, the date of the first public announcement of entering into the Amendment). The amounts in this column do not reflect the market price per

share of CEC Common Stock of \$15.55 (the average closing price of a share of CEC Common Stock on the NASDAQ over the first five business days following December 22, 2014, the date of the first public announcement of the Original Merger Agreement. Each outstanding CAC Option held by the CAC named executive officers is fully vested as of the assumed Merger closing date, and therefore is not quantified in the table.

In addition to the above, Mr. Cohen holds CEC equity awards which, under the Merger Agreement, would accelerate and vest upon a qualifying termination of employment with CAC, as further described in the CEC Advisory Compensation Proposal beginning on page 322.

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- (4) Amount reflects an estimate, based on current costs and insurance premiums, of the cost of life, accident and health insurance benefits. In addition, Mr. Garber would be entitled to paid financial counseling for Mr. Garber and his dependents for 12 months following a qualifying termination of employment. Amounts to be paid for counseling services will be based on expenses actually incurred by Mr. Garber, and therefore are not estimated for purposes of this table. Each of these amounts would be payable under the Mr. Garber's employment agreement. The following table quantifies each separate perquisite/ benefit included in the aggregate total reported in this column.

Name	Medical / Welfare Coverage (\$)
Mitch Garber	1,708

In addition to the above, Mark Frissora, President and Chief Executive Officer of CEC, a named executive officer at CEC, holds unvested CAC RSUs. The Merger Agreement provides that Mr. Frissora's CAC RSUs will be amended to provide that they will accelerate and vest if he is terminated without cause or he resigns for good reason within six months following the closing of the Merger. In addition to the above, CAC also is a party to the employment agreement for Mr. Frissora that addresses the treatment of certain CAC awards held by Mr. Frissora and provides that he will be entitled to receive one year of additional vesting on certain CAC awards held by him upon a termination of his employment by CEC without cause or by him for good reason. The foregoing acceleration provisions are in addition to any other acceleration provisions in Mr. Frissora's employment agreement with CEC that may govern the acceleration of the awards following the Merger Effective Time.

The value of all unvested CAC RSUs held by Mr. Frissora is \$4,085,427, based on the awards outstanding as of the assumed Merger closing date and assuming a market price per share of CEC Common Stock of \$9.21 (the average closing price of a share of CEC Common Stock on the NASDAQ over the first five business days following February 21, 2017, the date of the first public announcement of entering into the Amendment). This amount does not reflect the market price per share of CEC Common Stock of \$15.55 (the average closing price of a share of CEC Common Stock on the NASDAQ over the first five business days following December 22, 2014, the date of the first public announcement of the Original Merger Agreement).

Waivers

Pursuant to the terms of the Merger Agreement, CEC and CAC each agreed to use commercially reasonable efforts to obtain waivers from each employee who is a party to an employment agreement, severance agreement, change in control agreement, equity and incentive award agreement or similar agreement containing change in control or similar provisions, which state that the transactions contemplated by the Merger Agreement and any other transactions in connection with the Restructuring do not constitute a Change in Control (or similar term) as defined in such agreement.

Indemnification and Insurance

Under the Merger Agreement, former directors, officers and employees of CAC will have rights to indemnification and expense advancement from CEC and CEC has agreed to maintain directors' and officers' insurance policies and fiduciary liability insurance policies or purchase tail coverage, in each case for a six-year period. See The Merger Agreement Indemnification and Insurance beginning on page 348.

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The following table provides certain information regarding the beneficial ownership of CEC's outstanding capital stock based on public disclosure or otherwise known to CEC as of the close of business on February 1, 2017 and immediately following completion of the Merger by:

each of CEC's named executive officers in the Summary Compensation Table;

each CEC director; and

all of CEC's current directors and executive officers as a group.

Beneficial ownership of shares is determined under the rules of the SEC and generally includes any shares over which a person exercises sole or shared voting or investment power. Except as indicated by footnote, and subject to applicable community or marital property laws, each person identified in the table possesses sole voting and investment power with respect to all shares of CEC Common Stock held by them. Shares of CEC Common Stock subject to options currently exercisable or exercisable within 60 days of February 1, 2017 and not subject to repurchase as of that date are deemed outstanding for the purpose of calculating the percentage of outstanding shares of the person holding these options, but are not deemed outstanding for the purpose of calculating the percentage of outstanding shares owned by any other person.

Name	Shares of Stock Beneficially Owned as of February 1, 2017	Percentage of Class as of February 1, 2017
Marc Rowan ⁽¹⁾		
David Sambur ⁽²⁾		
Eric Press ⁽²⁾		
Jeffrey Benjamin ⁽²⁾		
David Bonderman ⁽³⁾⁽⁴⁾		
Eric Hession ⁽⁵⁾	440,133	*
Kelvin Davis ⁽⁶⁾		
Timothy R. Donovan ⁽⁵⁾	448,839	*
Mark Frissora ⁽⁵⁾⁽⁷⁾	1,155,404	*
Thomas M. Jenkin ⁽⁵⁾	651,418	*
Fred J. Kleisner ⁽⁵⁾	45,025	*
Gary Loveman ⁽⁵⁾⁽⁸⁾	4,224,587	2.9%
Robert Morse ⁽⁵⁾	438,998	*
Christopher J. Williams ⁽⁵⁾	50,253	*
Bernard L. Zuroff ⁽⁹⁾		
All directors and executive officers as a group ⁽⁵⁾⁽¹⁰⁾	8,993,808	6.1%

* Indicates less than 1%.

- (1) Marc Rowan, together with Leon Black and Joshua Harris, serve as the managers of each of the Apollo Funds. The Apollo Funds (as defined below) and the Co-Invest Funds (as defined below) directly hold an aggregate of 61,109,995 shares of CEC Common Stock. Messrs. Black, Harris and Rowan also serve as the managers, as well as executive officers, of Management Holdings GP (as defined below), which is the general partner of Management Holdings (as defined below). Affiliates of Management Holdings serve as managers and general partners of investment managers affiliated with Apollo which directly and indirectly manage the Apollo Funds and co-manage the Co-Invest Funds. Messrs. Black, Harris and Rowan are also members of Hamlet Holdings. Mr. Rowan disclaims beneficial ownership of the shares of CEC Common Stock that are beneficially owned by Hamlet Holdings or directly held by any of the Apollo Funds or the Co-Invest Funds. The address of Mr. Rowan is 9 West 57th Street, 43rd Floor, New York, New York 10019.

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- (2) Jeffrey Benjamin, Eric Press and David Sambur are each affiliated with Apollo or its affiliated investment managers and advisors. Messrs. Benjamin, Press and Sambur each disclaim beneficial ownership of the shares of CEC Common Stock that are beneficially owned by Hamlet Holdings, or directly held by any of the Apollo Funds or the Co-Invest Funds. The address of Messrs. Benjamin, Press and Sambur is c/o Apollo Global Management, LLC, 9 West 57th Street, 43rd Floor, New York, New York 10019.
- (3) The TPG Funds and the Co-Invest Funds directly hold an aggregate of 61,109,995 shares of CEC Common Stock, all of which are subject to the CEC Irrevocable Proxy. The TPG Funds disclaim beneficial ownership of the CEC Common Stock held by Hamlet Holdings pursuant to the CEC Irrevocable Proxy. The address of the TPG Funds is c/o TPG Global, 301 Commerce Street, Suite 3300, Fort Worth, Texas 76102.
- (4) Mr. David Bonderman and Mr. James Coulter are officers and sole shareholders of TPG Group Holdings (SBS) Advisors, Inc., which is the general partner of TPG Group Holdings (SBS), L.P., which is the sole member of TPG Holdings I-A, LLC, which is the general partner of TPG Holdings I, L.P., which is the sole member of TPG GenPar V Advisors, LLC, which is the general partner of TPG GenPar V, L.P., which is the general partner of TPG V Hamlet AIV, L.P., which is the managing member of TPG Hamlet. TPG GenPar V, L.P. is also the managing member of TPG Hamlet B and a managing member of each of the Co-Invest Funds. Messrs. Bonderman and Coulter are also members of Hamlet Holdings. Messrs. Bonderman and Coulter disclaim beneficial ownership of the CEC Common Stock held by Hamlet Holdings pursuant to the CEC Irrevocable Proxy. The address of Messrs. Bonderman and Coulter is c/o TPG Global, 301 Commerce Street, Suite 3300, Fort Worth, Texas 76102.
- (5) Includes CEC Common Stock that may be acquired within 60 days pursuant to outstanding stock options: Mr. Frissora, 486,363 shares; Mr. Hession 94,357 shares; Mr. Donovan, 159,306 shares; Mr. Jenkin, 125,732 shares; Mr. Loveman, 3,846,558 shares; Mr. Morse, 57,160 shares; Mr. Kleisner, 4,830 shares; Mr. Williams, 10,371 shares; and 5,332,690 shares for all directors and executive officers as a group.
- (6) Kelvin Davis is a TPG Senior Partner and is an officer of Hamlet Holdings. TPG is an affiliate of (a) the TPG Funds, (b) the Co-Invest Funds, and (c) Hamlet Holdings. Mr. Davis disclaims beneficial ownership of the CEC Common Stock subject to the CEC Irrevocable Proxy. The address of Mr. Davis is c/o TPG Global, 301 Commerce Street, Suite 3300, Fort Worth, Texas 76102.
- (7) Mr. Frissora was elected to CEC's board of directors in February 2015. Includes 1,900 shares held by Mr. Frissora's daughter.
- (8) Includes shares indirectly held in a trust.
- (9) Mr. Zuroff became a member of CEC's board of directors in November 2016.
- (10) Unless otherwise specified, the address of each of CEC's directors and named executive officers is c/o Caesars Entertainment Corporation, One Caesars Palace Drive, Las Vegas, Nevada 89109.

Based on a review of filings with the SEC, as of February 1, 2017, CEC has determined that each of the persons listed below is a beneficial owner of more than 5% of the outstanding shares of CEC Common Stock. The table below also reflects the beneficial ownership of such parties immediately following completion of the Merger.

Name	Shares of Stock Beneficially Owned as of February 1, 2017	Percentage of Class as of February 1, 2017
Apollo Funds ⁽¹⁾⁽²⁾		
TPG Funds ⁽¹⁾⁽³⁾⁽⁴⁾		
Hamlet Holdings ⁽¹⁾⁽⁵⁾	87,605,299	59.5%
Paulson Investors ⁽⁶⁾	14,417,900	9.8%

- (1) Until completion of the Merger and the Restructuring, the shares of CEC Common Stock held by each of Apollo Hamlet Holdings, LLC (Apollo Hamlet) and Apollo Hamlet Holdings B, LLC (Apollo Hamlet B and together with Apollo Hamlet, the Apollo Funds), TPG Hamlet Holdings, LLC (TPG Hamlet) and TPG Hamlet Holdings B, LLC (TPG Hamlet B, and together with TPG Hamlet, the TPG Funds), and Co-Invest Hamlet Holdings B, LLC (Co-Invest B) and Co-Invest Hamlet Holdings, Series LLC

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(Co-Invest LLC and together with Co-Invest B , the Co-Invest Funds), are subject to the CEC Irrevocable Proxy granted by each such entity to Hamlet Holdings and irrevocably constituting and appointing Hamlet Holdings, with full power of substitution, its true and lawful proxy and attorney-in-fact to: (i) vote all of the shares of the CEC Common Stock held by such entity at any meeting (and any adjournment or postponement thereof) of CEC s stockholders, and in connection with any written consent of CEC s stockholders, and (ii) direct and effect the sale, transfer or other disposition of all or any part of the shares of CEC Common Stock held by that entity, if, as and when so determined in the sole discretion of Hamlet Holdings.

Upon completion of the Merger and the Restructuring, the CEC Irrevocable Proxy will terminate and the Apollo Funds, the TPG Funds and the Co-Invest Funds will each control voting and disposition of the shares of CEC Common Stock held by such entity. The shares of CEC Common Stock held by the Co-Invest Funds will be controlled in accordance with the existing applicable governance agreement of each entity, which generally require the co-managers of the Co-Invest Fund to manage by unanimous decision. The affiliate of the Apollo Funds and the affiliate of the TPG Funds that serve as co-managers of the Co-Invest Funds will thus indirectly control voting and disposition of the CEC Common Stock held by the Co-Invest Funds.

- (2) The Apollo Funds and the Co-Invest Funds directly hold an aggregate of 61,109,995 shares of CEC Common Stock. Apollo Investment Fund VI, L.P. (AIF VI) is the sole member of Apollo Hamlet B. Apollo Management VI, L.P. (Management VI) is the general partner of AIF VI and one of two managing members of each of the Co-Invest Funds. AIF VI Management, LLC (AIF VI Management) is the general partner of Management VI. Apollo Management, L.P. (Apollo Management) is the sole member and manager of AIF VI Management, and Apollo Management GP, LLC (Management GP) is the general partner of Apollo Management. Apollo Management Holdings, L.P. (Management Holdings) is the sole member and manager of Management GP, and Apollo Management Holdings GP, LLC (Management Holdings GP) is the general partner of Management Holdings. Leon Black, Joshua Harris and Marc Rowan serve as the managers of Apollo Hamlet and Apollo Hamlet B, and serve as the managers, as well as executive officers, of Management Holdings GP. Messrs. Black, Harris and Rowan are also members of Hamlet Holdings. The address of the Apollo Funds, AIF VI, Management VI, AIF VI Management, Apollo Management, Management GP, Management Holdings, Management Holdings GP, and Messrs. Black, Harris and Rowan is 9 West 57th Street, 43rd Floor, New York, New York 10019. The address of the Co-Invest Funds is c/o Apollo Management, LP, 9 West 57th Street, 43rd Floor, New York, New York 10019 and c/o TPG Global, 301 Commerce Street, Suite 3300, Fort Worth, Texas 76102.
- (3) The TPG Funds and the Co-Invest Funds directly hold an aggregate of 61,109,995 shares of CEC Common Stock. The TPG Funds disclaim beneficial ownership of the common stock held by Hamlet Holdings pursuant to the CEC Irrevocable Proxy. The address of the TPG Funds is c/o TPG Global, 301 Commerce Street, Suite 3300, Fort Worth, Texas 76102.
- (4) Mr. David Bonderman and Mr. James Coulter are sole shareholders of TPG Group Holdings (SBS) Advisors, Inc., which is the general partner of TPG Group Holdings (SBS), L.P., which is the sole member of TPG Holdings I-A, LLC, which is the general partner of TPG Holdings I, L.P., which is the sole member of TPG GenPar V Advisors, LLC, which is the general partner of TPG GenPar V, L.P., which is the general partner of TPG V Hamlet AIV, L.P., which is the managing member of TPG Hamlet. TPG GenPar V, L.P. is also the managing member of TPG Hamlet B and a managing member of each of the Co-Invest Funds. Messrs. Bonderman and Coulter are also members of Hamlet Holdings. Each of Messrs. Bonderman and Coulter and the TPG Funds disclaim beneficial ownership of the CEC Common Stock held by Hamlet Holdings pursuant to the CEC Irrevocable Proxy. The address of the TPG Funds is c/o TPG Global, 301 Commerce Street, Suite 3300, Fort Worth, Texas 76102.
- (5) The members of Hamlet Holdings are Leon Black, Joshua Harris and Marc Rowan, each of whom is affiliated with Apollo and holds approximately 17% of the limited liability company interests of Hamlet Holdings, and David Bonderman and James Coulter, each of whom is affiliated with the TPG Funds and holds approximately 25% of the limited liability company interests of Hamlet Holdings.

- (6) Includes all of the CEC Common Stock held by funds and accounts managed by Paulson & Co. Inc. The address of Paulson & Co. Inc. is 1251 Avenue of the Americas, New York, NY 10020.

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The following table provides certain information regarding the beneficial ownership of CAC's outstanding capital stock based on public disclosure or otherwise known to CAC as of the close of business on February 1, 2017:

each of CAC's named executive officers in the Summary Compensation Table;

each CAC director; and

all of CAC's current directors and executive officers as a group.

Beneficial ownership of shares is determined under the rules of the SEC and generally includes any shares over which a person exercises sole or shared voting or investment power. Except as indicated by footnote, and subject to applicable community or marital property laws, each person identified in the table possesses sole voting and investment power with respect to all shares of CAC Common Stock held by them. Unless otherwise specified, the address of each of CAC's directors and named executive officers is c/o Caesars Acquisition Company, One Caesars Palace Drive, Las Vegas, Nevada 89109.

Shares of CAC Common Stock subject to options currently exercisable or exercisable within 60 days of February 1, 2017 and not subject to repurchase as of that date, and shares of CAC Common Stock underlying RSUs which will vest within 60 days of February 1, 2017, are deemed outstanding for the purpose of calculating the percentage of outstanding shares of the person holding these options, but are not deemed outstanding for the purpose of calculating the percentage of outstanding shares owned by any other person.

Name	Shares of Class A Common Stock Beneficially Owned	Rights to Acquire Shares of Class A Common Stock (Options)	Rights to Acquire Shares of Class A Common Stock (Restricted Stock Units)	Percentage of Class (%)
Non-Employee Directors				
Marc Rowan				
David Sambur				
Karl Peterson				
Philip Erlanger	26,100			*
Marc Beilinson	26,100			*
Don Kornstein ⁽¹⁾	26,100			*
Dhiren Fonseca	26,100			*

Named Executive Officers			
Mitch Garber	129,783	450,000	*
Craig Abrahams	75,587	186,366	*
Michael Cohen	17,824		*
All current directors and executive officers as a group⁽²⁾	327,594	636,366	*

* Represents less than 1% of outstanding shares of CAC Common Stock.

(1) Mr. Kornstein was elected to the board of directors on January 7, 2014.

(2) Unless otherwise specified, the address of each of the directors and named executive officers is c/o Caesars Acquisition Company, One Caesars Palace Drive, Las Vegas, Nevada 89109.

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Based on a review of filings with the SEC, as of February 1, 2017, CAC has determined that each of the persons listed below is a beneficial owner of more than 5% of the outstanding shares of CAC Common Stock.

Name	Shares of Class A Common Stock Beneficially Owned	Rights to Acquire Shares of Class A Common Stock (Options)	Rights to Acquire Shares of Class A Common Stock (Restricted Stock Units)	Percentage of Class (%)
>5% Stockholders				
Apollo Funds ⁽¹⁾⁽²⁾				
TPG Funds ⁽¹⁾⁽³⁾⁽⁴⁾				
Hamlet Holdings LLC ⁽¹⁾⁽⁴⁾	90,063,316			65.00%
Paulson & Co ⁽⁵⁾	13,117,998			9.49%

- (1) Each of the Apollo Funds, TPG Funds, and Co-Invest Funds granted the CAC Irrevocable Proxy in respect of all of the shares of CAC Common Stock held by such entity to Hamlet Holdings, which irrevocably constitutes and appoints Hamlet Holdings, with full power of substitution, its true and lawful proxy and attorney-in-fact to:
- (i) vote all of the shares of the CAC Common Stock held by such entity at any meeting (and any adjournment or postponement thereof) of CAC's stockholders, and in connection with any written consent of CAC's stockholders, and (ii) direct and effect the sale, transfer or other disposition of all or any part of the shares of CAC Common Stock held by that entity, if, as and when so determined in the sole discretion of Hamlet Holdings. The Sponsors directly hold an aggregate of 90,063,316 shares of CAC Common Stock, all of which are subject to the CAC Irrevocable Proxy. Pursuant to Rule 13d-3 under the Exchange Act, all of the shares of CAC Common Stock held of record by the Sponsors are beneficially owned by Hamlet Holdings pursuant to the CAC Irrevocable Proxy that grants Hamlet Holdings sole voting and sole dispositive power with respect to such shares. Upon completion of the Merger, the CAC Irrevocable Proxy will terminate.
- (2) AIF VI is the sole member of Apollo Hamlet B. Management VI is the general partner of AIF VI and one of two managing members of each of the Co-Invest Funds. AIF VI Management is the general partner of Management VI. Apollo Management is the sole member and manager of AIF VI Management, and Management GP is the general partner of Apollo Management. Management Holdings is the sole member and manager of Management GP, and Management Holdings GP is the general partner of Management Holdings. Leon Black, Joshua Harris and Marc Rowan serve as the managers of Apollo Hamlet and Apollo Hamlet B, and serve as the managers, as well as executive officers, of Management Holdings GP. The address of the Apollo Funds, AIF VI, Management VI, AIF VI Management, Apollo Management, Management GP, Management Holdings, Management Holdings GP, and Messrs. Black, Harris and Rowan is 9 West 57th Street, 43rd Floor, New York, New York 10019. The address of the Co-Invest Funds is c/o Apollo Management VI, L.P., 9 West 57th Street, 43rd Floor, New York, New York 10019 and c/o TPG Global, 301 Commerce Street, Suite 3300, Fort Worth, Texas 76102.
- (3) David Bonderman and James Coulter are sole shareholders of TPG Group Holdings (SBS) Advisors, Inc., which is the sole member of TPG Group Holdings (SBS) Advisors, LLC, which is the general partner of TPG Group

Holdings (SBS), L.P., which is the sole member of TPG Holdings I-A, LLC, which is the general partner of TPG Holdings I, L.P., which is the sole member of TPG GenPar V Advisors, LLC, which is the general partner of TPG GenPar V, L.P., which is the general partner of TPG V Hamlet AIV, L.P., which is the managing member of TPG Hamlet. TPG GenPar V, L.P. is also the managing member of TPG Hamlet B and a managing member of each of the Co-Invest Funds. Messrs. Bonderman and Coulter are also members of Hamlet Holdings. Each of Messrs. Bonderman and Coulter and the TPG Funds disclaim beneficial ownership of the CAC Common Stock held by Hamlet Holdings pursuant to the CAC Irrevocable Proxy. The address of the TPG Funds is c/o TPG Global, 301 Commerce Street, Suite 3300, Fort Worth, Texas 76102.

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- (4) The members of Hamlet Holdings are Leon Black, Joshua Harris and Marc Rowan, each of whom is affiliated with Apollo and holds approximately 17% of the limited liability company interests of Hamlet Holdings, and David Bonderman and James Coulter, each of whom is affiliated with the TPG Funds and holds approximately 25% of the limited liability company interests of Hamlet Holdings.
- (5) Pursuant to a Schedule 13G filed with the SEC on February 14, 2017, includes all of the CAC Common Stock held by funds and accounts managed by Paulson & Co. Inc., which include Paulson Credit Opportunities Master Ltd., Paulson Recovery Master Fund Ltd., Paulson Advantage Master Ltd. and Paulson Advantage Plus Master Ltd. The address of Paulson & Co. Inc. is 1251 Avenue of the Americas, New York, NY 10020.

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CERTAIN GOVERNANCE MATTERS FOLLOWING THE MERGER

New CEC Board of Directors

At the Plan Effective Time, the initial board of directors of CEC, or the Initial Board, will consist of eleven members, or the Initial Directors, one of whom will be the CEO of New CEC and eight of whom will be independent directors, including the chairman. The Initial Board will be classified with Class I directors having a term expiring at the 2018 annual meeting of stockholders. The independent directors will not include anyone who is an officer, director, manager or full-time employee of any Sponsor. Four members of the Initial Board will be appointed by the current directors of CEC and CAC. CEC and CAC will be entitled to appoint two Initial Directors who are not independent. The CAC Special Committee and the CEC SAC will each appoint one of the four Initial Directors appointed by CEC/CAC, which appointments will be subject to the consent of the Second Lien Committee. Three members of the Initial Board will be appointed by the Second Lien Committee. Two members of the Initial Board will be appointed by the holders of greater than two-thirds of the claims in respect of CEOC's first lien notes. One member of the Initial Board will be appointed by the holders of greater than two-thirds of the claims in respect of CEOC's first lien bank debt and subsidiary-guaranteed notes, in consultation with the committee representing the unsecured creditors.

In connection with the foregoing, as of the date of this joint proxy statement/prospectus, CEC and CAC expect that the following persons will be designated as directors of New CEC:

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New CEC Officers

Pursuant to the Merger Agreement, the persons reasonably agreed to between CEC and CAC will be elected or appointed to New CEC as of the Merger Effective Time to those offices reasonably agreed to between CEC and CAC prior to the Merger Effective Time and in accordance with the terms of the Plan.

In connection with the foregoing, as of the date of this joint proxy statement/prospectus, CEC and CAC expect that the following persons will be designated as executive officers of New CEC:

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DESCRIPTION OF CEC CAPITAL STOCK

CEC's authorized capital stock consists of 1,250,000,000 shares of common stock, par value \$0.01 per share, and 125,000,000 shares of preferred stock, par value \$0.01 per share, the rights and preferences of which may be designated by the CEC board of directors. If CEC stockholders approve the Authorized Shares Increase Proposal, CEC's authorized capital stock with respect to CEC Common Stock will be increased to 2,000,000,000 shares of CEC Common Stock.

All existing CEC Common Stock is validly issued, fully paid and nonassessable. As of December 31, 2016, there were 125 holders of record of CEC Common Stock. The discussion below describes the most important terms of CEC's capital stock, certificate of incorporation and by-laws. Because it is only a summary, it does not contain all the information that may be important to you. For a complete description refer to CEC's certificate of incorporation and by-laws, copies of which have been incorporated by reference in this joint proxy statement/prospectus, and to the applicable provisions of the Delaware General Corporation Law.

Common Stock

Voting Rights. The holders of CEC Common Stock are entitled to one vote per share on all matters submitted for action by the stockholders.

Dividend Rights. Subject to any preferential rights of any then outstanding preferred stock, all shares of CEC Common Stock are entitled to share equally in any dividends CEC's board of directors may declare from legally available sources.

Liquidation Rights. Upon liquidation or dissolution of CEC, whether voluntary or involuntary, after payment in full of the amounts required to be paid to holders of any then outstanding preferred stock, all shares of CEC Common Stock are entitled to share equally in the assets available for distribution to stockholders after payment of all of CEC's prior obligations.

Other Matters. The holders of CEC Common Stock have no preemptive or conversion rights, and CEC Common Stock is not subject to further calls or assessments by CEC. There are no redemption or sinking fund provisions applicable to CEC Common Stock except those described below under Certain Redemption Provisions. Except as described below under Certain Anti-Takeover, Limited Liability and Indemnification Provisions, a majority vote of common stockholders is generally required to take action under CEC's certificate of incorporation and by-laws. The rights, preferences and privileges of holders of CEC Common Stock are subject to the terms of any series of preferred stock that may be issued in the future.

Preferred Stock

CEC's board of directors, without further stockholder approval, will be able to issue, from time to time, up to an aggregate of 125,000,000 shares of preferred stock in one or more series and to fix or alter the designations, preferences, rights and any qualifications, limitations or restrictions of the shares of each such series thereof, including the dividend rights, dividend rates, conversion rights, voting rights, terms of redemption (including sinking fund provisions), redemption prices or prices, liquidation preferences and the number of shares constituting any series or designations of such series. Notwithstanding the foregoing, the rights of each holder of preferred stock will be subject at all times to compliance with all gaming and other statutes, laws, rules and regulations applicable to CEC or such holder at that time. As of December 31, 2016, there were no shares of preferred stock outstanding. CEC's board of directors may authorize the issuance of preferred stock with voting or conversion rights that could adversely affect the

voting power or other rights of the holders of CEC Common Stock. The issuance of preferred stock, while providing flexibility in connection with possible future financings and acquisitions and other corporate purposes could, under certain circumstances, have the effect of delaying, deferring or preventing a change in control of CEC might harm the market price of CEC Common Stock. See Certain Anti-Takeover, Limited Liability and Indemnification Provisions.

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Certain Redemption Provisions

CEC's certificate of incorporation contains provisions establishing the right to redeem the securities of disqualified holders if necessary to avoid any regulatory sanctions, to prevent the loss or to secure the reinstatement of any license or franchise, or if such holder is determined by any gaming regulatory agency to be unsuitable, has an application for a license or permit denied or rejected, or has a previously issued license or permit rescinded, suspended, revoked or not renewed. CEC's certificate of incorporation will also contain provisions defining the redemption price and the rights of a disqualified security holder.

Registration Rights

The Sponsors each have demand registration rights with respect to the CEC Common Stock they currently own and both Sponsors and the co-investors can participate in any demand registration initiated by either Sponsor. The Sponsors will have demand registration rights with respect to the shares of New CEC they receive in respect of their former interests in CAC. To the extent the number of securities offered in any such offering has to be limited based upon the opinion of the underwriter or underwriters of such offering, the securities to be offered will include (1) first, securities to be allocated pro rata among the Sponsors and their co-investors and (2) second, only if all of the securities referred to in clause (1) have been included, securities that CEC proposes to include in such demand registration.

The Sponsors and their co-investors also have piggyback registration rights with respect to the CEC Common Stock they currently own and the shares of New CEC they receive in respect of their former interests in CAC, for any other offering not covered by a demand registration, provided that the co-investors can only participate if a Sponsor is participating in such offering as a selling stockholder. To the extent the number of securities offered in any such offering has to be limited based upon the opinion of the underwriter or underwriters of such offering, the securities to be offered will include (1) first, all of the securities proposed to be sold in such offering by CEC or any person exercising a contractual right to a demand registration, (2) second, only if all of the securities referred to in clause (1) have been included, securities to be allocated pro rata among the Sponsors and their co-investors, and (3) third, only if all of the securities referred to in clause (2) have been included, any other securities eligible for inclusion in such registration.

CEC's management stockholders also have piggyback registration rights in connection with any registered offering of CEC Common Stock. To the extent the number of securities offered in any such offering has to be limited based upon the opinion of the underwriter or underwriters of such offering, the securities to be offered will include (1) first, all of the securities proposed to be sold in such offering by CEC or any person exercising a contractual right to a demand registration, (2) second, only if all of the securities referred to in clause (1) have been included, securities to be allocated pro rata among the Sponsors and their co-investors, and (3) third, only if all of the securities referred to in clause (2) have been included, the securities held by management together with any other securities eligible for inclusion in such registration.

Certain Anti-Takeover, Limited Liability and Indemnification Provisions

CEC is governed by the Delaware General Corporation Law. CEC's certificate of incorporation and by-laws contain provisions that could make more difficult the acquisition of CEC by means of a tender offer, a proxy contest or otherwise, or to remove or replace CEC's current management.

Requirements for Advance Notification of Stockholder Nominations and Proposals. CEC's by-laws establish advance notice procedures with respect to stockholder proposals and the nomination of candidates for election as directors,

other than nominations made by or at the direction of CEC's board of directors or one of its committees.

Delaware Anti-Takeover Law. CEC is a Delaware corporation subject to Section 203 of the Delaware General Corporation Law. Under Section 203, certain business combinations between a Delaware corporation

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whose stock generally is publicly traded and an interested stockholder are prohibited for a three-year period following the date that such stockholder became an interested stockholder, unless:

the corporation has elected in its certificate of incorporation not to be governed by Section 203, which CEC has elected;

the business combination or the transaction which resulted in the stockholder becoming an interested stockholder was approved by the board of directors of the corporation before such stockholder became an interested stockholder;

upon completion of the transaction that made such stockholder an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the commencement of the transaction excluding voting stock owned by directors who are also officers or held in employee benefit plans in which the employees do not have a confidential right to tender stock held by the plan in a tender or exchange offer; or

the business combination is approved by the board of directors of the corporation and authorized at a meeting by two-thirds of the voting stock which the interested stockholder did not own.

The three-year prohibition also does not apply to some business combinations proposed by an interested stockholder following the announcement or notification of an extraordinary transaction involving the corporation and a person who had not been an interested stockholder during the previous three years or who became an interested stockholder with the approval of a majority of the corporation's directors. The term business combination is defined generally to include mergers or consolidations between a Delaware corporation and an interested stockholder, transactions with an interested stockholder involving the assets or stock of the corporation or its majority-owned subsidiaries, and transactions which increase an interested stockholder's percentage ownership of stock. The term interested stockholder is defined generally as those stockholders who become beneficial owners of 15% or more of a Delaware corporation's voting stock, together with the affiliates or associates of that stockholder.

Classified Board and Cumulative Voting. CEC's certificate of incorporation and by-laws provide for a classified board of directors, pursuant to which the board of directors is divided into three classes whose members serve three-year staggered terms. CEC's certificate of incorporation also prohibits cumulative voting by stockholders in connection with the election of directors, which would otherwise allow less than a majority of stockholders to elect director candidates.

Removal of Directors. CEC's certificate of incorporation and by-laws provide that a director may be removed from office at any time, but only for cause and only by affirmative vote of at least two-thirds of the shares entitled to vote generally in the election of directors.

Number of Directors and Vacancies. CEC's by-laws permit the number of directors to be fixed only by an affirmative vote of at least two-thirds of the members of the board, and any vacancy on CEC's board of directors, including a vacancy resulting from an enlargement of CEC's board of directors, may only be filled by vote of a majority of CEC's directors then in office, whether such vacancy occurs as a result of an increase in the number of directors or otherwise.

Blank Check Preferred Stock. CEC's certificate of incorporation authorizes the issuance of blank check preferred stock that could be issued by CEC's board of directors to increase the number of outstanding shares or establish a stockholders rights plan making a takeover more difficult and expensive.

Amendments to Certificate of Incorporation and By-laws. CEC's certificate of incorporation provides that any amendment to CEC's by-laws will require the affirmative vote of two-thirds of the shares entitled to vote on any matter or CEC's board of directors. CEC's certificate of incorporation also provides that any amendment to the certificate of incorporation relating to stockholder meetings, amendments to CEC's by-laws or certificate of

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incorporation and the election or classification of CEC's board of directors will require the affirmative vote of two-thirds of the shares entitled to vote on any matter.

Special Meetings of Stockholders. CEC's by-laws provide that, except as otherwise required by law, special meetings of stockholders can only be called by a majority of CEC's board of directors.

Actions by Written Consent. CEC's by-laws prohibit stockholders from acting by written consent if the Sponsors cease to beneficially own or control a majority in voting power of the outstanding capital stock of CEC entitled to vote.

Limitation of Officer and Director Liability and Indemnification Arrangements. CEC's certificate of incorporation limits the liability of CEC's officers and directors to the maximum extent permitted by Delaware law. Delaware law provides that directors will not be personally liable for monetary damages for breach of their fiduciary duties as directors, except liability for:

any breach of their duty of loyalty to the corporation or its stockholders;

acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;

unlawful payments of dividends or unlawful stock repurchases or redemptions; or

any transaction from which the director derived an improper personal benefit.

This charter provision has no effect on any non-monetary remedies that may be available to CEC or its stockholders, nor does it relieve CEC or its officers or directors from compliance with federal or state securities laws. The certificate also generally provides that CEC will indemnify, to the fullest extent permitted by law, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit, investigation, administrative hearing or any other proceeding by reason of the fact that he is or was a director or officer of CEC, or is or was serving at CEC's request as a director, officer or employee of another entity, against expenses incurred by him in connection with such proceeding. An officer or director will not be entitled to indemnification by CEC if:

the officer or director did not act in good faith and in a manner reasonably believed to be in, or not opposed to, CEC's best interests; or

with respect to any criminal action or proceeding, the officer or director had reasonable cause to believe his conduct was unlawful.

These charter and by-law provisions and provisions of Delaware law may have the effect of delaying, deterring or preventing a change of control of CEC.

Transfer Agent and Registrar

The transfer agent and registrar for CEC Common Stock is Computershare Trust Company, N.A., Canton, Massachusetts.

Listing

CEC Common Stock is listed on the NASDAQ Global Select Market under the symbol CZR.

Table of Contents**COMPARISON OF STOCKHOLDER RIGHTS**

The rights of CEC stockholders are governed by the laws of the State of Delaware and by CEC's Second Amended and Restated Certificate of Incorporation, dated February 8, 2012 (which is referred to as CEC's certificate of incorporation), and CEC's Amended By-laws, dated February 8, 2012 (which is referred to as CEC's by-laws). The rights of CAC stockholders are governed by the laws of the State of Delaware and by CAC's First Amended and Restated Certificate of Incorporation, dated October 21, 2013 (which is referred to as CAC's certificate of incorporation) and CAC's Amended and Restated By-laws, adopted October 21, 2013 (which is referred to as CAC's by-laws). As a result of the Merger, CAC stockholders who receive shares of CEC Common Stock will become stockholders of CEC. Thus, upon completion of the Merger, the rights of CAC stockholders who become CEC stockholders in the Merger will continue to be governed by the laws of the State of Delaware, and will also then be governed by CEC's certificate of incorporation and CEC's by-laws.

Set forth below is a summary comparison of the material differences between the rights of a CEC stockholder under CEC's certificate of incorporation and CEC's by-laws, and the rights of a stockholder under CAC's certificate of incorporation and CAC's by-laws. In addition, the summary set forth below contains a summary of certain relevant provisions of the CGP Operating Agreement. The summary set forth below does not include a complete description of all differences among the rights of these stockholders and is not intended to provide a comprehensive discussion of each company's governing documents. Furthermore, the identification of some of the differences in the right of these stockholders as material is not intended to indicate that other differences that may be equally important do not exist.

CEC and CAC urge you to carefully read this entire joint proxy statement/prospectus, the relevant provisions of Delaware law and the other documents to which CEC and CAC refer in this joint proxy statement/prospectus for a more complete understanding of the differences between the rights of a CAC stockholder and the rights of a CEC stockholder. This summary is qualified in its entirety by reference to the full text of each of CEC's certificate of incorporation, CEC's by-laws, CAC's certificate of incorporation and CAC's by-laws. CEC and CAC have filed with the SEC their respective governing documents referenced in this comparison of stockholder rights and will send copies of these documents to you, without charge, upon your written or telephonic request. See the section entitled "Where You Can Find More Information," beginning on page 385, as to how you can obtain a copy of these documents.

The rights of holders of CAC Common Stock and CEC Common Stock are substantially the same, except for the following:

	CAC	CEC
Authorized Capital Stock	300,000,000 shares of Class A Common Stock, par value \$0.001 per share, 900,000,000 shares of Class B Common Stock, par value \$0.001 per share. As of the record date, there were [] shares of CAC Class A Common Stock issued and outstanding and [] shares of CAC Class B Common Stock issued and outstanding.	1,250,000,000 shares of Common Stock, par value \$0.01 per share and 125,000,000 shares of Preferred Stock, par value \$0.01 per share. As of the record date, there were [] shares of CEC Common Stock issued and outstanding and [] shares of CEC Preferred Stock issued and outstanding.

If CEC stockholders approve the Authorized Shares Increase Proposal, then CEC will be authorized to issue 2,000,000,000 shares of CEC Common Stock.

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	CAC	CEC
Voting Rights	The holders of shares of Class A common stock are entitled to one vote per share on all matters submitted for action by the stockholders. The holders of shares of Class B common stock will not be entitled to vote on matters submitted for action by the stockholders unless otherwise required by law.	The holders of shares of Common Stock are entitled to one vote per share on all matters submitted for action by the stockholders.
Dividend Rights	<p>All shares of Class A and Class B common stock of CAC are entitled to</p> <p>share equally in any dividends CAC's board of directors may declare from legally available sources, provided that any dividends declared in respect of proceeds received in connection with or as a result of a Partial Liquidation (as defined below) will, subject to applicable laws, be distributed as follows: (i) first, to holders of shares of Class A common stock, pro rata, based on the number of shares held until each share of Class A common stock has received an amount equal to the return of capital contribution in respect of a share of Class A common stock (as adjusted) plus a 10.5% per annum of return on such capital contribution (such return to begin accruing on the proceeds in excess of the purchase price of Planet Hollywood, Horseshoe Baltimore and 50% of the related management fees only upon the investment of such excess proceeds by CGP); (ii) second, to holders of shares of Class B common stock, pro rata, until each share of Class B common stock catches up (on a per share basis) to the amount distributed in provision (i) (including the 10.5% per annum of return on the capital contribution); (iii) third, to holders of shares of Class B common stock in an amount equal to the difference between (x) the amount CEC and/or its subsidiaries would have received had non-pro rata special</p>	<p>Subject to the rights of holders of shares of Preferred Stock, holders of shares of</p> <p>common stock are entitled to share equally in any dividends CEC's board of directors may declare from legally available sources.</p>

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	CAC	CEC
	made in connection with CIE's sale of its social and mobile games business in September 2016 been made pro rata based on the members' respective company percentage interests in CGP as of the closing of the sale and (y) the amount of special distributions actually received by CEC and/or its subsidiaries; and (iv) fourth, to all holders of shares of Class A and Class B common stock pro rata.	
	Partial Liquidation: means the sale or disposition of assets of CAC or any of its subsidiaries at a fair value greater than or equal \$20 million.	
Liquidation Rights	Upon a liquidation, dissolution or winding up of CAC, after payment (or provision for payment) of all debts and liabilities of CAC, all shares of Class A and Class B common stock of CAC are entitled to received distributions in the order of priority set forth in the Distribution Rights sections above.	Upon a liquidation, dissolution or winding up of CEC, after payment (or provision for payment) of all liabilities and the liquidation preference on Preferred Stock, if any, holders of common stock are entitled to receive pro rata distributions.
Conversion of Common Stock	Upon exercise of the Call Right (as described below), if CEC exercises such Call Right (i) with respect to a portion of the shares of Class A common stock, such shares of Class A common stock will automatically convert to shares of Class B common stock, and (ii) in its entirety, any shares of Class A common stock that were converted to shares of Class B common stock upon a partial exercise of the Call Right will automatically convert to shares of Class A common stock.	
Number of Directors	CAC's certificate of incorporation and by-laws provide that number of directors constituting the entire board of directors will be seven but may be modified from	CEC's certificate of incorporation and by-laws provide that the number of directors may be fixed from time to time only pursuant to a resolution

time to time by resolution adopted by two-thirds of the members of the entire board of

adopted by two-thirds of the members of the board of

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	CAC	CEC
	directors, but in no event the total number of directors will be less than seven. CAC currently has seven members.	directors. CEC currently has eleven members.
Vacancies on the Board of Directors	CAC's by-laws provide that any vacancy that results from an increase in the number of directors, from the death, resignation or removal of any director or for any other cause will be filled by the approval of at least two-thirds of the directors then in office, or by a sole remaining director and will not be filled by the stockholders.	CEC's by-laws provide that any vacancy in the board of directors of CEC that results from an increase in the number of directors, from the death, resignation or removal of any director or for any other cause will be filled solely by a majority of the total number of directors then in office, or by a sole remaining director.
Amendment to Certificate of Incorporation	CAC's certificate of incorporation provides that any amendment, alteration, change or repeal of certain sections relating to stockholder rights and Articles VI, VII and VIII of CAC's certificate of incorporation will require the affirmative vote or written consent of the holders of at least a majority of the outstanding shares of each class or series of common stock, voting separately as a class.	CEC's certificate of incorporation provides that any amendment, alteration, change or repeal of Articles VI, VII and VIII will require the affirmative vote of the stockholders holding at least two-thirds of the outstanding voting power, voting together as single class.
Amendment of By-laws	CAC's certificate of incorporation provides that CAC's board of directors is authorized to make, adopt, amend, change or repeal CAC's by-laws by resolutions adopted by the affirmative vote of at least a majority of the members of the entire board of directors. Stockholders may make, adopt, amend, alter, change or repeal CAC's by-laws upon the affirmative vote of at least a majority of the votes entitled to be cast by the holders	CEC's certificate of incorporation provides that CEC's board of directors may make, adopt, alter, amend, change or repeal the by-laws by resolution adopted by at least two-thirds of the entire board of directors. Stockholders may make, adopt, alter, amend, change or repeal CEC's by-laws upon the affirmative vote of at least two-thirds of the voting power of CEC, voting together as a single class.
	of shares of capital stock entitled to vote at the meeting, voting together as a single class.	

The following is a description of the rights of CEC and CAC with respect to their equity interests in CGP.

Call Right

After the third anniversary of the closing of the Initial CGP Transactions, CEC and/or its subsidiaries will have the right, which it may assign to any of its affiliates or to any transferee of all non-voting units of CGP held

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by CEC and which only may be exercised under certain circumstances as described below, to acquire all or a portion of the voting units of CGP, (or, at the election of CAC and subject to the approval of CAC's stockholders, shares of CAC Common Stock) not otherwise owned by CEC and/or its subsidiaries at such time. The purchase consideration may be, at CEC's option, cash or shares of CEC Common Stock valued at market value, net of customary market discount and expenses, provided that the cash portion will not exceed 50% of the total consideration in any exercise of the call right. The purchase price will be the fair market value of the voting units of CGP (or shares of CAC Common Stock) at such time based on an independent appraisal, subject to (1) a minimum purchase price equal to the capital contribution in respect of such units plus a 10.5% per annum return on such capital contribution, or (2) a maximum purchase price equal to the capital contribution in respect of such units plus a 25% per annum return on such capital contribution, in either case, taking into account prior distributions (other than tax distributions) with respect to such units.

The call right may be exercisable in part by CEC (up to three times), but until the call right is exercised in full, any voting units of CGP or shares of CAC Common Stock acquired by CEC will be converted into non-voting units of CGP (or CAC Class B Common Stock). Additionally, the call right may only be exercised by CEC and/or its subsidiaries if, at the time of such exercise, (w) CEC and CAC enter into a resale registration rights agreement with respect to the shares of CEC Common Stock used as all or a portion of the purchase consideration in connection with the exercise of the call right, (x) the CEC Common Stock (1) is registered with the Securities and Exchange Commission, (2) is listed for trading and trades on a national securities exchange, and (3) issuable upon exercise of the call right will represent, in the aggregate, not more than one half of the total CEC Common Stock issued and outstanding giving effect to the exercise of the call right, (y) CEC has a minimum liquidity of \$1.0 billion and a maximum net debt leverage ratio of 9.00 to 1.00, and (z) no event of default has occurred and is in effect under any financing agreement of CEC or its subsidiaries. Further, in the event that a stockholder vote of CEC is required in connection with the exercise of such call right, receipt of affirmative approval of such vote will be a condition to the exercise of the call right and at the closing of the Initial CGP Transactions, affiliates of the Sponsors will enter into a voting support agreement in favor of any such stockholder approval. In addition, a majority of the independent directors of the board of directors of CEC must approve the exercise of the call right by CEC and/or its subsidiaries. The call right will be transferable to a transferee that also receives a transfer of all of the non-voting units of CGP, and exercisable by the transferee upon the same terms and conditions (including same consideration in the form of CEC Common Stock) as apply to CEC and its subsidiaries.

Liquidation Right

Upon liquidation, partial liquidation or sale of material assets of CAC, whether voluntary or involuntary, or the liquidation of CGP, all shares of CAC's Class A and Class B common stock are entitled to share in the assets legally available for distribution to stockholders as described below.

Following the fifth anniversary of the closing of the Initial CGP Transactions and until the 8 year six month anniversary of the closing of the Initial CGP Transactions, CAC's board of directors will have the right to cause a liquidation of CGP, including the sale or winding up of CGP, or other monetization of all of its assets and the distribution of the proceeds remaining after satisfaction of all liabilities of CGP to the holders of CGP's units according to the waterfall described below. On the 8 year and six month anniversary of the closing of the Initial CGP Transactions (unless otherwise agreed by CEC and CAC), if CAC's board of directors has not previously exercised its liquidation right, CGP will, and CAC's board of directors will cause CGP to, effect a liquidation.

Upon a liquidation and certain partial liquidations, all net cash and other assets not monetizable of CGP will, subject to applicable laws, be distributed as follows: (1) first, to all units held by CAC until amounts distributed equal return of CAC's capital contribution plus a 10.5% per annum of return on such capital contribution (such return to begin

accruing on the proceeds in excess of the purchase price of Planet Hollywood, Horseshoe Baltimore and 50% of the related management fees only upon the investment of such excess proceeds by CGP); (2) second, to the CEC Members in an amount equal to the difference between the amount CEC and/or its subsidiaries would have received had the non-pro rata special distributions been made pursuant to the

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amendments to the CGP Operating Agreement made in connection with and following CIE's sale of its social and mobile games business in September 2016 been made pro rata based on the members' respective company percentage interests in CGP as of the closing of the sale and (y) the amount of special distributions actually received by CEC and/or its subsidiaries; (3) third, to all units held by CEC and/or its subsidiaries until CEC catches up (on a per unit basis) to its respective amount distributed in provision (1) (including the 10.5% per annum of return on the capital contribution) and CEC receives the Capital Shift Amount; and (4) fourth, to all holders of units pro rata.

The structure pursuant to which CGP will effect a liquidating distribution, sale of CGP or other similar transaction that provides liquidity to the holders of CGP's units as described above will be determined by a special-purpose liquidation committee that will include representatives from CEC and CAC. In connection with any liquidation of CGP, CAC will have an approval right over any sale or other monetization of assets of CGP.

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LEGAL MATTERS

Paul, Weiss, Rifkind, Wharton & Garrison LLP will pass upon the validity of the securities on CEC's behalf.

TAX OPINIONS

Reed Smith LLP will pass upon certain U.S. federal income tax consequences of the Merger for CEC. Skadden, Arps, Slate, Meagher & Flom LLP will pass upon certain U.S. federal income tax consequences of the Merger for CAC.

EXPERTS

The consolidated financial statements of CEC as of December 31, 2016 and 2015, and for each of the three years in the period ended December 31, 2016, and the related financial statement schedule, included in this joint proxy statement/prospectus, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report appearing herein. Such financial statements and financial statement schedule have been so included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

The consolidated financial statements of CEOC as of December 31, 2016 and 2015, and for each of the three years in the period ended December 31, 2016, included in this joint proxy statement/prospectus have been audited by Deloitte & Touche LLP, independent auditors, as stated in their report appearing herein, and are included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

The financial statements of CAC as of December 31, 2016 and 2015, and for each of the three years in the period ended December 31, 2016, incorporated in this joint proxy statement/prospectus by reference from the CAC Annual Report on Form 10-K for the year ended December 31, 2016, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is incorporated herein by reference. Such financial statements have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

The combined and consolidated financial statements of CGP as of December 31, 2016 and 2015, and for each of the three years in the period ended December 31, 2016, and the related financial statement schedule, incorporated in this joint proxy statement/prospectus by reference from the CAC Annual Report on Form 10-K for the year ended December 31, 2016, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is incorporated herein by reference. Such financial statements and financial statement schedule have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

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WHERE YOU CAN FIND MORE INFORMATION

CEC has filed a registration statement on Form S-4 to register with the SEC the shares of CEC Common Stock to be issued to CAC stockholders as consideration in the Merger. This joint proxy statement/prospectus is a part of that registration statement and constitutes a prospectus of CEC in addition to being proxy statements of CAC and CEC for their respective special meetings. The registration statement, including the attached exhibits and schedules, contains additional relevant information about CEC and the CEC Common Stock. The rules and regulations of the SEC allow CEC and CAC to omit certain information included in the registration statement from this joint proxy statement/prospectus.

CEC and CAC file annual, quarterly and special reports, proxy statements and other information with the SEC. You may read and copy this information at the SEC's Public Reference Room, 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the Public Reference Room. The SEC also maintains an Internet site that has reports, proxy and information statements and other information about CEC and CAC. The address of that site is <http://www.sec.gov>. The reports and other information filed by CEC and CAC with the SEC are also available at their respective Internet websites, which are www.caesarscorporate.com and www.caesarsacquisitioncompany.com. Information on these Internet websites is not part of this joint proxy statement/prospectus.

The SEC allows CAC to incorporate by reference information into this joint proxy statement/prospectus. This means that important information can be disclosed to you by referring you to another document filed separately with the SEC. The information incorporated by reference is deemed to be part of this joint proxy statement/prospectus, except for any information superseded by information in this joint proxy statement/prospectus or in later filed documents incorporated by reference into this joint proxy statement/prospectus. This joint proxy statement/prospectus incorporates by reference the documents set forth below that CAC have, respectively, previously filed with the SEC and any additional documents that CAC may file with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act between the date of this joint proxy statement/prospectus and the date of the CAC Special Meetings (other than those documents, or the portions of those documents or exhibits thereto, deemed to be furnished and not filed in accordance with SEC rules). These documents contain important information about CAC and its financial performance.

This prospectus incorporates by reference CAC's Annual Report on Form 10-K for the year ended December 31, 2016, filed on February 15, 2017, as well as CAC's Current Report on Form 8-K, filed on February 21, 2017.

CEC has supplied all information contained in this joint proxy statement/prospectus relating to CEC, as well as all pro forma financial information, and CAC has supplied all such information contained in or incorporated by reference into this joint proxy statement/prospectus relating to CAC.

Documents incorporated by reference are available from CAC without charge, excluding any exhibits to those documents, unless the exhibit is specifically incorporated by reference into this joint proxy statement/prospectus. You should direct requests for those documents to:

Caesars Acquisition Company

One Caesars Palace Drive

Las Vegas, Nevada 89109

Edgar Filing: CAESARS ENTERTAINMENT Corp - Form S-4

Attention: Corporate Secretary

Telephone: (702) 407-6000

If you would like to request documents, please do so by no later than five business days before the date of the CAC Special Meeting (which meeting is [], 2017).

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You should not rely on information that purports to be made by or on behalf of CEC or CAC other than the information contained in or incorporated by reference into this joint proxy statement/prospectus to vote on the adoption of the Merger Agreement, or the Stock Issuance. Neither CEC nor CAC has authorized anyone to provide you with information on behalf of CEC or CAC, respectively, that is different from what is contained in this joint proxy statement/prospectus.

If you are in a jurisdiction where offers to exchange or sell, or solicitations of offers to exchange or purchase, the securities offered by this joint proxy statement/prospectus or solicitations of proxies are unlawful, or if you are a person to whom it is unlawful to direct these types of activities, then the offer presented in this joint proxy statement/prospectus does not extend to you.

This joint proxy statement/prospectus is dated [], 2017. You should not assume that the information in it is accurate as of any date other than that date, and neither its mailing to stockholders nor the issuance of CEC Common Stock in the Merger will create any implication to the contrary.

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GLOSSARY OF TERMS

10.00% Second-Priority Notes refers to the CEOC 10.00% Second-Priority Senior Secured Notes due 2018.

10.75% Senior Notes refers to the CEOC 10.75% Senior Notes due 2016.

105 Injunction Order refers to an order of the Bankruptcy Court temporarily enjoining all or some of the Caesars Cases.

105 Motion refers to the motion filed on March 11, 2015, by CEOC to extend the automatic stay in the CEOC bankruptcy proceedings to apply to the NRF's expulsion of the Five Employers.

12.75% Second-Priority Notes refers to the CEOC 12.75% Second-Priority Senior Secured Notes due 2018.

162(m) Plan Committee refers to the plan committed formed in February 2009 by CEC's board of directors to administer the Senior Executive Incentive Plan.

2012 RSU refers to the 200,000 RSUs, awarded to Mr. Frissora under the CEC 2012 PIP, on February 5, 2015.

2016 CEC Financial Statements refers to CEC's audited consolidated financial statements and related notes from which selected financial data of CEC for each of the years ended December 31, 2016, 2015 and 2014, and as of December 31, 2016 and 2015, are derived.

2016 CEOC Financial Statements refers to CEOC's audited consolidated financial statements and related notes from which selected financial data of CEC for each of the years ended December 31, 2016, 2015 and 2014, and as of December 31, 2016 and 2015, are derived.

3535 LV NewCo refers to 3535 LV NewCo, LLC.

362 Motions refers to the two motions filed on March 6 and March 27, 2015, by CEOC and certain of its subsidiaries in the CEOC bankruptcy proceedings, to void (a) the purported expulsion of the Five Employers and based thereon the alleged triggering of withdrawal liability for the non-debtor members of the CEC Controlled Group, and (b) a notice and payment demand for quarterly payments of withdrawal liability subsequently made by the NRF to certain non-debtor members of the CEC Controlled Group, respectively, on the ground that each of these actions violated the automatic stay.

5.75% Senior Unsecured Notes refers to the CEOC 5.75% Senior Notes due 2017.

6.50% Senior Unsecured Notes refers to the CEOC 6.50% Senior Notes due 2016.

8.50% Senior Secured Notes refers to the CEOC 8.50% Senior Secured Notes due 2020.

A&R Merger Agreement refers to the Amended and Restated Agreement and Plan of Merger, dated as of July 9, 2016, between CEC and CAC.

Acquired Properties Transaction refers to the May 5, 2014, transaction whereby CGPH acquired through one or more wholly-owned subsidiaries: (1) The Cromwell, The LINQ Hotel, and Bally's Las Vegas, (2) 50% of the ongoing management fees and any termination fees payable under the Nevada Property Management Agreements and

(3) certain property-specific intellectual property.

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Acquisition refers to the acquisition of CEC by affiliates of the Sponsors.

Acquisition Proposal refers to, among other things: with respect to either CEC or CAC, any offer, proposal or inquiry relating to, or any third-party indication of interest in, any purchase, tender offer or business combination involving the acquisition, whether direct or indirect, of 20% or more of the consolidated assets of CEC or CAC or any of their subsidiaries, as applicable, or of 20% or more of the equity or voting securities of CEC or CAC or any of their subsidiaries, as applicable, whose assets constitute more than 20% of the consolidated assets of CEC or CAC or any of their subsidiaries, as applicable.

Additional Buyback Amount refers to a portion of \$200.0 million of the CIE Proceeds.

Additional CEC Bank Consideration refers to an amount equal to \$10 million per month earned from January 1, 2017, through the earlier of (x) the Plan Effective Time or (y) June 30, 2017 (payable in cash or CEC Common Stock at CEC's election, which will be issued in exchange for New CEOC Preferred Stock in connection with the CEOC Merger), paid by CEC to the Debtors at the Plan Effective Time.

Additional CEC Bond Consideration refers to, to the extent the Plan Effective Time has not occurred by May 1, 2017, an amount equal to \$20 million per month from May 1, 2017, until the Plan Effective Time, less \$4.8 million (payable in cash or CEC Common Stock at CEC's election, which will be issued in exchange for New CEOC Preferred Stock in connection with the CEOC Merger), paid by CEC to the Debtors at the Plan Effective Time.

ADR refers to hotel average daily rate.

Adversary Proceeding refers to the adversary proceeding commenced on March 6, 2015, by CEOC against the NRF and its Board of Trustees in the Bankruptcy Court.

Adverse Recommendation Change refers to (1) the withdrawal, amendment, modification or material qualification of the recommendation by the CEC board of directors or the CAC board of directors in favor of adopting the Merger Agreement and approving the Merger, as applicable, in a manner adverse to CAC or CEC, as applicable, (2) the recommendation of a Superior Proposal, (3) the failure to recommend against acceptance of any third-party tender offer or exchange offer for the shares of CEC or CAC stock, as applicable, within 10 business days after commencement of such offer and (4) the making of any public statement inconsistent with the recommendation by the CEC board of directors or the CAC board of directors in favor of adopting the Merger Agreement and approving the Merger, as applicable.

AIF VI refers to Apollo Investment Fund VI, L.P., the sole member of Apollo Hamlet B.

AIF VI Management refers to AIF VI Management, LLC, the general partner of Management VI.

Akin Gump refers to Akin, Gump, Strauss, Hauer & Feld LLP.

Aleris refers to Aleris International, Inc.

Allocation Agreement refers to the Employee Benefits and Other Employment Allocation Agreement, dated December 31, 1998, between Hilton and Park Place whereby Park Place assumed or retained, as applicable, certain liabilities and excess assets, if any, related to the Hilton Plan based on the benefits of Hilton employees and Park Place employees.

Alternative Transaction refers to any possible alternative transaction or transactions to the Proposed Transaction, including without limitation, mergers, business combinations, sale, disposition or any other similar transactions with CEC or any CEC affiliates or unrelated third parties.

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Amended Merger Agreement refers to the amendment to (or amendment and restatement of) the Original Merger Agreement, that CEC and CAC were required to use commercially reasonable efforts to negotiate and execute, pursuant to the Original Caesars RSAs.

Amendment refers to the First Amendment to Amended and Restated Agreement and Plan of Merger, dated as of February 20, 2017, between CEC and CAC.

AML refers to anti-money laundering laws, policies and compliance programs, as applicable.

Apollo refers to Apollo Global Management, LLC, collectively with its subsidiaries.

Apollo Funds refers to Apollo Hamlet together with Apollo Hamlet B.

Apollo Hamlet B refers to Apollo Hamlet Holdings B, LLC.

Apollo Hamlet refers to Apollo Hamlet Holdings, LLC.

Apollo Management refers to Apollo Management, L.P., the sole member and manager of AIF VI Management.

Apollo Members refers to Leon Black, Joshua Harris, and Marc Rowan, each of whom is affiliated with Apollo.

ASC refers to the Accounting Standards Codification.

Asserted Claims refers to the potential claims against CAC, CGP, CIE and certain of CGP's other subsidiaries that were analyzed in the Examiner's Report as well as the additional claims that had been asserted by certain of the Debtors' second lien creditors.

Atlantic City Conference Center refers to the Harrah's Atlantic City Waterfront Conference Center.

Authorized Shares Increase Proposal refers to the proposed amendment to CEC's certificate of incorporation to increase the number of authorized shares of common stock from 1,250,000,000 shares of CEC Common Stock to 2,000,000,000 shares of CEC Common Stock.

Avaya refers to Avaya Inc., a public communications solutions company, which is a TPG portfolio company.

Baltimore Credit Facility refers to the \$300.0 million senior secured term facility with a seven-year maturity and a \$10.0 million senior secured revolving facility with a five-year maturity entered into by CBAC Borrower in July 2013.

Baltimore FF&E Facility refers to the equipment financing term loan facility for up to \$30.0 million entered into by CBAC Borrower concurrently with the Baltimore Credit Facility, for the financing or reimbursement of the purchase price and certain related costs for furniture, furnishings and equipment in building the Horseshoe Baltimore Casino and its parking garage.

Baluma Holdings refers to Baluma Holdings, S.A.

Bank Guaranty Settlement Purchase Price refers to the sufficient cash CEC will contribute to the Debtors to cover the settlement amounts outlined in the Plan to be paid for such Prepetition Credit Agreement Claims, as part of a settlement by and among CEC, CEOC and lenders party to the Bank RSA with respect to the entitlement

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of certain holders of the Prepetition Credit Agreement Claims to post-petition interest and the rate of any such post-petition interest, and to facilitate a settlement with the holders of claims with respect to CEO's subsidiary-guaranteed notes, at the Plan Effective Time.

Bank RSA refers to the RSA with the holders of Prepetition Credit Agreement Claims.

Bankruptcy Code refers to the United States Bankruptcy Code.

Bankruptcy Court refers to the United States Bankruptcy Court for the Northern District of Illinois in Chicago.

Bankruptcy Petitions refers to the voluntary petitions filed by Debtors on January 15, 2015, for reorganization under Chapter 11 of the Bankruptcy Code in the Bankruptcy Court.

BDO refers to BDO Seidman, independent tax advisor to the CAC Special Committee.

BOKF refers to BOKF, N.A.

Bonus Plan refers to CEO's Annual Management Bonus Plan.

CAA refers to Creative Artists Agency, LLC, a private talent and sports agency, which is an Apollo funds and TPG portfolio company.

CAC refers to Caesars Acquisition Company, a Delaware corporation.

CAC 2014 PIP refers to the CAC 2014 Performance Incentive Plan.

CAC 2016 10-K refers to CAC's Annual Report on Form 10-K for the year ended December 31, 2016, filed on February 15, 2017.

CAC Acquisition Proposal refers to an offer, proposal or inquiry relating to, or any third party indication of interest in, any acquisition or purchase of 100% of the issued and outstanding CAC Common Stock attained under the Go-Shop provision.

CAC Award refers to an outstanding right to receive shares or share equivalents of CAC Common Stock which have been granted under any CAC Stock Plan (other than any CAC Option).

CAC Class B Common Stock refers to the Class B Common Stock, par value \$0.001 per share, of CAC.

CAC Common Stock refers to the Class A common stock, par value \$0.001 per share, of CAC.

CAC Directors refers to the members of the CAC board of directors Marc Beilinson, Philip Erlanger, Dhiren Fonseca, Don Kornstein, Karl Peterson, Marc Rowan, and David Sambur.

CAC Executive Committee refers to the Executive Committee of the CAC board of directors.

CAC Irrevocable Proxy refers to the Hamlet Holdings irrevocable proxy that gives Hamlet Holdings sole voting and sole dispositive power of the stock that is held by funds affiliated with and controlled by the Sponsors and their co-investors, under which Hamlet Holdings beneficially owned approximately 65.0% of the CAC Common Stock as

of December 31, 2016.

CAC Forecasts refers to certain financial forecasts, analyses and projections relating to CAC prepared by CES Management and furnished to Centerview by CEC for purposes of Centerview's analysis.

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CAC HRC refers to the CAC Human Resources Committee.

CAC Internal Data refers to collectively certain internal information relating to the business, operations, earnings, cash flow, assets (including tax assets), liabilities (including tax liabilities) and prospects of CAC, including the CAC Forecasts.

CAC Litigation refers to any action that CAC, CGP or any of CAC's subsidiaries were a party to, could potentially be a party to, or could affirmatively bring an action against.

CAC Litigation Committee refers to the litigation committee of the CAC board of directors, established by the CAC Executive Committee in April 2015, to provide oversight by independent directors of any action that CAC, CGP or any of CAC's subsidiaries were a party to, could potentially be a party to, or could affirmatively bring an action against.

CAC Option refers to each outstanding and unexercised option to purchase CAC Common Stock, governed by the same terms and conditions as applicable under the CAC 2014 PIP.

CAC record date refers to the close of business on [], 2017, which is the date for determination of the stockholders entitled to vote at the CAC Special Meeting or any adjournment or postponement of the CAC Special Meeting.

CAC Registration Rights Agreement refers to the registration rights agreement, entered into by CAC, CGP, certain subsidiaries of CEC, and the Sponsors and their co-investors, that governs the terms of the demand and shelf registration rights with respect to CAC's classes of common stock.

CAC Requisite Vote refers to the required votes for the adoption of the Merger Agreement and the approval of the Merger by CAC stockholders.

CAC Special Committee refers to the special committee of CAC.

CAC Special Meeting refers to the special meeting of CAC stockholders to be held on [], 2017, in [] at Caesars Palace, One Caesars Palace Drive, Las Vegas, Nevada, at [] [a.m./p.m.], local time.

CAC Stock Options refers to an outstanding option to purchase shares of CAC Common Stock pursuant to CAC's equity-based compensation plans.

CAC Stock Plan refers to the term as defined in the Merger Agreement.

CAC Subject Shares refers to the 90,063,316 shares of CAC Common Stock with respect to which Hamlet Holdings has the sole voting and sole dispositive power.

CAC Voting Agreement refers to the voting agreement, which CAC entered into on July 9, 2016, among CAC, Hamlet Holdings and, solely with respect to certain provisions of the CAC Voting Agreement, the Holders.

CAC/CEOC RSA refers to the First Amended and Restated Restructuring Support Agreement, dated as of July 9, 2016, between CAC and CEOC.

Caesars RSAs refers to the CAC/CEOC RSA and the CEC/CEOC RSA.

Call Right refers to the right CEC and/or its subsidiaries will have, as set forth in CAC's certificate of incorporation and the CGP Operating Agreement, to acquire all or a portion of the voting units of CGP, or at the election of CAC and subject to the approval of CAC's stockholders, the shares of CAC Common Stock, not

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otherwise owned by CEC and/or its subsidiaries at such time after the third anniversary of the closing of the Initial CGP Transactions, which it may assign to any of its affiliates or to any transferee of all non-voting units of CGP held by CEC and which only may be exercised under certain circumstances.

Capital Shift Amount refers to an amount equal to the aggregate of the amount reimbursed in the form of the approximately \$1.1 billion of aggregate principal amount of senior notes previously issued by CEOC and the aggregate value of the CAC subscription rights that were distributed by CEC and that were restored to CEC by CGP in the form of CEOC Notes with equivalent value to the rights value for the purposes of determining distribution to all units held by CAC until amounts distributed equal return of CAC's capital contribution in the event of liquidation.

cash ADR refers to the hotel average daily cash rate.

CBAC Borrower refers to CBAC Borrower, LLC, a subsidiary of CBAC Gaming.

CBAC Gaming refers to CBAC Gaming, LLC, which owns the Horseshoe Baltimore .

CBIC refers to Caesars Baltimore Investment Company, LLC, a wholly-owned subsidiary of CGP, which indirectly holds approximately 40.9% interests in CBAC Gaming.

CDP refers to the formerly named Carbon Disclosure Project, the international not-for-profit that drives sustainable economies.

CEC refers to Caesars Entertainment Corporation, a Delaware corporation.

CEC (parent entity) refers to the parent holding company, Caesars Entertainment Corporation, exclusive of its consolidated subsidiaries and variable interest entities, unless otherwise stated or the context otherwise requires.

CEC 2012 PIP refers to the CEC 2012 Performance Incentive Plan, as amended.

CEC 2017 PIP refers to the proposed CEC 2017 Performance Incentive Plan.

CEC 2017 PIP Proposal refers to the proposed CEC 2017 Performance Incentive Plan.

CEC Action refers to the action filed on January 8, 2015, prior to the NRF's vote to expel the Five Employers, by CEC in the SDNY Court against the NRF and its board of trustees, seeking a declaratory judgment that they did not have the authority to expel the Five Employers and thus allegedly trigger withdrawal liability for the CEC Controlled Group.

CEC Advisory Compensation Proposal refers to the Proposed Merger-related compensation for CEC's named executive officers and certain of CAC's named executive officers.

CEC Award refers to each outstanding and unvested right to receive shares or share equivalents of CEC Common Stock (other than any CEC Stock Option) granted under the CEC 2012 PIP.

CEC Affiliate Transaction refers to the potential sale of assets, sale of equity, merger, equity or debt financing, restructuring of indebtedness of CEC and certain of its affiliates or other strategic transactions or opportunities, including any transactions that are intended to raise capital by CEC in connection with any such restructuring, whether involving a single transaction or a series of related transactions, and in all cases only to the extent involving CEC and

its subsidiaries or affiliates, on the one hand, and any other subsidiaries or affiliates of CEC or other persons or entities related to or affiliated with any of them, on the other hand.

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CEC Amendments refers to amendments to certain key employees' employment agreements providing for accelerated vesting of long-term incentive awards in connection with certain termination scenarios in the two years immediately following the Plan Effective Time.

CEC Cash Contribution refers to the cash contribution by CEC under the Plan.

CEC Common Equity Buyback refers to the repurchase of CEC Common Stock.

CEC Common Stock refers to the common stock, par value \$0.01 per share, of CEC.

CEC Controlled Group refers to the financial condition of the Five Employers' controlled group.

CEC Equity Plans refers to CEC's Management Equity Incentive Plan.

CEC Expense Amounts refers to certain fees that CEC will pay in support of the Restructuring.

CEC Forecasts refers to certain financial forecasts, analyses and projections relating to CEC prepared by CES Management and furnished to Centerview by CEC for purposes of Centerview's analysis.

CEC Group refers to the CEC controlled group.

CEC Internal Data refers to certain internal information relating to the business, operations, earnings, cash flow, assets (including tax assets), liabilities (including tax liabilities) and prospects of CEC, including CEC Forecasts.

CEC Irrevocable Proxy refers to the irrevocable proxy that gives Hamlet Holdings sole voting and sole dispositive power of the stock that is held by funds affiliated with and controlled by the Sponsors and their co-investors, under which Hamlet Holdings beneficially owned approximately 59.6% of the CEC Common Stock as of December 31, 2016.

CEC Members refers to collectively HIE Holdings, Inc. and Harrah's BC, Inc., which are subsidiaries of CEC.

CEC Option Re-pricing refers to a one-time stock option re-pricing approved, on March 8, 2017, by the CEC HRC.

CEC record date refers to the close of business on [], 2017, which is the date for determination of the stockholders entitled to vote at the CEC Special Meeting or any adjournment or postponement of the CEC Special Meeting.

CEC Requisite Vote refers to the required votes for the adoption of the Merger Agreement and the approval of the Merger by CEC stockholders.

CEC Retention Program Number Three refers to the additional retention program the CEC HRC approved on March 8, 2017.

CEC RSA refers to the amended and restated Original CEC RSA.

CEC SAC refers to the CEC Strategic Alternatives Committee comprised of independent directors of CEC.

CEC Special Committee refers to the special committee of the CEC board of directors established in July 2014 by CEC board of directors.

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CEC Special Meeting refers to the special meeting of CEC stockholders to be held on [], 2017, in [] at Caesars Palace, One Caesars Palace Drive, Las Vegas, Nevada, at [] [a.m./ p.m.], local time.

CEC Stock Options refers to an unvested option to purchase shares of CEC Common Stock.

CEC Subject Shares refers to 87,605,299 shares of CEC Common Stock with respect to which Hamlet Holdings has the sole voting and sole dispositive power.

CEC Voting Agreement refers to the voting agreement, which CEC entered into on July 9, 2016, among CEC, Hamlet Holdings and, solely with respect to certain provisions of the CEC Voting Agreement, the Holders.

CEC/CEOC RSA refers to the First Amended and Restated Restructuring Support, Settlement and Contribution Agreement, dated as of July 9, 2016, between CEC and CEOC.

Centerview refers to Centerview Partners LLC as financial advisor to the CEC SAC.

Centerview Opinion refers to collectively the oral opinion delivered to the CEC SAC on February 17, 2017 and the written opinion dated February 17, 2017 subsequently confirming such oral opinion, providing that, as of such date and based upon and subject to various assumptions made, procedures followed, matters considered, and qualifications and limitations upon the review undertaken by Centerview in preparing its opinion, the Exchange Ratio provided for pursuant to the Merger Agreement and taking into account the Contribution was fair, from a financial point of view, to CEC; and attached to this joint proxy statement/prospectus as Annex C.

CEOC refers to Caesars Entertainment Operating Company, Inc., a Delaware corporation.

CEOC Merger refers to the merger of New CEOC into a newly formed subsidiary of CEC.

CEOC Notes refers to approximately \$1.1 billion in aggregate principal amount of senior notes.

CEOC Registration Rights Agreement refers to the August 6, 2014, registration rights and cooperation agreement by and between CAC and CEOC, pursuant to which CEOC granted CAC registration rights to, and agreed to assist and cooperate with CAC in conducting a possible private placement of the Senior Notes received by CAC, pursuant to the Notes Distribution made by CGP.

CEOC Shelf Registration Statement refers to the shelf registration statement CEOC has agreed to prepare pursuant to the CEOC Registration Rights Agreement.

CERP refers to Caesars Entertainment Resort Properties, LLC.

CERP DCF Analysis refers to Moelis' property-level discounted cash flow analysis of CERP.

Certificate of Merger refers to a certificate of merger filed by CEC and CAC following the closing of the Merger.

CES refers to Caesars Enterprise Services, LLC.

CES Management refers to CES management and personnel that provide corporate and management services to CEC's and CAC's respective properties.

CES Member(s) refers, individually and collectively, to CEOC, CERP and CGPH with regard to their participation in the joint venture CES.

CGP refers to Caesars Growth Partners, LLC, a joint venture between CAC and certain subsidiaries of CEC.

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CGP Casinos refers to Caesars Growth Partners Casino Properties and Developments.

CGP Contribution Transaction refers to CEC's contribution of its shares of CIE outstanding common stock held by one of CEC's subsidiaries and the CEOC Notes previously issued by CEOC that were owned by another one of CEC's subsidiaries for non-voting units of CGP.

CGP DCF Analysis refers to Moelis' property-level discounted cash flow analysis of CGP.

CGP Management Services Agreement refers to the management services agreement CAC and CGP entered into with CEOC in connection with the Initial CGP Transactions, on October 21, 2013, pursuant to which CEOC and its subsidiaries provide certain services to CAC, CGP and their subsidiaries.

CGP Operating Agreement refers to the amended and restated limited liability company agreement of CGP, to which CAC and certain subsidiaries of CEC are parties, under which CAC manages and operates the business and affairs of CGP as the managing member and sole holder of its voting units, and may request certain back-office and advisory services from CEOC under the CGP Management Services Agreement.

CGPH refers to Caesars Growth Properties Holdings, LLC, an indirect subsidiary of CGP that serves as a holding company for various properties, including The Cromwell, The LINQ Hotel, and Bally's Las Vegas.

CGPH 2022 Notes refers to the \$675.0 million aggregate principal amount of 9.375% second-priority senior secured notes due 2022 issued by CGPH pursuant to an indenture dated as of April 17, 2014.

CGPH Term Loan refers to a \$1.175 billion term loan, closed by CGPH on May 8, 2014, pursuant to a first lien credit agreement.

CEC HRC refers to CEC's Human Resources Committee.

Chapter 11 Cases refers to the Debtors' cases contemplating reorganization under Chapter 11 of the Bankruptcy Code in the Bankruptcy Court.

Chester Downs refers to Chester Downs & Marina LLC.

CIC refers to Corner Investment Company, LLC.

CIE refers to Caesars Interactive Entertainment.

CIE Earn-Out refers to the potential issuance to CEC of additional interests in CGP based on the performance of CIE during 2015.

CIE Proceeds refers to at least \$1.0 billion and up to \$1.2 billion of the proceeds received in the sale of CIE's social and mobile games business as it existed at that time, including Playtika, Ltd.

CIE Proceeds Agreement refers to the CIE Proceeds and Reservation Rights Agreement (dated as of September 9, 2016, and as amended on October 7, 2016), entered into by CEC with CIE, CEOC and CAC.

CLC refers to Caesars License Company LLC.

Co-Invest B refers to Co-Invest Hamlet Holdings B, LLC.

Co-Invest Funds refers to Co-Invest B together with Co-Invest LLC.

Co-Invest LLC refers to Co-Invest Hamlet Holdings, Series LLC.

Code refers to the Internal Revenue Code of 1986, as amended.

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Computershare refers to generally Computershare Trust Company, N.A. together with its affiliate.

Confirmation Order refers to the order of the Bankruptcy Court under Section 1129 of the Bankruptcy Code, dated as of January 17, 2017, confirming the terms of Plan at the Plan Effective Time, which will be binding upon the Debtors and all other parties affected by the Plan.

Contribution refers to, upon the Plan Effective Time, the contribution by the Sponsors of all of the shares of CEC Common Stock owned by the Sponsors to CEC and the issuance by the Company to certain creditors of CEOC shares of CEC Common Stock and convertible notes of CEC collectively representing, on an as-converted basis, up to 70.2% of the fully diluted outstanding shares of CEC Common Stock as of the consummation of the Merger.

Convertible Notes refers to the approximately \$1.1 billion of 5.00% Convertible Senior Notes due 2024 to be issued by CEC to certain creditors of the Debtors in connection with the Emergence.

Convertible Notes Stock Issuance refers to the issuance of shares of CEC Common Stock under the approximately \$1.1 billion of 5.00% Convertible Senior Notes due 2024 to be issued by CEC to certain creditors of the Debtors in connection with the Emergence.

CPLV Base Rent refers to the base rent of the CPLV Master Lease beginning in the 8th lease year, which will initially equal 80% of the preceding year's rent (and thereafter be increased annually by the Escalator for the remainder of the initial term).

CPLV Market Debt refers to marketed debt for Caesars Palace Las Vegas issued pursuant to the Plan.

CPLV Master Lease refers to the lease between New CEOC (and/or its applicable subsidiaries) and PropCo (and/or its applicable subsidiaries), relating to the Caesars Palace Las Vegas property.

CPLV Percentage Rent refers to the variable percentage rent element of the CPLV Master Lease beginning in the 8th lease year, calculated as follows:

In year 8, a fixed annual amount equal to 20% of the rent of the 7th lease year adjusted upwards or downwards by the product of 13% and the amount by which the net revenue generated by the Caesars Palace Las Vegas property in the 7th lease year increased or decreased from the net revenue for the year preceding the initial lease year of the initial term.

The CPLV Percentage Rent will then remain unchanged during the 9th and 10th lease years.

The CPLV Percentage Rent will be adjusted in year 11 either upward or downward in proportion to the comparison of net revenue from the 10th lease year versus net revenue from the 7th lease year.

The CPLV Percentage Rent will then again remain unchanged for the remainder of the initial term.

Creditor RSAs refers to the restructuring and support agreements among CEC, CEOC and certain creditors of CEOC.

Cromwell Credit Facility refers to a \$185.0 million, seven-year senior secured credit facility entered into by Corner Investment PropCo, LLC in November 2012 to fund renovations in connection with its rebranding as a boutique lifestyle hotel.

Cross Marketing and Trademark License Agreement refers to the existing cross marketing and trademark license agreement among CIE, CEOC, CWI, CLC and CEC.

CWI refers to Caesars World, Inc.

Danner Lawsuit refers to the lawsuit filed on October 2, 2014, by a holder of CEOC's 6.50% Senior Notes due 2016 purporting to represent a class of all persons who held these notes from August 11, 2014, to the present.

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Debtor Release refers to the releases, provided for by the Plan, of claims and causes of action the Debtors may hold against each Released Party.

Debtors refers to CEOC and certain of its subsidiaries with relation to their status under Chapter 11 of the Bankruptcy Code.

December 2014 RSA refers to the restructuring support agreement, entered into by CEC, on December 19, 2014, with certain key creditors of CEOC, regarding the restructuring of CEOC, which, among other things, contemplated the restructuring of CEOC into OpCo and PropCo.

December 8 Proposal refers to the proposal made to the CEC Special Committee by the CAC Special Committee, that the CAC Special Committee unanimously approved on December 8, 2014.

Delaware Bankruptcy Court refers to the United States Bankruptcy Court for the District of Delaware.

Delaware First Lien Lawsuit refers to the verified complaint filed by UMB, as successor indenture trustee for the 8.50% Senior Secured Notes, in Delaware Chancery Court against CEC, CEOC, CERP, CAC, CGP, CES, and against individual past and present members of the board of directors, Loveman, Benjamin, Bonderman, Davis, Press, Rowan, Sambur, Hession, Colvin, Kleisner, Swann, Williams, Housenbold, Cohen, Stauber, and Winograd, alleging generally that defendants improperly stripped CEOC of certain assets, wrongfully effected a release of CEC's parent guarantee of the 8.50% Senior Secured Notes and committed other wrongs.

Delaware Second Lien Lawsuit refers to the lawsuit filed on August 4, 2014, by Wilmington Savings Fund Society, FSB, solely in its capacity as successor Indenture Trustee for the 10.00% Second-Priority Notes, on behalf of itself and, it alleges, derivatively on behalf of CEOC, in the Court of Chancery in the State of Delaware against CEC and CEOC, CGP, CAC, CERP, CES, Eric Hession, Gary Loveman, Jeffrey D. Benjamin, David Bonderman, Kelvin L. Davis, Marc C. Rowan, David B. Sambur and Eric Press.

DGCL refers to the Delaware General Corporation Law.

EBITDA refers to earnings before interest, taxes, depreciation and amortization.

Emergence refers to the emergence of the Debtors from Chapter 11 of the Bankruptcy Code.

Emergence Stock Issuance refers to the issuance of shares of CEC Common Stock to creditors of Debtors in connection with the Emergence.

Enterprise Assets refers to all intellectual property owned or used by parties to the Omnibus Agreement, as licensors, including all intellectual property (a) currently used, or contemplated to be used, in connection with the properties owned by the CES Members and their respective affiliates, including any and all intellectual property related to the Total Rewards program, and (b) necessary for the provision of services contemplated by the Omnibus Agreement and by the applicable management agreement for any such property.

ERISA refers to the Employee Retirement Income Security Act.

Escalator refers to the annual rent of \$165 million for the first 7 lease years, subject to escalation beginning in the 2nd lease year equal to the greater of 2% and the Consumer Price Index, pursuant to the CPLV Master Lease.

ESSP refers to the Harrah's Executive Supplemental Savings Plan.

ESSP II refers to the Harrah's Executive Supplemental Savings Plan II.

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Examiner refers to Richard Davis, the examiner appointed in the Chapter 11 Cases to investigate possible claims the Debtors may have against CEC, CERP, CAC, CGP, CIE and other related entities and individuals.

Examiner's Report refers to the initial report filed by the Examiner in the Bankruptcy Court.

Exchange Act refers to the Securities Exchange Act of 1934, as amended.

Exchange Ratio refers to that number of shares of CEC Common Stock equal to 1.625 to be exchanged for each share of CAC Common Stock.

Exculpation refers to the exculpation, provided for by the Plan, of each Debtor, each Debtor as reorganized under the Plan, each estate created for the Debtors and each of the Released Parties for certain acts or omissions taken in connection with the Chapter 11 Cases.

Groom refers to The Groom Law Group, independent legal advisor to the CAC Special Committee for matters related to the NRF.

Facility refers to each property leased under the CPLV Master Lease or the Non-CPLV Master Lease.

FASB refers to the Financial Accounting Standards Board.

FCPA refers to the Foreign Corrupt Practices Act.

February 13 Notice refers to the February 13, 2015, Demand For Payment of Guaranteed Obligations received by CEC from Wilmington Savings Fund Society, FSB, in its capacity as successor Trustee for CEOC's 10.00% Second-Priority Notes.

February 18 Notice refers to the February 18, 2015, Demand For Payment of Guaranteed Obligations received by CEC from BOKF, in its capacity as successor Trustee the 12.75% Second-Priority Notes.

FinCEN refers to the Financial Crimes Enforcement Network of the United States Department of the Treasury.

First Lien Bond RSA refers to the RSA with the holders of Secured First Lien Notes Claims.

Five Employers refers to the five indirect subsidiaries of CEC that were required to make contributions to the legacy plan of the NRF and which were voted to be expelled in January 2015, by a majority of the Trustees of the NRF.

Foundation refers to the Caesars Foundation, a private charitable foundation funded by a portion of operating income from CEC's resorts.

Frissora CAC Award refers to an award of service-based vesting CAC RSUs for Mr. Frissora in connection with strategic advisory consulting services provided to CAC.

gaming hold refers to the amount of money that is retained by the casino from customer wagers.

GCB refers to the Department of Justice and the Nevada Gaming Control Board.

Golf Course Properties refers to the certain golf course properties to Golf TRS.

Golf Course Use Agreement refers to the golf course use agreement between New CEOC and Golf TRS, pursuant to which New CEOC will pay to Golf TRS (i) an annual payment in the amount of \$10 million subject to escalation in the 6th lease year equal to the Escalator, and (ii) per-round fees.

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Golf TRS refers to the direct, wholly-owned taxable REIT subsidiary of PropCo's general partner to which the Golf Course Properties will be transferred.

Go-Shop Period refers to the time until 45 business days after the date of the Merger Agreement during which CAC and its subsidiaries may directly or indirectly initiate, solicit and encourage a CAC Acquisition Proposal.

Guarantee Claims refers to claims that CEC is liable for all amounts due and owing on certain notes issued by CEOC, based on allegations that provisions in the governing indentures pursuant to which CEC guaranteed CEOC's obligations under those notes remain in effect.

Hamlet Holdings refers to Hamlet Holdings LLC.

Harrah's CDIC refers to Harrah's Chester Downs Investment Company, LLC, a wholly-owned subsidiary of CEOC.

Harrah's Philadelphia Casino and Racetrack refers to the casino and racetrack property based in Chester, Pennsylvania that operates as a subsidiary of Harrah's CDIC.

Harrah's Transaction refers to the May 20, 2014, transaction whereby CGPH, through its wholly-owned subsidiary, acquired (1) Harrah's New Orleans, (2) 50% of the ongoing management fees and any termination fees payable under the Louisiana Property Management Agreement and (3) certain property-specific intellectual property.

Hilton refers to Hilton Hotels Corporation.

Hilton Parties refers to Hilton, the Plan Administrator of the Hilton Plan, and a representative of the Plan Administrator.

Hilton Plan refers to the Hilton Hotels Retirement Plan.

Holders refers to certain affiliates of Apollo and TPG and certain of their co-investors that entered into certain provisions of the Voting Agreements.

Horseshoe Baltimore refers to the Horseshoe Baltimore Casino in Maryland, a licensed casino that opened in August 2014.

IGRA refers to the Indian Gaming Regulatory Act of 1988.

IHG refers to Intercontinental Hotel Group.

Initial Board refers to the initial board of directors of New CEC.

Initial Buyback refers to the repurchase of CEC Common Stock from holders of claims in respect of CEOC's second lien notes and senior unsecured notes, general unsecured claims and claims in respect of an asserted personal injury tort or workers compensation against any Debtor who elects to sell such holders' shares of CEC Common Stock, using the Initial Buyback Amount.

Initial Buyback Amount refers to \$1.0 billion of the CIE Proceeds.

Initial CGP Transactions refers to the CGP Contribution Transaction and the Purchase Transaction.

Initial Directors refers to the eleven members of the Initial board.

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Initial Proposal refers to an initial proposal for a merger with CAC in a stock-for-stock transaction in which all outstanding shares of CAC Common Stock would be exchanged for shares of CEC Common Stock at a fixed exchange ratio of 0.504x, which would result in CEC's stockholders owning approximately 69% of New CEC and CAC's stockholders owning approximately 31% of New CEC.

Involuntary Petition refers to the involuntary bankruptcy petition filed by certain holders of notes issued by CEOC, on January 12, 2015, against CEOC in the Delaware Bankruptcy Court.

Irrevocable Proxies refers to the CAC Irrevocable Proxy and the CEC Irrevocable Proxy.

June 8 Letter refers to the letter received by representatives of Skadden Arps from representatives of Reed Smith, on June 8, 2016, requesting that the CAC Special Committee engage in discussions with the CEC SAC regarding certain amendments to the Original Merger Agreement, including with respect to the exchange ratio, an extension of the August 6, 2016 outside date, amendments to certain closing conditions and appropriate amendments to reflect the plan of reorganization contemplated by the Original CEC RSA.

K&E refers to Kirkland & Ellis, LLP, legal counsel to CEOC.

KPIs refers to historical key performance indicators.

Kramer Levin refers to Kramer Levin Naftalis & Frankel LLP, legal counsel to the first lien bondholders. **Latham** refers to Latham & Watkins LLP, legal counsel to CAC.

Liability Analyses refers to certain internal information and analyses furnished to Centerview, or caused to be furnished to Centerview, by the CEC SAC relating to certain potential liabilities of, or claims against, CEC, CAC or any of their respective subsidiaries or affiliates, including claims asserted or that could be asserted in connection with certain pending or potential future litigation, including guarantee and guarantee related claims, and claims identified or described in the examiner's report.

Louisiana Property Licensee refers to Jazz Casino Company, LLC, an indirect subsidiary of CGP.

Louisiana Property Management Agreement refers to the Property Management Agreement entered into by Louisiana Property Licensee with Louisiana Property Manager.

Louisiana Property Manager refers to the property manager, a subsidiary of CEOC, that entered into the Louisiana Property Management Agreement with Louisiana Property Licensee.

Management GP refers to Apollo Management GP, LLC, the general partner of Apollo Management.

Management Holdings refers to Apollo Management Holdings, L.P., the sole member and manager of Management GP.

Management Holdings GP refers to Apollo Management Holdings GP, LLC, the general partner of Management Holdings.

Management VI refers to Apollo Management VI, L.P., the general partner of AIF VI and one of two managing members of each of the Co-Invest Funds.

Manager refers to each subsidiary of CEC that will provide management services pursuant to the MLSAs.

Maryland Joint Venture refers to CEC's joint venture interests in a casino then under development by CBAC Gaming, LLC.

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Master Lease Agreement(s) refers to, individually and collectively, the two master lease agreements, one with PropCo and one with Caesars Palace Las Vegas, under which OpCo will lease the real property assets and related fixtures owned by PropCo.

Members refers to the TPG Members and the Apollo Members.

Merger refers to the merger of CAC with and into CEC under the Merger Agreement, with CEC as the surviving company.

Merger Agreement refers to collectively the Amended and Restated Agreement and Plan of Merger, dated as of July 9, 2016, between CEC and CAC, as amended by the First Amendment to Amended and Restated Agreement and Plan of Merger, dated as of February 20, 2017.

Merger Effective Time refers to the effective time of the Merger.

Merger Lawsuit refers to the lawsuit filed by Nicholas Koskie, on behalf of himself and, he alleged, all others similarly situated, on December 30, 2014, in the Clark County District Court in the State of Nevada against CAC, CEC and the CAC Directors.

Merger Stock Issuance refers to the issuance of shares of CEC Common Stock to CAC stockholders as consideration in the Merger.

Milbank refers to Milbank, Tweed, Hadley & McCloy LLP, restructuring counsel to CEC.

Millstein refers to Millstein & Co., restructuring advisor to CEOC.

MIRA refers to the Management Investor Rights Agreement CEC entered into, in connection with the Acquisition, with certain holders of securities of CEC, including certain members of management of CEC.

MLSAs refers to certain management and lease support agreements.

Moelis refers to Moelis & Company LLC.

Moelis Engagement Letter refers to the engagement letter between Moelis and the CAC Special Committee, as amended and restated on February 13, 2017, with respect to Moelis acting as financial advisor to the CAC Special Committee in connection with the Merger.

NASDAQ refers to the NASDAQ Global Select Market.

NCL refers to Norwegian Cruise Line Holdings Ltd., a public cruise ship operations company, which is an Apollo funds and TPG portfolio company.

Nevada Property Licensees refers to 3535 LV NewCo, CIC and Parball NewCo.

Nevada Property Management Agreements refers to the property management agreements entered into on May 5, 2014 by the Nevada Property Licensees with Nevada Property Managers.

Nevada Property Manager(s) refers, individually and collectively, to the property management entities that entered into the Nevada Property Management Agreements with the Nevada Property Licensees.

New CAC Options refers to the option to purchase 675,000 shares of CAC Class A common stock, awarded to Mr. Loveman pursuant to his employment agreement.

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New CAC RSUs refers to the 375,000 RSUs, each representing the right to receive one share of CAC Class A common stock upon vesting of the award, awarded to Mr. Loveman pursuant to his employment agreement.

New Caesars Entertainment Corporation refers to the combined company surviving the Merger.

New Caesars Entertainment Operating Company refers to OpCo when discussing the company's operations after the Merger.

New CEC refers to New Caesars Entertainment Corporation.

New CEC Note Conversion refers to the conversion of the New CEC Convertible Notes.

New CEC Projections refers to the projections for New CEC developed by CES management with input from CAC, CEOC, and others during the annual budgeting cycle in late 2016 and are consistent with the 2017 annual plan and corresponding long range plan.

New CEOC refers to New Caesars Entertainment Operating Company.

New CEOC Common Stock refers to the common equity interests in New CEOC.

New CEOC DCF Analysis refers to Moelis' discounted cash flow analysis of New CEOC.

New CEOC Debt refers to, generally, the funded debt obligations of New CEOC in an aggregate principal amount of at least \$1,235 million pursuant to the Plan.

New CEOC First Lien Notes refers to up to \$318 million in principal amount of New CEOC Debt that New CEOC may issue in the form of first lien notes on a pro rata basis to holders of Secured First Lien Notes Claims, if less than the entire aggregate principal amount of the New CEOC Debt is syndicated to third parties and the requisite consenting bond creditors waive the Plan's requirement that New CEOC Debt be syndicated to third parties.

New CEOC First Lien Term Loans refers to up to \$916 million in principal amount of New CEOC Debt that New CEOC may issue in the form of first lien term loans on a pro rata basis to holders of Prepetition Credit Agreement Claims, if less than the entire aggregate principal amount of the New CEOC Debt is syndicated to third parties and the requisite consenting bank creditors waive the Plan's requirement that New CEOC Debt be syndicated to third parties.

New CEOC Guaranty Agreement refers to the agreement CEC has agreed to enter into if all of the New CEOC Debt is not syndicated and the New CEOC First Lien Term Loan and/or New CEOC First Lien Notes are not issued to the holders of Prepetition Credit Agreement Claims or Secured First Lien Notes Claims, whereby CEC will guarantee the New CEOC Debt if necessary to ensure syndication thereof to third parties.

New CEOC Preferred Stock refers to the Series A Preferred Stock issued by New CEOC to certain creditors of the Debtors, at the Plan Effective Time.

New CEOC Senior Facilities refers to the committed financing agreements entered into by CEOC and the other Debtors, as of February 21, 2017, for proposed new senior secured credit facilities, comprising up to \$1,235 million in the aggregate principal amount of a seven-year senior secured term loan facility and up to \$200 million in the aggregate principal amount of a five-year senior secured revolving credit facility.

New CEOC Take-Back Debt refers to up to \$916 million in first lien term loans and \$318 million of first lien notes issued to the Debtors' creditors under the Plan that New CEOC Debt may be comprised of if the New CEOC Debt is not fully syndicated.

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New York First Lien Lawsuit refers to the lawsuit filed on June 15, 2015, by UMB against CEC, in federal district court in Manhattan, in its capacity as successor trustee for CEOC's 11.25% Senior Secured Notes due 2017, 8.50% Senior Secured Notes due 2020 and 9.00% Senior Secured Notes due 2020.

New York Second Lien Lawsuit refers to the lawsuit filed on March 3, 2015, by BOKF against CEC in federal district court in Manhattan, in its capacity as successor trustee for CEOC's 12.75% Second-Priority Notes.

New York Senior Notes Lawsuit refers to the lawsuit filed on October 20, 2015, by Wilmington Trust, against CEC in federal district court in Manhattan in its capacity as successor indenture trustee for the 10.75% Senior Notes.

NIGC refers to the National Indian Gaming Commission.

Non-CPLV Base Rent refers to the base rent of the Non-CPLV Master Lease beginning in the 8th lease year, calculated as follows: for lease years 8 through 10 will be equal in year 8 to 70% of the total rent for the 7th lease year, then increased annually by the Escalator during years 9 and 10; for lease year 11 will be equal to 80% of the total rent for the 10th lease year; and then increased annually by the Escalator for the remainder of the initial term.

Non-CPLV Master Lease refers to the lease between New CEOC (and/or its applicable subsidiaries) and PropCo (and/or its applicable subsidiaries), relating to the non-CPLV properties.

Non-CPLV Percentage Rent refers to the percentage rent of the Non-CPLV Master Lease beginning in the 8th lease year, calculated as follows: in year 8, a fixed annual amount equal to 30% of the rent of the 7th lease year adjusted upwards or downwards by the product of 19.5% and the amount by which the net revenue generated by the Non-CPLV Facilities in the 7th lease year increased or decreased from the net revenue for the year preceding the initial lease year of the initial term; will then remain unchanged during the 9th and 10th lease years; in year 11, will be a fixed annual amount equal to 20% of the rent of the 10th lease year adjusted upwards or downwards by the product of 13% and the amount by which the net revenue generated by the Non-CPLV Facilities in the 10th lease year increased or decreased from the net revenue for the 7th lease year; and will then again remain unchanged for the remainder of the initial term.

a nonqualified option refers to an option that does not qualify as an incentive stock option under the Code.

Noteholder Disputes refers to the disputes to which CEC is subject relating to various transactions that CEOC has completed since 2010, including the Parent Guarantee Lawsuits, all of which are currently stayed consensually or by order of the Bankruptcy Court.

Notes Distribution refers to the August 6, 2014, distribution of 100% of the Senior Notes as a dividend to its members, pro rata based upon each member's ownership percentage in CGP.

November 29 Proposal refers to a proposal to the CEC Special Committee that contemplated a fixed exchange ratio of 0.694x, which would result in CEC's stockholders owning approximately 61% of New CEC and CAC's stockholders owning approximately 39% of New CEC, which specifically excluded potential tax liabilities of CEC that were still under review, and was conditioned on, among other things, receipt of a fairness opinion from Moelis and tax opinions from counsel to CEC and/or PLRs from the IRS that the transactions entered into in connection with CEOC's restructuring would be tax-free to CEC and its affiliates for federal and state income tax purposes.

NRF refers to the National Retirement Fund, a multi-employer defined benefit pension plan.

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NRF Action refers to the collection action commenced on March 18, 2015, before the Standstill Agreement was executed, by the NRF and its fund manager in the SDNY Court against CEC, CERP and all non-debtor members of the CEC Group for the payment of the first quarterly payment of withdrawal liability, which the NRF contended was due on March 15, 2015.

NRF Claims refers to the claims of the CEC Group, according to NRF, of withdrawal liability with a present value of approximately \$360 million, payable in 80 quarterly payments of about \$6 million, for which the NRF has commenced NRF Action.

Octavius Tower refers to Octavius Tower at Caesars Palace Las Vegas.

Omnibus Agreement refers to an Omnibus License and Enterprise Services Agreement, entered into by the members of CES in May 2014, which granted various licenses to the members through CES and allowed the members to continue to use the intellectual property each of the properties owned or managed by the members used in their associated businesses, including Total Rewards.

Omnibus Voting Agreement refers to the voting rights agreement entered into on October 21, 2013, in connection with the CGP Contribution Transaction, by Hamlet Holdings, affiliates of the Sponsors and their co-investors, CAC and CEC which provides that in the event that any meeting of the stockholders of either CEC or CAC is called to seek approval for any action in connection with the Call Right, such parties agree to appear at any such meeting and otherwise cause the shares under its beneficial ownership to be voted in favor of granting any such approval required or necessary for completion of the Call Right (other than the election to require CEC to acquire CAC Common Stock in lieu of voting units of CGP) and pursuant to which some of the parties provide for certain rights and obligations of such parties with respect to their ownership of the CAC Common Stock.

OpCo refers to CEOC's successor, or New CEOC, which will be a wholly-owned operating subsidiary of CEC and will operate CEOC's properties and facilities, and will contract with other subsidiaries of CEC to manage the facilities to be leased from PropCo.

OpCo Tenant refers to OpCo (and/or its applicable subsidiaries) as tenant under a Master Lease Agreement.

Option refers to the option to purchase 1,000,000 shares of CEC Common Stock, awarded to Mr. Frissora under the CEC 2012 PIP, on February 5, 2015.

Original CAC RSA refers to the restructuring support agreement proposed to be entered into among CAC, CEOC and, solely for certain limited purposes, CEC, the terms of which were discussed on June 12, 2016.

Original Caesars RSAs refers to the Original CAC RSA and the Original CEC RSA.

Original CEC RSA refers to the Restructuring Support, Settlement and Contribution Agreement between CEC and CEOC, reviewed and discussed by the CEC SAC on June 6, 2016.

Original Merger Agreement refers to the Agreement and Plan of Merger, entered into by CEC and CAC, on December 21, 2014, pursuant to which, among other things, CAC would merge with and into CEC, with CEC as the surviving company.

Outside Date refers to the date on which the Merger Agreement may be terminated, and the Merger may be abandoned, by CEC or by CAC if the Merger Effective Time has not occurred by the close of business.

Parball NewCo refers to Parball NewCo, LLC.

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Parent Guarantee Lawsuits refers to the New York Senior Notes Lawsuit together with the Delaware Second Lien Lawsuit, the Delaware First Lien Lawsuit, the Senior Unsecured Lawsuits, the New York Second Lien Lawsuit, and the New York First Lien Lawsuit.

Park Place refers to Park Place Entertainment Corporation.

Paul, Weiss refers to Paul, Weiss, Rifkind, Wharton & Garrison LLP, legal counsel to CEC.

Performance Options refers to all of Mr. Loveman's options granted under the CEC Equity Plans that include as a vesting condition, the achievement of a \$35.00 stock-price target.

PGA & O refers to property, general, administrative, and other.

PJT refers to PJT Partners Inc., the restructuring advisor to CEC.

Plan refers to the Debtors' Third Amended Joint Plan of Reorganization filed on January 13, 2017, at Docket No. 6318, and all supplements and amendments thereto, as confirmed by the Bankruptcy Court.

Plan Effective Time refers to the effective date of the Plan, which is to occur contemporaneously with the closing date of the Merger.

Planet Hollywood refers to Planet Hollywood Resort & Casino in Las Vegas.

PLR Request refers to the formal request submitted by the Debtors to the IRS seeking the PLRs on March 20, 2015.

PLRs refers to private letter rulings from the IRS in connection with the formation of, and distribution to certain creditors of CEOC of interests in, a REIT pursuant to the Plan, which rulings (1) were received on January 5, 2017 and (2) addressed and favorably ruled on certain, but not all, of the issues necessary for the Separation Structure to qualify as tax-free under Sections 355 and 368(a)(1)(G) of the Code, and for the REIT to qualify as a REIT under the Code.

Potential Litigation Exposure refers to the potential litigation exposure against CAC, CGP, CIE and certain other subsidiaries of CGP, related to the asserted claims.

Potential Transaction refers to CEC's interest in evaluating a potential merger of CAC and CEC, in a stock for stock transaction, as part of the restructuring of all or substantially all of the existing debt securities and other bank and credit facilities of CEOC.

Prepetition Credit Agreement Claims refers to the claims with respect to CEOC's first lien bank debt.

pro forma balance sheet refers to the unaudited consolidated condensed pro forma balance sheet as of December 31, 2016, presented on a basis to reflect (1) the Merger and (2) the Restructuring as if each had occurred on December 31, 2016.

pro forma financial information refers to the unaudited consolidated condensed pro forma financial information, which is based upon the historical audited consolidated financial statements of CEC, CEOC and CAC.

pro forma statements of operations refers to the unaudited consolidated condensed pro forma statements of operations for each of the years ended December 31, 2016, 2015, and 2014, presented to reflect the Merger for all periods presented because the Merger is considered a business combination to be accounted for as a reorganization of entities under common control.

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Pro Forma Transactions refers to the following pro forma transactions, which are expected to take effect at the Plan Effective Time: the Merger and the Restructuring.

PropCo refers to the subsidiary of the REIT Entity created under Restructuring to take ownership of certain properties currently owned by CEOC.

PropCo Call Right Agreements refers to the call right agreements entered into at the Plan Effective Time by PropCo, CEC, CERP, CGP and their respective applicable subsidiaries (if applicable), each of which will become effective in accordance with its terms and the Plan.

PropCo Preferred Equity refers to the preferred equity of PropCo issued pursuant the Plan.

PropCo Landlord refers to PropCo (and/or its applicable subsidiaries) as landlord under a Master Lease Agreement.

PropCo Tax Letter refers to the opinion letter from counsel to CEOC required under the Plan, which opinion will (1) be based on facts, customary representations and assumptions set forth or described in such opinion and (2) conclude that the restructuring of CEOC into New CEOC and PropCo and the transfer of consideration to CEOC's creditors should not result in a material amount of U.S. federal income tax to CEOC (determined as if CEOC and its Subsidiaries were a stand-alone consolidated group for U.S. federal income tax purposes).

Property Licensee refers to each of 3535 LV NewCo, CIC or Parball NewCo.

Property Transaction Agreement refers to the March 1, 2014, agreement CEC entered into that certain Transaction Agreement (as amended on May 5, 2014) with CEOC, CLC, CAC, CGP, Harrah's New Orleans Management Company and certain direct, wholly-owned subsidiaries of CEOC including JCC Holding Company II, LLC, 3535 LV Corp., Parball Corporation and Corner Investment Company, LLC.

Proposed CIE Sale refers to the proposed sale of the SMG Business to Alpha Frontier Limited, a consortium of third-party investors unaffiliated with the Sponsors, discussed on July 29, 2016, by the CEC SAC, along with representatives of Reed Smith and Centerview.

Proposed Merger refers to the proposed merger between CAC and CEC announced on December 22, 2014.

Purchase Transaction refers to the purchase from subsidiaries of CEC (x) the Planet Hollywood located in Las Vegas, Nevada, (y) the Maryland Joint Venture in Baltimore, Maryland and (z) a 50% interest in the management fee revenues for both of those properties, by CEC in connection with CGP.

Re-price Date refers to the date that is two business days after the filing of this Registration Statement.

record date refers to both the CEC record date and the CAC record date.

Reed Smith refers to Reed Smith LLP, legal counsel to the CEC SAC.

REIT refers to the newly created real estate investment trust to be wholly-owned by certain creditors of the Debtors.

REIT Entity refers to the REIT, the newly created real estate investment trust to be wholly-owned by certain creditors of the Debtors.

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Released Party refers to each party which the Debtors may hold claims and causes of action against for which the Plan provides releases, including each other Debtor, CEC, CAC, the Sponsors, the creditors, creditor committees, trustees, agents and professionals.

Resale Registration Rights Agreement refers to the registration rights agreement entered into by CEC and CAC, on substantially the same terms as the CAC Registration Rights Agreement, that grants demand and shelf registration rights to CAC in the event that CAC receives CEC publicly traded stock as compensation upon exercise of the Call Right and such stock is deemed control and/or restricted securities.

RSU refers to generally a restricted stock unit.

Restructuring refers to the restructuring of CEOC and the other Debtors pursuant to the Plan, the RSAs and the Restructuring Documents; provided that, for purposes of the section entitled Summary Opinion of Financial Advisor to the CEC SAC and the section entitled CEC and CAC Proposal 1: Adoption of the Merger Agreement and Approval of the Merger Opinion of Financial Advisor to the CEC SAC, the term Restructuring refers to the term as defined in the Merger Agreement.

Restructuring Documents refers to a series of agreements with third parties in connection with the Restructuring, entered into by CEC and its subsidiaries as part of the Plan, which will create certain material commitments for, and impose ongoing obligations on, the business of New CEC after the Emergence (including but not limited to the proposed Master Lease Agreement between New CEOC and PropCo with respect to Caesars Palace Las Vegas, the proposed Master Lease Agreement between New CEOC and PropCo with respect to all other PropCo properties, the proposed management and lease support agreements, the proposed New CEOC debt documents, the proposed CEC guarantees and the proposed Convertible Notes indenture, among other documents).

Right of First Refusal Agreement refers to a right of first refusal agreement entered into by CEC and PropCo that will provide, among other things, (1) a grant by CEC (by and on behalf of itself and all of its majority owned subsidiaries) to PropCo (by and on behalf of itself and all of its majority owned subsidiaries) of a right of first refusal to own and lease to an affiliate of CEC certain non-Las Vegas domestic real estate that CEC or its affiliates may have the opportunity to acquire or develop and (2) a grant by PropCo to CEC of a right of first refusal to lease and manage certain non-Las Vegas domestic real estate that PropCo may have the opportunity to acquire or develop.

Rights Offering refers to the rights offering under which on October 21, 2013, CEC distributed to its stockholders as of October 17, 2013, subscription rights to purchase shares of CAC Common Stock.

RSA Forbearance Fees refers to the RSA forbearance fees paid by CEC under the First Lien Bond RSA and the RSA Bank RSA.

RSAs refers to the Creditor RSAs and the Caesars RSAs.

RSU refers to a restricted stock unit.

S&RP refers to the Caesars Savings and Retirement Plan.

Sabre refers to Sabre, Inc., a private travel sector technology company, which is a TPG portfolio company

SARCs refers to Suspicious Activity Reports.

SDNY Court refers to the United States District Court for the Southern District of New York.

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Second Lien Bond RSA refers to the RSA among CEC, CEOC, CAC (solely with respect to certain sections therein), the holders of claims in respect of CEOC's second lien bonds and the Second Lien Committee.

Second Lien Committee refers to the Official Committee of Second Priority Noteholders.

Second Lien Notes Claims refers to holders of claims in respect of CEOC's second lien bonds.

Securities Act refers to the Securities Act of 1933, as amended.

Selected Executive Officers refers to Messrs. Frissora, Hession, Jenkin, Donovan, Broome, Morse, Ottolenghi and Mses. Thomas and Blackhurst.

Senior Executive Incentive Plan refers to the Caesars Entertainment Corporation 2009 Senior Executive Incentive Plan.

Senior Unsecured Lawsuits refers to the Delaware Second Lien Lawsuit and the Danner Lawsuit.

Senior Unsecured Notes refers to CEOC's 6.50% Senior Unsecured Notes due 2016 and 5.75% Senior Unsecured Notes due 2017.

Separation Structure refers to the separation of the Debtors into OpCo, PropCo and the REIT, which separation will occur through a spin-off of the REIT in a transaction intended to generally constitute a tax-free reorganization under Section 368(a)(1)(G) of the Code.

Settlement Agreement refers to the settlement of the Hilton Parties' claims entered into on June 9, 2016, by CEC, CEOC and the Hilton Parties.

Shared Services Agreement refers to the shared services agreement CIE is party to with CEC and HIE Holdings, Inc., pursuant to which CEOC may provide certain services to CIE.

Skadden Arps refers to Skadden, Arps, Slate, Meagher & Flom LLP, independent legal counsel to the CAC Special Committee.

SMG Business refers to the social and mobile games business of CIE, including Playtika, Ltd., as it existed on September 23, 2016.

SOTP refers to the sum-of-the-parts.

Spin Opinion refers to a "should" level opinion of counsel concluding, based on facts, customary representations and certain customary assumptions set forth or described therein, that the Spin Structure qualifies under Section 368(a)(1)(G) of the Code.

Spin Ruling refers to a favorable ruling from the IRS concluding, based on facts and customary representations set forth or described therein, that the Spin Structure qualifies under Section 368(a)(1)(G) of the Code.

Spin Structure refers to the contribution of assets to the REIT in a reorganization intended to qualify under Section 368(a)(1)(G) of the Code.

Sponsors refers to Apollo and TPG.

Standstill Agreement refers to an agreement entered into by CEC, CEOC and CERP, on behalf of themselves and others, with the NRF and its board of trustees, on March 20, 2015, that, among other things,

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stayed each member of the CEC Controlled Group's purported obligation to commence making quarterly payments of withdrawal liability and instead required the Five Employers to continue making monthly contribution payments to the NRF, unless and until each of the 362 Motions and the 105 Motion had been denied.

Stock Issuances refers to the Convertible Notes Stock Issuance, the Merger Stock Issuance and the Emergence Stock Issuance.

Stockholders Agreement refers to the stockholders agreement entered into in connection with the Acquisition by the Sponsors and certain of their affiliates, the co-investors, and certain of their affiliates, with CEC.

Strategic Alternatives Matters refers to the review, analysis, assessment, valuation or other actions necessary or appropriate in connection with CEC's role in any planning for an assessment of potential strategic alternatives and contingency planning of CEC.

SunGard refers to SunGard Availability Service LP, a private software solutions company, that is a TPG portfolio company.

Superior Proposal refers to, among other things: with respect to either CEC or CAC, a bona fide written acquisition proposal which the board of directors of such party concludes in good faith, after consultation with its financial advisors and outside legal counsel, taking into account all legal, financial, regulatory and other aspects of the proposal and the person making the proposal (including any break-up fees, expense reimbursement provisions and conditions to consummation), (1) is more favorable to the stockholders of such party from a financial point of view than the transactions contemplated by the Merger Agreement and (2) is reasonably likely to be completed on the terms proposed (taking into account, among other things, financing and the likelihood of receiving all required governmental approvals).

Tax Assets refers to the reduction of cash taxes in 2018 and 2019 based on the anticipated sale by CEC in 2018 of certain built-in loss assets.

Tax Matters Agreement refers to the tax matters agreement CIE entered into with CEC in connection with the contribution of CIE to CGP governing the respective rights, responsibilities, and obligations of CEC and CIE with respect to tax liabilities and benefits, tax attributes, the preparation and filing of tax returns, the control of audits and other tax proceedings, and other matters regarding taxes with respect to CIE.

The Cromwell refers to Corner Investment Company, LLC and its subsidiaries, collectively.

The LINQ Hotel refers to The LINQ Hotel & Casino.

Total Rewards refers to the loyalty program in which CEC participates.

TPG refers to TPG Global, LLC together with its affiliates.

TPG Funds refers to TPG Hamlet together with TPG Hamlet B.

TPG Hamlet refers to TPG Hamlet Holdings, LLC.

TPG Hamlet B refers to TPG Hamlet Holdings B, LLC.

TPG Members refers to David Bonderman and James Coulter, each of whom is affiliated with TPG.

Transaction refers to, collectively, the Merger and the other transactions contemplated by the Transaction Documents, including the Contribution and the Restructuring for purposes of the section entitled Summary

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Opinion of Financial Advisor to the CEC SAC and the section entitled CEC and CAC Proposal 1: Adoption of the Merger Agreement and Approval of the Merger Opinion of Financial Advisor to the CEC SAC.

Transaction Agreement refers to the transaction agreement CAC and CGP entered into with CEC and certain of its subsidiaries, in connection with the Initial CGP Transactions, on October 21, 2013, that governs the distribution of the rights, the contribution and purchase of certain assets by subsidiaries of CEC and the ongoing rights and responsibilities among the parties.

Transaction Documents refers to collectively to the Confirmation Order, the Plan, the Merger Agreement and the other documents and agreements referred to in such documents.

UMB refers to UMB Bank.

U.S. holder refers to a beneficial owner of CAC Common Stock who for U.S. federal income tax purposes is:

a citizen or individual resident of the United States;

a corporation, or an entity treated as a corporation, created or organized in or under the laws of the United States or any state or political subdivision thereof;

a trust that (1) is subject to (A) the primary supervision of a court within the United States and (B) the authority of one or more U.S. persons to control all substantial decisions of the trust or (2) has a valid election in effect to be treated as a U.S. person; or

an estate that is subject to U.S. federal income tax on its income regardless of its source.

Voting Agreements refers to the CAC Voting Agreement together with the CEC Voting Agreement.

Wilmington Trust refers to Wilmington Trust, National Association.

WSOP refers to World Series of Poker.

WSOP License refers to the exclusive license CIE granted Playtika, Ltd. with respect to the WSOP and other WSOP-related trademarks and designs for use in Playtika, Ltd.'s social and mobile games for a 3% royalty on net revenues.

XOJet refers to XOJet, Inc., a private aviation company, which is a TPG portfolio company.

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CAESARS ENTERTAINMENT CORPORATION

Consolidated Financial Statements and Financial Statement Schedule

as of December 31, 2016 and 2015 and

for each of the three years in the period ended December 31, 2016

and Report of Independent Registered Public Accounting Firm

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of

Caesars Entertainment Corporation:

We have audited the accompanying consolidated balance sheets of Caesars Entertainment Corporation and subsidiaries (the Company) as of December 31, 2016 and 2015, and the related consolidated statements of operations and comprehensive income/(loss), stockholders' equity/(deficit), and cash flows for each of the three years in the period ended December 31, 2016. Our audits also included the financial statement schedule listed in the Index at Item 15. These financial statements and the financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Caesars Entertainment Corporation and subsidiaries as of December 31, 2016 and 2015, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2016, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

As discussed in Note 1 to the consolidated financial statements, on January 15, 2015, the Company's majority owned subsidiary, Caesars Entertainment Operating Company, Inc. (CEOC) and certain of its U.S. subsidiaries voluntarily filed for reorganization under Chapter 11 of the Bankruptcy Code, which resulted in the deconsolidation of CEOC effective January 15, 2015.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Notes 1 and 3 to the consolidated financial statements, the Company is a defendant in litigation and other noteholder disputes concerning certain transactions related to CEOC. Additionally, as described in Note 1 to the consolidated financial statements, pursuant to CEOC's plan of reorganization and related restructuring support agreements the Company has agreed to provide significant cash and non-cash consideration to the CEOC creditors. In order to meet its ongoing obligations when they come due and its commitments under the CEOC plan of reorganization, the Company will need to secure additional sources of funding, complete the previously announced merger with Caesars Acquisition Company, and obtain regulatory approvals for the CEOC plan of reorganization. The uncertainty of the outcome of these matters raises substantial doubt about the Company's ability to continue as a going concern. Management's plans concerning these matters are discussed in Notes 1 and 3 to the consolidated financial statements. The consolidated financial statements do not include any adjustments that might result from the outcome of these uncertainties.

/s/ DELOITTE & TOUCHE LLP

Las Vegas, Nevada

February 14, 2017

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Table of Contents**CAESARS ENTERTAINMENT CORPORATION****CONSOLIDATED BALANCE SHEETS**

<i>(In millions, except par value)</i>	As of December 31,	
	2016	2015
Assets		
Current assets		
Cash and cash equivalents (\$1,157 and \$948 attributable to our VIEs)	\$ 1,513	\$ 1,227
Restricted cash (\$3,040 and \$3 attributable to our VIEs)	3,113	58
Receivables, net (\$76 and \$63 attributable to our VIEs)	160	134
Due from affiliates, net (\$64 and \$33 attributable to our VIEs)	64	34
Prepayments and other current assets (\$61 and \$46 attributable to our VIEs)	118	121
Inventories (\$7 and \$7 attributable to our VIEs)	20	21
Current assets held for sale (\$0 and \$364 attributable to our VIEs)		364
Total current assets	4,988	1,959
Property and equipment, net (\$2,537 and \$2,607 attributable to our VIEs)	7,446	7,584
Goodwill (\$206 and \$206 attributable to our VIEs)	1,608	1,608
Intangible assets other than goodwill (\$191 and \$206 attributable to our VIEs)	433	498
Restricted cash (\$5 and \$9 attributable to our VIEs)	5	109
Deferred charges and other assets (\$240 and \$253 attributable to our VIEs)	414	448
Total assets	\$ 14,894	\$ 12,206
Liabilities and Stockholders Equity/(Deficit)		
Current liabilities		
Accounts payable (\$143 and \$124 attributable to our VIEs)	\$ 215	\$ 161
Due to affiliates (\$94 and \$15 attributable to our VIEs)	112	16
Accrued expenses and other current liabilities (\$312 and \$232 attributable to our VIEs)	664	550
Accrued restructuring and support expenses	6,601	905
Interest payable (\$14 and \$37 attributable to our VIEs)	67	131
Current portion of long-term debt (\$21 and \$70 attributable to our VIEs)	89	187
Current liabilities held for sale (\$0 and \$66 attributable to our VIEs)		66
Total current liabilities	7,748	2,016
Long-term debt (\$2,254 and \$2,267 attributable to our VIEs)	6,749	6,777
Deferred income taxes (\$0 and \$13 attributable to our VIEs)	1,722	1,000
Deferred credits and other liabilities (\$33 and \$125 attributable to our VIEs)	93	180
Total liabilities	16,312	9,973
Commitments and contingencies (Note 3)		
Stockholders equity/(deficit)		
Common stock: voting, \$0.01 par value, 150 and 147 shares issued, respectively	1	1
Treasury stock: 3 and 2 shares, respectively	(29)	(21)

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Additional paid-in capital	7,605	8,190
Accumulated deficit	(10,753)	(7,184)
Accumulated other comprehensive income/(loss)	(1)	1
Total Caesars stockholders equity/(deficit)	(3,177)	987
Noncontrolling interests	1,759	1,246
Total stockholders equity/(deficit)	(1,418)	2,233
Total liabilities and stockholders equity/(deficit)	\$ 14,894	\$ 12,206

See accompanying Notes to Consolidated Financial Statements.

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Table of Contents**CAESARS ENTERTAINMENT CORPORATION****CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME/(LOSS)**

<i>(In millions, except per share data)</i>	Years Ended December 31,		
	2016	2015	2014
Revenues			
Casino	\$ 2,177	\$ 2,286	\$ 5,418
Food and beverage	788	823	1,495
Rooms	923	878	1,207
Other revenue	527	495	742
Reimbursed management costs		10	243
Less: casino promotional allowances	(538)	(563)	(1,138)
Net revenues	3,877	3,929	7,967
Operating expenses			
Direct			
Casino	1,128	1,194	3,253
Food and beverage	383	399	694
Rooms	249	227	315
Property, general, administrative, and other	1,166	1,052	1,930
Reimbursable management costs		10	243
Depreciation and amortization	439	374	658
Impairment of goodwill			695
Impairment of tangible and other intangible assets		1	299
Corporate expense	166	174	232
Other operating costs	89	152	203
Total operating expenses	3,620	3,583	8,522
Income/(loss) from operations	257	346	(555)
Interest expense	(599)	(683)	(2,669)
Deconsolidation and restructuring of CEOC and other	(5,758)	6,115	(95)
Income/(loss) from continuing operations before income taxes	(6,100)	5,778	(3,319)
Income tax benefit/(provision)	(27)	119	596
Income/(loss) from continuing operations, net of income taxes	(6,127)	5,897	(2,723)
Discontinued operations, net of income taxes	3,380	155	(143)
Net income/(loss)	(2,747)	6,052	(2,866)
Net (income)/loss attributable to noncontrolling interests	(822)	(132)	83
Net income/(loss) attributable to Caesars	\$ (3,569)	\$ 5,920	\$ (2,783)

Earnings/(loss) per share basic and diluted

Basic earnings/(loss) per share from continuing operations		\$ (47.52)	\$ 39.80	\$ (18.53)
Basic earnings/(loss) per share from discontinued operations		23.11	1.08	(1.00)
Basic earnings/(loss) per share		\$ (24.41)	\$ 40.88	\$ (19.53)
Diluted earnings/(loss) per share from continuing operations		\$ (47.52)	\$ 39.20	\$ (18.53)
Diluted earnings/(loss) per share from discontinued operations		23.11	1.06	(1.00)
Diluted earnings/(loss) per share		\$ (24.41)	\$ 40.26	\$ (19.53)
Weighted-average common shares outstanding	basic	146	145	142
Weighted-average common shares outstanding	diluted	146	147	142
Comprehensive income/(loss):				
Other comprehensive loss, net of income taxes		\$ (2)	\$	\$ (2)
Comprehensive income/(loss)		(2,749)	6,052	(2,868)
Comprehensive (income)/loss attributable to noncontrolling interests		(822)	(132)	83
Comprehensive income/(loss) attributable to Caesars		\$ (3,571)	\$ 5,920	\$ (2,785)

See accompanying Notes to Consolidated Financial Statements.

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CAESARS ENTERTAINMENT CORPORATION

CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY/(DEFICIT)

(In millions)	Caesars Stockholders Equity/(Deficit)							
	Common Stock	Treasury Stock	Additional Paid-in-Capital	Accumulated Deficit	Accumulated Other Comprehensive Income/(Loss)	Total Caesars Equity/(Deficit)	Noncontrolling Interests	Total Equity/(Deficit)
Balance as of December 31, 2013	\$ 1	\$ (16)	\$ 7,231	\$ (10,321)	\$ (17)	\$ (3,122)	\$ 1,218	\$ (1,904)
Net loss				(2,783)		(2,783)	(83)	(2,866)
Share-based compensation		(3)	32			29		29
Common stock issuances ⁽¹⁾			136			136		136
Other comprehensive loss, net of tax					(2)	(2)		(2)
Allocation of minority interest resulting from sales and conveyances of subsidiary stock ⁽²⁾			754		4	758	(744)	14
Bond distribution to noncontrolling interest owners ⁽³⁾							(160)	(160)
Other			(13)			(13)	24	11
Balance as of December 31, 2014	1	(19)	8,140	(13,104)	(15)	(4,997)	255	(4,742)
Net income				5,920		5,920	132	6,052
Share-based compensation		(2)	50			48		48
Elimination of CEOC noncontrolling interest and deconsolidation ⁽³⁾					16	16	854	870
Decrease in noncontrolling interests, net of distributions and contributions							(10)	(10)
Other							15	15
Balance as of December 31, 2015	1	(21)	8,190	(7,184)	1	987	1,246	2,233

Cumulative effect adjustment share-based compensation ⁽⁴⁾		1	(1)						
Net income			(3,569)		(3,569)		822		(2,747)
Share-based compensation		40			40				40
CIE stock transactions, net		(626)			(626)				(626)
Other comprehensive loss, net of tax				(2)	(2)				(2)
Change in noncontrolling interest, net of distributions and contributions							(309)		(309)
Other		(8)		1	(7)				(7)
Balance as of December 31, 2016	\$ 1	\$ (29)	\$ 7,605	\$ (10,753)	\$ (1)	\$ (3,177)	\$ 1,759		\$ (1,418)

⁽¹⁾ We issued and sold 7 million shares in 2014.

⁽²⁾ In 2014, we sold 68,100 of CEC's shares of CEOC's common stock to qualified institutional buyers and CEOC granted 86,936 shares of its common stock to employees. We allocated \$869 million of accumulated stockholders deficit to the noncontrolling interests' ownership in CEOC based upon the noncontrolling interests' ownership share as of December 31, 2014, which included \$744 million for the allocation of noncontrolling interest resulting from sales and conveyances of CEOC stock.

⁽³⁾ See Note 2.

⁽⁴⁾ Adoption of Accounting Standards Update No. 2016-09, Compensation-Stock Compensation. See Note 14. See accompanying Notes to Consolidated Financial Statements.

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CAESARS ENTERTAINMENT CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>(In millions)</i>	Years Ended December 31,		
	2016	2015	2014
Cash flows from operating activities			
Net income/(loss)	\$ (2,747)	\$ 6,052	\$ (2,866)
Adjustments to reconcile net income/(loss) to cash flows from operating activities:			
Loss/(income) from discontinued operations	(3,380)	(155)	143
Gain on deconsolidation of CEOC		(7,125)	
Loss on extinguishment of debt			96
Depreciation and amortization	439	374	651
Amortization of deferred finance costs and debt discount/premium	24	38	438
Provision for doubtful accounts	11	11	50
Impairment of intangible and tangible assets		1	994
Share-based compensation expense	228	94	94
Deferred income taxes	2	(113)	(440)
Other non-cash adjustments to net income/(loss)	14	1	50
Net changes in:			
Accounts receivable	(22)	(51)	12
Due to/due from affiliates, net	19	(28)	3
Inventories, prepayments and other current assets	(11)	1	(21)
Deferred charges and other		(17)	1
Accounts payable	39	(47)	(47)
Interest payable	(64)	(41)	342
Accrued expenses	50	45	(155)
Restructuring accruals	5,696	905	
Deferred credits and other	10	(5)	(201)
Other		3	35
Cash flows provided by/(used in) operating activities	308	(57)	(821)
Cash flows from investing activities			
Acquisitions of property and equipment, net of change in related payables	(220)	(341)	(991)
Deconsolidation of CEOC cash		(985)	
Return of investment from discontinued operations	132	142	87
Contributions to discontinued operations	(56)	(15)	(89)
Proceeds from the sale and maturity of investments	46	29	24
Payments to acquire investments	(23)	(27)	
Other		(3)	69
Cash flows used in investing activities	(121)	(1,200)	(900)
Cash flows from financing activities			
Proceeds from long-term debt and revolving credit facilities	120	310	4,436

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Debt issuance and extension costs and fees			(196)
Repayments of long-term debt and revolving credit facilities	(268)	(450)	(2,833)
Payment of contingent consideration		(1)	
Repurchase of CIE shares and distribution of sale proceeds	(1,126)	(65)	
Proceeds from sale of interest in subsidiary			8
Issuance of common stock, net of fees			136
Distributions to noncontrolling interest owners	(270)	(36)	
Other	11	25	(30)
Cash flows provided by/(used in) financing activities	(1,533)	(217)	1,521
Cash flows from discontinued operations			
Cash flows from operating activities	168	159	26
Cash flows from investing activities	4,379	(12)	(26)
Cash flows from financing activities	(76)	(158)	(5)
Net cash from discontinued operations	4,471	(11)	(5)
Change in cash, cash equivalents, and restricted cash classified as assets held for sale	112	(8)	(52)
Net increase/(decrease) in cash, cash equivalents, and restricted cash	3,237	(1,493)	(257)
Cash, cash equivalents, and restricted cash, beginning of period	1,394	2,887	3,144
Cash, cash equivalents, and restricted cash, end of period	\$ 4,631	\$ 1,394	\$ 2,887
Supplemental Cash Flow Information			
Cash paid for interest	\$ 634	\$ 696	\$ 2,070
Cash paid for income taxes	65	80	50
Non-cash investing and financing activities:			
Change in accrued capital expenditures	14	(35)	46
Change in assets acquired through financing activities and capital leases			30
See accompanying Notes to Consolidated Financial Statements.			

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CAESARS ENTERTAINMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

In this filing, the name CEC refers to the parent holding company, Caesars Entertainment Corporation, exclusive of its consolidated subsidiaries and variable interest entities, unless otherwise stated or the context otherwise requires. The words Company, Caesars, Caesars Entertainment, we, our, and us refer to Caesars Entertainment Corporation, inclusive of its consolidated subsidiaries and variable interest entities, unless otherwise stated or the context otherwise requires.

We also refer to (i) our Consolidated Financial Statements as our Financial Statements, (ii) our Consolidated Statements of Operations and Comprehensive Income/(Loss) as our Statements of Operations, and (iii) our Consolidated Balance Sheets as our Balance Sheets.

Note 1 Description of Business

Organization

CEC is primarily a holding company with no independent operations of its own. CEC owns 100% of Caesars Entertainment Resort Properties, LLC (CERP) and an interest in Caesars Growth Partners, LLC (CGP). We also consolidate the results of Caesars Interactive Entertainment, LLC (formerly Caesars Interactive Entertainment, Inc.) (CIE), a wholly owned subsidiary of CGP that operates an online games business and owns the World Series of Poker (WSOP) tournaments and brand. CIE sold its social and mobile games business (the SMG Business) on September 23, 2016, as discussed below. As of December 31, 2016, CERP and CGP owned a total of 12 casino properties in the United States, eight of which are in Las Vegas. These eight casino properties represented 65% of consolidated net revenues for the year ended December 31, 2016.

CEC also holds a majority interest in Caesars Entertainment Operating Company, Inc. (CEOC). The results of CEOC and its subsidiaries are no longer consolidated with Caesars subsequent to CEOC and certain of its United States subsidiaries (the Debtors) voluntarily filing for reorganization under Chapter 11 of the United States Bankruptcy Code (the Bankruptcy Code) on January 15, 2015.

Caesars Enterprise Services, LLC

Caesars Enterprise Services, LLC (CES) is a services joint venture formed by CERP, CEOC, and a subsidiary of CGP (Caesars Growth Properties Holdings, LLC, or CGPH) (collectively, the Members). CES provides certain corporate and administrative services for the Members casino properties and related entities, including substantially all of the casino properties owned by CEOC and casinos owned by unrelated third parties. CES manages certain assets for the casinos to which it provides services and the other assets it owns, licenses or controls, and employs certain of the corresponding employees. Under the terms of the joint venture and the Omnibus License and Enterprise Services Agreement, CEC and its operating subsidiaries continue to have access to the services historically provided to us by CEOC and its employees, its trademarks, and its programs despite the CEOC bankruptcy filing.

Reportable Segments

We view each casino property as an operating segment and currently aggregate all such casino properties into two reportable segments based on management s view, which aligns with their ownership and underlying credit structures: CERP and CGP.

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Through June 30, 2016, we aggregated the operating segments within CGP into two separate reportable segments: Caesars Growth Partners Casino Properties and Developments (CGP Casinos) and CIE. On September 23, 2016, CIE sold the SMG Business for cash consideration of \$4.4 billion (the CIE Proceeds) and

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Table of Contents**CAESARS ENTERTAINMENT CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

retained only its WSOP and regulated online real money gaming businesses. The SMG Business represented the majority of CIE's operations and was classified as discontinued operations for the year ended December 31, 2016 and all historical periods presented while the related assets and liabilities have been recast as held for sale as of December 31, 2015 (see Note 17). After excluding the SMG Business from CIE's continuing operations, the remaining CIE business is not material, and we no longer consider CIE to be a separate reportable segment from CGP Casinos. Therefore, CGP Casinos and the remaining operations of CIE have been combined for all periods presented to form the CGP segment. Additionally, CEOC remained a reportable segment until its deconsolidation effective January 15, 2015.

Announced Merger with Caesars Acquisition Company

In 2014, CEC and Caesars Acquisition Company (CAC) entered into a merger agreement, which was amended and restated on July 9, 2016 (the Merger Agreement). Pursuant to the Merger Agreement, among other things, CAC will merge with and into CEC, with CEC as the surviving company (the Merger). Subject to the terms and conditions of the Merger Agreement, upon consummation of the Merger, each share of CAC common stock issued and outstanding immediately prior to the effective date of the Merger will be converted into, and become exchangeable for, shares of CEC common stock in a ratio to ensure that holders of CAC common stock receive shares equal to 27.5% of the outstanding CEC common stock on a fully diluted basis (prior to the conversion of the CEC Convertible Notes being issued as part of the Restructuring, as defined below (the Exchange Ratio)). The Exchange Ratio may be subject to change, and CEC or CAC may terminate the Merger Agreement under certain circumstances.

We expect the Merger to be accounted for as a transaction among entities under common control, which will result in CAC being consolidated into Caesars at book value as an equity transaction.

Going Concern

As of December 31, 2016, we adopted ASU No. 2014-15, *Presentation: Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*. This guidance amended the existing requirements for disclosing information about an entity's ability to continue as a going concern and explicitly requires management to assess an entity's ability to continue as a going concern and to provide related footnote disclosure in certain circumstances. This guidance was effective for annual reporting periods ending after December 15, 2016, and for annual and interim reporting periods thereafter. The following information reflects the results of management's assessment of CEC's ability to continue as a going concern.

Overview

As a result of the following circumstances, we have substantial doubt about CEC's ability to continue as a going concern:

we have limited unrestricted cash available to meet the financial commitments of CEC, primarily resulting from significant expenditures made to (1) defend against the litigation matters disclosed below and (2) support a plan of reorganization for CEOC (the Restructuring);

we have made material future commitments to support the Restructuring described below; and

we are a defendant in litigation relating to certain CEOC transactions dating back to 2010 and other legal matters (see Note 2) that could result in one or more adverse rulings against us if the Restructuring is not completed.

CEC does not currently have sufficient cash to meet its financial commitments to support the Restructuring that are due when CEOC ultimately emerges from bankruptcy or to satisfy the potential obligations that would arise

Table of Contents**CAESARS ENTERTAINMENT CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

in the event of an adverse ruling on one or all of the litigation matters disclosed below. The completion of the Merger is expected to allow CEC to fulfill its financial commitments in support of the Restructuring. However, if the Merger is not completed for any reason, CEC would still be liable for many of these obligations. In addition, although under the terms of the Restructuring, all related litigation is expected to be resolved, there remain the outstanding litigation matters that are currently stayed pending CEOC's emergence from bankruptcy.

CEC entered into the CIE Proceeds and Reservation Rights Agreement (as amended on October 7, 2016) with CIE, CEOC and CAC (the "CIE Proceeds Agreement"), which allows for up to \$235 million of the proceeds from the SMG Business sale to be distributed to CEC in order to pay certain fees in support of the Restructuring ("CEC Expense Amounts"). After taking into account the cash available to pay the CEC Expense Amounts under the CIE Proceeds Agreement and other sources of liquidity, CEC expects to have sufficient cash to meet its ongoing obligations as they come due for at least 12 months beyond the issuance date of these financial statements. However, there are restrictions governing when and how the cash designated for CEC Expense Amounts can be used, pursuant to the terms of the Second Lien RSA (defined below) (see Note 2). CEC also expects to gain access to the remaining proceeds from the sale of the SMG Business upon completion of the Merger, which will be used to fund its other commitments in support of the Restructuring.

If CEC is unable to access additional sources of cash when needed, in the event of a material adverse ruling on one or all of the litigation matters disclosed below, or if CEOC does not emerge from bankruptcy on a timely basis on terms and under circumstances satisfactory to CEC, it is likely that CEC would seek reorganization under Chapter 11 of the Bankruptcy Code.

We believe that CERP and CGP's cash and cash equivalents, their cash flows from operations, and/or financing available under their separate revolving credit facilities will be sufficient to meet their normal operating requirements, to fund planned capital expenditures, and to fund debt service during the next 12 months and the foreseeable future.

CEOC Reorganization

On January 13, 2017, the Debtors filed an amended plan of reorganization (the "Third Amended Plan") with the United States Bankruptcy Court for the Northern District of Illinois in Chicago (the "Bankruptcy Court") that replaces all previously filed plans. CEC, CAC, the Debtors and CEOC's major creditor groups have agreed to support the Third Amended Plan. The Bankruptcy Court confirmed the Third Amended Plan on January 17, 2017.

As part of the Third Amended Plan, it is anticipated that CEOC will be divided into two companies—OpCo and PropCo. OpCo will operate CEOC's properties and facilities. PropCo will hold certain of CEOC's real property assets and related fixtures and will lease those assets to OpCo. It is anticipated that OpCo will be a wholly owned consolidated subsidiary of CEC subsequent to the CEOC's emergence, and that will contract with another subsidiary of CEC to manage the facilities to be leased from PropCo. PropCo will be a separate entity and will not be consolidated by CEC.

Although the Third Amended Plan has been confirmed by the Bankruptcy Court, we must still obtain regulatory approval in all of the jurisdictions in which we have gaming operations in order for CEOC to successfully emerge

from bankruptcy, and we are unable to determine when all necessary requirements will be satisfied. In addition, the Third Amended Plan remains subject to completion of the Merger, certain financing transactions, and various other closing conditions.

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CAESARS ENTERTAINMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

In connection with the Third Amended Plan, the following agreements with respect to the CEOC reorganization were either entered into or amended, as needed (collectively, the RSAs):

- (a) Sixth Amended and Restated Restructuring Support and Forbearance Agreement, dated October 4, 2016, with certain parties holding claims under CEOC's first lien notes (the First Lien Bond RSA);
- (b) Second Amended Restructuring Support and Forbearance Agreement, dated October 4, 2016, with certain parties holding claims under CEOC's first lien credit agreement (the First Lien Bank RSA);
- (c) Restructuring Support, Forbearance and Settlement Agreement, dated October 4, 2016, with certain parties holding claims under CEOC's second lien note agreements (the Second Lien RSA);
- (d) Amendment No. 1 to First Amended and Restated Restructuring Support and Forbearance Agreement, dated October 4, 2016, with certain parties holding claims under CEOC's subsidiary guaranteed notes (the SGN RSA);
- (e) First Amended and Restated Restructuring Support, Settlement, and Contribution Agreement, dated July 9, 2016, with CEOC (the CEC RSA);
- (f) Amended and Restated Restructuring Support Agreement, dated July 9, 2016, with CAC and CEOC (the CAC RSA); and
- (g) Restructuring Support and Settlement Agreement, dated June 22, 2016, with the unsecured claimholders committee in the Chapter 11 cases (the UCC RSA).

The Effective Date of the Restructuring (the material terms of which are contained in the RSAs and the Third Amended Plan) is the date upon which all required conditions of the Restructuring have been satisfied or waived and on which the CEOC reorganization and related transactions become effective.

As a result of the Bankruptcy Court's confirmation of the Third Amended Plan, we believe it is probable that certain obligations described in the Third Amended Plan and the RSAs will ultimately be settled, and therefore, we have accrued the items described in the table below that are estimable in accrued restructuring and support expenses on the Balance Sheets. During 2016, we updated our accruals based on the terms of the Third Amended Plan and the RSAs and recorded an additional \$5.7 billion in deconsolidation and restructuring of CEOC and other in the statement of operations, which included \$426 million recorded in the fourth quarter of 2016.

We estimated the total consideration we expect to provide in support of the Restructuring, which includes a combination of cash, CEC common stock, and CEC Convertible Notes. Accrued restructuring and support expenses does not include the consideration that will be issued as part of the acquisition of OpCo (as defined below), which will be recorded when the transaction is consummated.

Accrued Restructuring and Support Expenses

<i>(In millions)</i>	Accrued as of	
	December 31, 2016	December 31, 2015
Forbearance fees and other payments to creditors	\$ 970	\$ 484
Bank Guaranty Settlement	734	386
Issuance of CEC common shares	2,936	
Issuance of CEC convertible notes	1,600	
PropCo call right agreement	131	
Payment of creditor expenses, settlement charges, and other fees	195	
Payment to CEOC	35	35
 Total accrued	 \$ 6,601	 \$ 905

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CAESARS ENTERTAINMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The amounts disclosed above are reported net of payments totaling \$34 million and \$148 million during the year ended December 31, 2016 and 2015, respectively.

Forbearance Fees and Other Payments to Creditors. CEC has agreed to pay certain fees in exchange for CEOC's major creditors agreeing to forebear from exercising their rights and remedies under certain of CEOC's credit agreements and to stay all pending litigation.

Bank Guaranty Settlement. In 2014, CEOC amended its senior secured credit facilities (the *Bank Amendment*) resulting in, among other things, a modification of CEC's guaranty under the senior secured credit facilities such that CEC's guaranty was limited to a guaranty of collection (*CEC Collection Guaranty*) with respect to obligations owed to the lenders who consented to the *Bank Amendment*. The *CEC Collection Guaranty* requires the creditors to exhaust all rights and remedies at law and in equity that the creditors or their agents may have against CEOC or any of its subsidiaries and its and their respective property to collect, or obtain payment of, the guaranteed amounts. Pursuant to the *Third Amended Plan*, the CEOC creditors have agreed to eliminate the *CEC Collection Guaranty*, and we recorded \$734 million as an estimate of the liability based on the terms of the *Bank Guaranty Settlement* agreement.

Issuance of CEC Common Shares. CEC will issue CEC common shares for the settlement of claims and potential claims and is obligated to repurchase at least \$1.0 billion worth of the issued shares at a fixed price. As of December 31, 2016, our accrual includes the \$1.0 billion repurchase obligation plus the estimated fair value of \$1.9 billion for the net shares that we expect to issue after satisfying the repurchase obligation, which is subject to remeasurement on a quarterly basis. Additionally, we have accrued a liability for the fair value associated with the creditors' right to require CEC to repurchase up to \$200 million worth of the newly-issued CEC common shares.

CEC's majority shareholders, the Sponsors (as defined in Note 18), have agreed that their CEC common shares shall be included as consideration in support of the Restructuring and for the settlement of claims and potential claims. Therefore, our accrual also includes the fair value of the shares held by the Sponsors. We will reduce the estimate of our obligation upon receipt of the shares from the Sponsors, with an offsetting amount recorded to equity, which is expected to occur on the Effective Date. See Note 8 for additional information on fair value measurements and how this value was determined.

Issuance of CEC Convertible Notes. CEC will issue approximately \$1.1 billion in face value of convertible notes (the *CEC Convertible Notes*) to the CEOC creditors for the settlement of claims and potential claims, and our accrual represents the estimated fair value of the notes to be issued. See Note 8.

PropCo Call Right Agreement. PropCo will have a call right for up to five years to purchase the real property assets associated with Harrah's Atlantic City and Harrah's Laughlin from CERP and Harrah's New Orleans from CGP (subject to the terms of the CERP and CGPH credit agreements). Our accrual represents the estimated fair value of the call right related to Harrah's Atlantic City and Harrah's Laughlin. See Note 8. We are unable to estimate the range of loss related to the Harrah's New Orleans call right due to uncertainty regarding the negotiation of certain terms that would allow the call right to be exercised for this property.

Payment of Creditor Expenses, Settlement Charges, and Other Fees. Pursuant to the Third Amended Plan, CEC has agreed to pay certain professional fees incurred by CEOC's creditors and has agreed to pay other ancillary fees and settlement amounts.

Payment to CEOC. In addition, and separate from the transactions and agreements described above, because there was not a comprehensive out-of-court restructuring of CEOC's debt securities or a prepackaged or

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prearranged in-court restructuring with requisite voting support from each of the first and second lien secured creditor classes by February 15, 2016, a debt agreement entered into by CEOC in 2014 contemplates an additional payment to CEOC of \$35 million from CEC. During the first quarter of 2015, we accrued this liability in accrued restructuring and support expenses on the Balance Sheet, and this amount is currently due and payable. The CIE Proceeds Agreement designates a portion of the proceeds from the sale of the SMG Business for the purpose of paying this obligation upon CEOC's emergence from bankruptcy (see Note 20).

Other Commitments Under the Third Amended Plan

The following represents other commitments or potential obligations to which CEC has agreed as part of the Third Amended Plan and certain of the RSAs, none of which have been accrued as of December 31, 2016.

Purchase 100% of OpCo common stock for \$700 million

Issuance of CEC common shares in exchange for OpCo preferred stock

PropCo has right of first refusal on the real property assets associated with all new domestic non-Las Vegas gaming facility opportunities, with CEC or OpCo leasing such properties

Guarantee of OpCo's payment obligations to PropCo under the leases of the CEOC Properties

Guarantee of OpCo debt received by the First Lien Bank Lenders and First Lien Noteholders

The acquisitions of OpCo equity represent future investment transactions and will be recorded when (or if) the transactions are consummated. The PropCo right of first refusal is not a financial obligation that would require accrual. The guarantees of OpCo's payment and debt obligations relate to OpCo commitments that do not yet exist, and thus do not give rise to any obligations for CEC as of December 31, 2016.

Liquidity

Caesars Entertainment is a highly-leveraged company and had \$6.9 billion in consolidated debt outstanding as of December 31, 2016. As a result, a significant portion of our liquidity needs are for debt service, including significant interest payments. As detailed in Note 11, our consolidated estimated debt service (including principal and interest) for 2017 is \$659 million and \$8.8 billion thereafter to maturity. See Note 11 for details of our debt outstanding and related restrictive covenants. This includes, among other information, details of our individual borrowings outstanding and each subsidiary's annual maturities of long-term debt as of December 31, 2016.

Cash and Available Revolver Capacity

<i>(In millions)</i>	December 31, 2016			
	CERP	CGP	CES	Other
Cash and cash equivalents	\$ 168	\$ 1,050	\$ 107	\$ 188
Revolver capacity	270	160		

Revolver capacity drawn or committed to letters of credit	(40)				
Total		\$ 398	\$ 1,210	\$ 107	\$ 188

Consolidated cash and cash equivalents, excluding restricted cash, as shown in the table above include amounts held by CERP, CGP, and CES, which are not readily available to CEC. Other reflects CEC and certain of its direct subsidiaries, including its insurance captives.

CEC is primarily a holding company with no independent operations, employees, or material debt issuances of its own. Its primary assets as of December 31, 2016, consist of \$188 million in cash and cash equivalents and its

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CAESARS ENTERTAINMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

ownership interests in CEOC, CERP and CGP. CEC's cash includes \$109 million held by its insurance captives. Provisions included in certain debt arrangements entered into by CERP and CGP (and/or their respective subsidiaries) substantially restrict the ability of CERP, CGP, and their subsidiaries to provide dividends to CEC. In addition, CEC does not receive any financial benefit from CEOC during CEOC's bankruptcy, as all earnings and cash flows are retained by CEOC for the benefit of its creditors.

CEC has no requirement to fund the operations of CERP, CGP, or their subsidiaries. Accordingly, CEC cash outflows are primarily used for corporate development opportunities and other corporate-level activity, including defending itself in the litigation in which it has been named as a defendant (see Note 3). In the first quarter of 2016, \$100 million in cash that had previously been restricted by management for use in a casino development project became available for CEC's use in operations. In addition, as described previously, CEC is able to fund certain eligible CEC Expense Amounts from \$235 million of the proceeds from the sale of the SMG Business. Otherwise, CEC is generally limited to raising additional capital through borrowings or equity transactions because it has no operations of its own and the restrictions on its subsidiaries under lending arrangements generally prevent the distribution of cash from the subsidiaries to CEC, except for certain restricted payments that CERP and CGPH are authorized to make in accordance with their lending arrangements.

Litigation

In addition to financial commitments described above, we have the following outstanding uncertainties for which we have not accrued any amounts, all of which are described in Note 3:

Litigation commenced by Wilmington Savings Fund Society, FSB on August 4, 2014 (the Delaware Second Lien Lawsuit);

Litigation commenced by parties on September 3, 2014 and October 2, 2014 (the Senior Unsecured Lawsuits);

Litigation commenced by UMB Bank on November 25, 2014 (the Delaware First Lien Lawsuit);

Demands for payment made by Wilmington Savings Fund Society, FSB on February 13, 2015 (the February 13 Notice);

Demands for payment made by BOKF, N.A., on February 18, 2015 (the February 18 Notice);

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Litigation commenced by BOKF, N.A. on March 3, 2015 (the New York Second Lien Lawsuit);

Litigation commenced by UMB Bank on June 15, 2015 (the New York First Lien Lawsuit);

Litigation commenced by Wilmington Trust, National Association on October 20, 2015 (the New York Senior Notes Lawsuit); and

Litigation commenced by Trustees of the National Retirement Fund in January 2015 (the NRF Litigation).

Report of Bankruptcy Examiner

The Bankruptcy Court engaged an examiner to investigate possible claims CEOC might have against CEC and/or other entities and individuals. On March 15, 2016, the examiner released his report, which identifies a variety of potential claims against CEC and certain individuals related to a number of transactions dating back to 2009. Most of the examiner's findings are premised on his view that CEOC was insolvent at the time of the applicable transactions and that CEOC did not receive fair value for assets transferred. The examiner's report includes his conclusions on the relative strengths of these possible claims, many of which are described in

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Note 3. The examiner calculates an estimated range of potential damages for these potential claims from \$3.6 billion to \$5.1 billion, and such calculation does not account for probability of success, likelihood of collection, or the time or cost of litigation.

While this report was prepared at the request of the Bankruptcy Court, none of the findings included therein are legally binding on the Bankruptcy Court or any party. CEC contests many of the examiner's findings, including his findings that CEOC was insolvent at relevant times, that there were breaches of fiduciary duty, that CEOC did not receive fair value for assets transferred, that there were fraudulent transfers, and as to the calculation of damages. CEC believes that each of the challenged transactions was undertaken to provide CEOC with the liquidity and resources required to sustain it and provide time to recover from significant market challenges.

CEC believes that the conclusion of the examination and the release of the report was a necessary step to facilitate the settlement discussions in the CEOC bankruptcy proceedings. The Third Amended Plan and the related RSAs reflect the current status of the ongoing effort to arrive at a consensual plan providing for the timely emergence of CEOC from bankruptcy.

Employee Relations

We have approximately 31,000 employees throughout our organization. Approximately 17,000 of our employees are covered by collective bargaining agreements with certain of our subsidiaries, relating to certain casino, hotel, and restaurant employees. The majority of these employees are covered by the following agreements:

Employee Group	Approximate Number of Active Employees Represented	Union	Date on which Collective Bargaining Agreement Becomes Amendable
Las Vegas Culinary Employees	8,700	Culinary Workers Union, Local 226	Various up to July 31, 2018
Atlantic City Food & Beverage and Hotel employees	1,600	UNITE HERE, Local 54	February 28, 2020
Las Vegas Bartenders	1,200	Bartenders Union, Local 165	Various up to July 31, 2018
Las Vegas Dealers	1,800	Transport Workers Union of America and UAW	Various up to September 30, 2019

Note 2 Basis of Presentation and Principles of Consolidation***Basis of Presentation and Use of Estimates***

Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States (GAAP), which require the use of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. Actual amounts could differ from those estimates.

Certain prior year amounts have been reclassified to conform to the current year s presentation. For the years ended December 31, 2015 and 2014, \$17 million and \$27 million, respectively, was reclassified from food and beverage revenues to other revenue, and \$2 million and \$50 million, respectively, was reclassified from corporate expense to depreciation and amortization.

As disclosed in Note 1, the financial results related to the SMG Business were classified as discontinued operations for all periods presented (see also Note 17).

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CAESARS ENTERTAINMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Consolidation of Subsidiaries and Variable Interest Entities

Our consolidated financial statements include the accounts of Caesars Entertainment and its subsidiaries after elimination of all intercompany accounts and transactions.

We consolidate all subsidiaries in which we have a controlling financial interest and variable interest entities (VIEs) for which we or one of our consolidated subsidiaries is the primary beneficiary. Control generally equates to ownership percentage, whereby (1) affiliates that are more than 50% owned are consolidated; (2) investments in affiliates of 50% or less but greater than 20% are generally accounted for using the equity method where we have determined that we have significant influence over the entities; and (3) investments in affiliates of 20% or less are generally accounted for using the cost method.

We consolidate a VIE when we have both the power to direct the activities that most significantly impact the results of the VIE and the right to receive benefits or the obligation to absorb losses of the entity that could be potentially significant to the VIE. For VIEs that are under common control with affiliates, in lieu of an assessment of the power to direct the activities that most significantly impact the results of the VIE, we may be required to assess a number of other factors to determine the consolidating entity, including the following: (i) the closeness of the association that the VIE has with the businesses of the affiliated entities, (ii) the entity from which the VIE obtained its assets; (iii) the nature of ongoing management and other agreements; and (iv) the obligation to absorb losses and the right to receive residual returns that could potentially be significant to the VIE. Along with the VIEs that are consolidated in accordance with the above guidelines, we also hold variable interests in other VIEs that are not consolidated because we are not the primary beneficiary. We continually monitor both consolidated and unconsolidated VIEs to determine if any events have occurred that could cause the primary beneficiary to change. A change in determination could have a material impact on our financial statements.

Despite a majority financial interest, we may only possess non-substantive voting rights that do not confer upon us the ability to control key activities of the entity, such as determining operating budgets, payment of obligations, management of assets, and/or other activities necessary for the ordinary course of business. We continually monitor both consolidated and unconsolidated VIEs to determine if any events have occurred that could cause the primary beneficiary to change.

Consolidation of CGP

Because the equity holders in CGP receive returns disproportionate to their voting interests and substantially all the activities of CGP are related to Caesars, CGP has been determined to be a VIE. CAC is the sole voting member of CGP. Common control exists between CAC and Caesars through the majority beneficial ownership of both by Hamlet Holdings (as defined in Note 18). The assets held by CGP originally came from Caesars and continue to be intrinsically closely associated with Caesars through the nature of the business, as well as ongoing service and management agreements. Additionally, Caesars is expected to receive the majority of the benefits or absorb the majority of the losses from its higher economic participation in CGP. We have determined that Caesars is the primary beneficiary of CGP as a result of the close association with Caesars and other factors such as the fact that all of the assets and businesses owned by CGP were acquired from Caesars, and therefore, we are required to consolidate them.

Neither CAC nor CGP guarantees any of CEC's debt, and the creditors or beneficial holders of CGP have no recourse to the general credit of CEC.

We account for the noncontrolling interest in CGP using the hypothetical liquidation at book value (HLBV) method to attribute the earnings and losses of CGP between the controlling and noncontrolling interest. Under this method, the noncontrolling interest in the CGP entity is based upon the noncontrolling interest holders

Table of Contents**CAESARS ENTERTAINMENT CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

contractual claims on CGP's accounting balance sheet pursuant to the mandatory liquidation provisions of the operating agreement, adjusted for certain common control tax distributions and the Notes Distribution described in Note 11. Caesars' resulting net income from the controlling interest is the residual net income from the consolidation of the VIE less the HLBV calculated net income attributable to the noncontrolling interest holder. Due to certain mandatory liquidation provisions of the operating agreement, this could result in a net loss to Caesars consolidated results in periods in which CGP reports net income.

Subject to the terms and conditions described in the certificate of incorporation of CAC and the operating agreement of CGP, after October 21, 2016, Caesars Entertainment has the right to acquire all or a portion of the voting units of CGP (or, at the election of CAC, shares of CAC's Class A common stock) not otherwise owned by Caesars Entertainment at such time. The purchase consideration may be, at Caesars Entertainment's option, cash or shares of Caesars Entertainment's common stock valued at market value, net of customary market discount and expenses, provided that the cash portion will not exceed 50% of the total consideration in any exercise of the call right. The purchase price will be the greater of (i) the fair market value of the voting units of CGP (or shares of CAC's Class A common stock) at such time based on an independent appraisal or (ii) the initial capital contribution in respect of such units plus a 10.5% per annum return on such capital contribution, subject to a maximum return on such capital contribution of 25% per annum, taking into account prior distributions with respect to such units.

CGP generated net revenues of \$1.7 billion, \$1.6 billion and \$1.3 billion for the years ended December 31, 2016, 2015 and 2014, respectively. Net income attributable to Caesars related to CGP was \$3.1 billion for the year ended December 31, 2016, which was primarily related to sale of the SMG Business (see Note 17). Net loss attributable to Caesars related to CGP was \$18 million and \$405 million for the years ended December 31, 2015 and 2014, respectively.

CGP was obligated to issue non-voting membership units to CEC in 2016 to the extent that the earnings from CIE's social and mobile games business exceeded a specified threshold amount as of December 31, 2015. In April 2016, CGP issued 32 million Class B non-voting units to CEC, resulting in CEC's economic ownership in CGP increasing from 57.4% to 61.2%. However, there was no effect on our financial statements from this transaction. CEC's economic ownership of CGP is 61.0% as of December 31, 2016.

Our consolidated restricted cash includes amounts held by CGP of \$3.0 billion and \$12 million as of December 31, 2016 and 2015, respectively. As of December 31, 2016, the majority of the balance is restricted under the terms of the CIE Proceeds Agreement, which requires a portion of the CIE Proceeds be deposited into the CIE escrow account (the "CIE Escrow Account"). Up to \$235 million may be distributed from the CIE Escrow Account only: (i) pursuant to the terms of the term sheet included in the CIE Proceeds Agreement and the agreement entered into among Wilmington Trust, National Association, CIE and CEOC, governing the CIE Escrow Account, (ii) with the joint written consent of CIE and CEOC, or (iii) pursuant to an order of a court of competent jurisdiction.

CGP consolidates into its financial statements the accounts of any variable interest entity for which it is determined to be the primary beneficiary. Caesars Baltimore Investment Company, LLC ("CBIC") is wholly-owned and consolidated by CGP. CBIC indirectly holds interests in the CBAC Borrower, LLC ("CBAC"), owner of the Horseshoe Baltimore Casino, through its ownership interest in CR Baltimore Holdings ("CRBH"), a variable interest entity. The counterparty

that owns the minority interest in CRBH is restricted from transferring its interest in CRBH without prior consent from CBIC. As a result, CBIC has been determined to be the primary beneficiary of CRBH, and therefore, consolidates CRBH into its financial statements. Under the existing terms of the agreement, the transfer restrictions will expire in the third quarter of 2017, at which time CBIC would no longer be considered the primary beneficiary and would deconsolidate CRBH. CRBH would then be accounted for as an equity method investment from that point forward.

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CAESARS ENTERTAINMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

In addition to CGP, we also hold immaterial variable interests in other VIEs that are not consolidated because we are not the primary beneficiary. We continually monitor both consolidated and non-consolidated VIEs to determine if any events have occurred that could cause the primary beneficiary to change.

Distribution of CEOC Notes

In August 2014, CGP effectuated a distribution of 100% of its remaining investment in certain CEOC notes as a dividend to its members, CEC and CAC, pro rata based upon each member's ownership percentage in CGP (the Notes Distribution). In connection with the Notes Distribution, CEC received \$187 million in aggregate principal amount of CEOC's 6.50% senior notes and \$206 million in aggregate principal amount of CEOC's 5.75% senior notes, and CAC received \$138 million in aggregate principal amount of CEOC's 6.50% senior notes and \$151 million in aggregate principal amount of CEOC's 5.75% senior notes.

Because CGP is a consolidated VIE, the CEOC notes held by CGP prior to the Notes Distribution were eliminated in consolidation. The CEOC notes received by CEC were subsequently contributed to CEOC for cancellation, which resulted in no impact on the consolidated financial statements of CEC. In addition, the Notes Distribution resulted in a \$160 million decrease in noncontrolling interest, which represented CGP's reported fair value of the CEOC notes at the time of the Notes Distribution.

Consolidation of CES

A steering committee acts in the role of a board of managers for CES with each Member entitled to appoint one representative to the steering committee. Each Member, through its representative, is entitled to a single vote on the steering committee; accordingly, the voting power of the Members does not equate to their ownership percentages. Therefore, when CES was formed, we determined that it was a VIE, and we concluded that CERP was required to consolidate it.

Effective January 1, 2016, we implemented the Financial Accounting Standard Board's (the FASB) Accounting Standard Update (ASU) No. 2015-02, which amended Topic 810, *Consolidations*. Applying the amended guidance had no effect on our consolidated financial statements.

Under the guidance in effect prior to ASU No. 2015-02, CERP was determined to be the primary beneficiary of CES, and we consolidated CES through our consolidation of CERP. Under the amended guidance, in determining whether an entity is the primary beneficiary of a VIE, the entity must evaluate whether it has the power to direct the activities of the VIE that most significantly impact the VIE's economic performance through both its direct economic interests in the VIE and its indirect economic interests in the VIE held through related parties. Under the new criteria, when a decision maker exists that holds both power and benefits through its related parties and neither related party holds such power and benefits on their own, the decision maker is determined to be the primary beneficiary. Therefore, we concluded that CEC is the primary beneficiary because our combined economic interest in CES, through our subsidiaries, represents a controlling financial interest.

Expenses incurred by CES are allocated to the casino properties directly or to the Members according to their allocation percentages, subject to annual review. Therefore, CES is a pass-through entity that serves as an agent on behalf of the Members at a cost-basis, and is contractually required to fully allocate its costs. CES is designed to have no operating cash flows of its own, and any net income or loss is generally immaterial and is typically subject to allocation to the Members in the subsequent period.

Consolidation Considerations for CEOC

CEOC's filing for reorganization was a reconsideration event for Caesars Entertainment to reevaluate whether consolidation of CEOC continued to be appropriate. We concluded that CEOC is a VIE and that we are not the

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primary beneficiary of CEOC; therefore, we no longer consolidate CEOC, but account for our investment in CEOC as a cost method investment subsequent to the deconsolidation. CEOC's ownership interest in CES was \$33 million and \$23 million as of December 31, 2016 and December 31, 2015, respectively, and is accounted for as noncontrolling interest.

Transactions with CEOC are treated as related party transactions for Caesars Entertainment. These transactions include items such as casino management fees paid to CEOC, insurance expenses related to insurance coverage provided to CEOC by Caesars Entertainment, and rent payments by CEOC to CERP under the Octavius Tower lease agreement. See Note 18 for additional information on related party transactions and on the carrying amounts and classification of assets and liabilities that relate to our variable interest in CEOC.

During the year ended December 31, 2015, Caesars Entertainment recognized a \$7.1 billion gain associated with the deconsolidation of CEOC and recorded a cost method investment in CEOC of zero due to the negative equity associated with CEOC's underlying financial position. For the 2015 period prior to the deconsolidation, CEOC segment net revenues totaled \$158 million, net loss attributable to Caesars totaled \$76 million, and negative cash flow from operating activities totaled \$220 million.

Note 3 Litigation***Litigation******Noteholder Disputes***

On August 4, 2014, Wilmington Savings Fund Society, FSB, solely in its capacity as successor Indenture Trustee for the 10.00% Second-Priority Senior Secured Notes due 2018 (the "10.00% Second-Priority Notes"), on behalf of itself and, it alleges, derivatively on behalf of CEOC, filed a lawsuit (the "Delaware Second Lien Lawsuit") in the Court of Chancery in the State of Delaware against CEC and CEOC, CGP, CAC, CERP, CES, Eric Hession, Gary Loveman, Jeffrey D. Benjamin, David Bonderman, Kelvin L. Davis, Marc C. Rowan, David B. Sambur, and Eric Press. The lawsuit alleges claims for breach of contract, intentional and constructive fraudulent transfer, breach of fiduciary duty, aiding and abetting breach of fiduciary duty, and corporate waste. The lawsuit seeks (1) an award of money damages; (2) to void certain transfers, the earliest of which dates back to 2010; (3) an injunction directing the recipients of the assets in these transactions to return them to CEOC; (4) a declaration that CEC remains liable under the parent guarantee formerly applicable to the 10.00% Second-Priority Notes; (5) to impose a constructive trust or equitable lien on the transferred assets; and (6) an award to plaintiffs for their attorneys' fees and costs. CEC believes this lawsuit is without merit and is defending itself vigorously. A motion to dismiss this action was filed by CEC and other defendants in September 2014, and the motion was argued in December 2014. During the pendency of its Chapter 11 bankruptcy proceedings, the action has been automatically stayed with respect to CEOC. The motion to dismiss with respect to CEC was denied on March 18, 2015. In a Verified Supplemental Complaint filed on August 3, 2015, the plaintiff stated that due to CEOC's bankruptcy filing, the continuation of all claims was stayed pursuant to the bankruptcy except for Claims II, III, and X. These are claims against CEC only, for breach of contract in respect of the release of the parent guarantee formerly applicable to the CEOC 10.00% Second-Priority Notes, for declaratory relief in respect of the release of this guarantee, and for violations of the Trust Indenture Act in respect of the release of this

guarantee. Fact discovery in the case is complete, and cross-motions for summary judgment have been filed by the parties. On January 26, 2017, the Bankruptcy Court entered an agreed order staying this proceeding (and others). The stay will remain in effect until the earlier of (a) the Effective Date, (b) the termination of the restructuring support agreement with the Official Committee of Second Priority Noteholders or (c) further order of the Bankruptcy Court.

On September 3, 2014, holders of approximately \$21 million of CEOC 6.50% Senior Unsecured Notes due 2016 and 5.75% Senior Unsecured Noted due 2017 (collectively, the Senior Unsecured Notes) filed suit in federal

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district court in Manhattan against CEC and CEOC, claiming broadly that an August 12, 2014 Note Purchase and Support Agreement between CEC and CEOC (on the one hand) and certain other holders of the Senior Unsecured Notes (on the other hand) impaired their own rights under the Trust Indenture Act of 1939 and the indentures governing the Senior Unsecured Notes. The lawsuit seeks both declaratory and monetary relief. On October 2, 2014, a holder of CEOC's 6.50% Senior Unsecured Notes due 2016 purporting to represent a class of all persons who held these Notes from August 11, 2014 to the present filed a substantially similar suit in the same court, against the same defendants, relating to the same transactions. Both lawsuits (the "Senior Unsecured Lawsuits") were assigned to the same judge. The claims against CEOC have been automatically stayed during its Chapter 11 bankruptcy proceedings. The court denied a motion to dismiss both lawsuits with respect to CEC. The parties have completed fact discovery with respect to both plaintiffs' claims against CEC. On October 23, 2015, plaintiffs in the Senior Unsecured Lawsuits moved for partial summary judgment, and on December 29, 2015, those motions were denied. On December 4, 2015, plaintiff in the action brought on behalf of holders of CEOC's 6.50% Senior Unsecured Notes moved for class certification and briefing has been completed. The judge presiding over these cases thereafter retired, and a new judge was appointed to preside over these lawsuits. That judge set a new summary judgment briefing schedule, and the parties filed cross-motions for summary judgment, which remain pending. On January 26, 2017, the Bankruptcy Court entered an agreed order staying this proceeding (and others). The stay will remain in effect until the earlier of (a) the Effective Date, (b) the termination of the restructuring support agreement with the Official Committee of Second Priority Noteholders or (c) further order of the Bankruptcy Court.

On November 25, 2014, UMB Bank ("UMB"), as successor indenture trustee for CEOC's 8.50% Senior Secured Notes due 2020 (the "8.50% Senior Secured Notes"), filed a verified complaint (the "Delaware First Lien Lawsuit") in Delaware Chancery Court against CEC, CEOC, CERP, CAC, CGP, CES, and against individual past and present Board members Loveman, Benjamin, Bonderman, Davis, Press, Rowan, Sambur, Hession, Colvin, Kleisner, Swann, Williams, Housenbold, Cohen, Stauber, and Winograd, alleging generally that defendants improperly stripped CEOC of certain assets, wrongfully effected a release of CEC's parent guarantee of the 8.50% Senior Secured Notes and committed other wrongs. Among other things, UMB asked the court to appoint a receiver over CEOC. In addition, the suit pleads claims for fraudulent conveyances/transfers, insider preferences, illegal dividends, declaratory judgment (for breach of contract as regards to the parent guarantee and also as to certain covenants in the bond indenture), tortious interference with contract, breach of fiduciary duty, usurpation of corporate opportunities, and unjust enrichment, and seeks monetary, equitable and declaratory relief. The lawsuit has been automatically stayed with respect to CEOC during its Chapter 11 bankruptcy process. Pursuant to the First Lien Bond RSA, the lawsuit also has been stayed in its entirety, with the consent of all of the parties to it.

On February 13, 2015, Caesars Entertainment received a Demand For Payment of Guaranteed Obligations (the "February 13 Notice") from Wilmington Savings Fund Society, FSB, in its capacity as successor Trustee for CEOC's 10.00% Second-Priority Notes. The February 13 Notice alleges that CEOC's commencement of its voluntary Chapter 11 bankruptcy case constituted an event of default under the indenture governing the 10.00% Second-Priority Notes; that all amounts due and owing on the 10.00% Second-Priority Notes therefore immediately became payable; and that Caesars Entertainment is responsible for paying CEOC's obligations on the 10.00% Second-Priority Notes, including CEOC's obligation to timely pay all principal, interest, and any premium due on these notes, as a result of a parent guarantee provision contained in the indenture governing the notes that the February 13 Notice alleges is still binding. The February 13 Notice accordingly demands that Caesars Entertainment immediately pay Wilmington Savings Fund

Society, FSB, cash in an amount of not less than \$3.7 billion, plus accrued and unpaid interest (including without limitation the \$184 million interest payment due December 15, 2014 that CEOC elected not to pay) and accrued and unpaid attorneys' fees and other expenses. The February 13 Notice also alleges that the interest, fees and expenses continue to accrue.

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On February 18, 2015, Caesars Entertainment received a Demand For Payment of Guaranteed Obligations (the February 18 Notice) from BOKF, N.A. (BOKF), in its capacity as successor Trustee for CEOC 's 12.75% Second-Priority Senior Secured Notes due 2018 (the 12.75% Second-Priority Notes). The February 18 Notice alleges that CEOC 's commencement of its voluntary Chapter 11 bankruptcy case constituted an event of default under the indenture governing the 12.75% Second-Priority Notes; that all amounts due and owing on the 12.75% Second-Priority Notes therefore immediately became payable; and that CEC is responsible for paying CEOC 's obligations on the 12.75% Second-Priority Notes, including CEOC 's obligation to timely pay all principal, interest and any premium due on these notes, as a result of a parent guarantee provision contained in the indenture governing the notes that the February 18 Notice alleges is still binding. The February 18 Notice therefore demands that CEC immediately pay BOKF cash in an amount of not less than \$750 million, plus accrued and unpaid interest, accrued and unpaid attorneys' fees, and other expenses. The February 18 Notice also alleges that the interest, fees and expenses continue to accrue.

In accordance with the terms of the applicable indentures, CEC is not subject to the above-described guarantees. As a result, we believe the demands for payment are meritless.

On March 3, 2015, BOKF filed a lawsuit (the New York Second Lien Lawsuit) against CEC in federal district court in Manhattan, in its capacity as successor trustee for CEOC 's 12.75% Second-Priority Notes. On June 15, 2015, UMB filed a lawsuit (the New York First Lien Lawsuit) against CEC, also in federal district court in Manhattan, in its capacity as successor trustee for CEOC 's 11.25% Senior Secured Notes due 2017, 8.50% Senior Secured Notes due 2020, and 9.00% Senior Secured Notes due 2020. Plaintiffs in these actions allege that CEOC 's filing of its voluntary Chapter 11 bankruptcy case constitutes an event of default under the indentures governing these notes, causing all principal and interest to become immediately due and payable, and that CEC is obligated to make those payments pursuant to parent guarantee provisions in the indentures governing these notes that plaintiffs allege are still binding. Both plaintiffs bring claims for violation of the Trust Indenture Act of 1939, breach of contract, breach of duty of good faith and fair dealing and for declaratory relief and BOKF brings an additional claim for intentional interference with contractual relations. The cases were both assigned to the same judge presiding over the other Parent Guarantee Lawsuits (as defined below) that are taking place in Manhattan. CEC filed its answer to the BOKF complaint on March 25, 2015, and to the UMB complaint on August 10, 2015. On June 25, 2015, and June 26, 2015, BOKF and UMB, respectively, moved for partial summary judgment, specifically on their claims alleging a violation of the Trust Indenture Act of 1939, seeking both declaratory relief and damages. On August 27, 2015, those motions were denied. The court, on its own motion, certified its order with respect to the interpretation of the Trust Indenture Act for interlocutory appeal to the United States Court of Appeals for the Second Circuit, and on December 22, 2015, the appellate court denied our motion for leave to appeal. On November 20, 2015, BOKF and UMB again moved for partial summary judgment. These motions likewise were denied. The judge presiding over these cases thereafter retired, and a new judge was appointed to preside over these lawsuits. That judge set a new summary judgment briefing schedule, and the parties submitted cross-motions for summary judgment, which remain pending. On January 26, 2017, the Bankruptcy Court entered an agreed order staying this proceeding (and others). The stay will remain in effect until the earlier of (a) the Effective Date, (b) the termination of the restructuring support agreement with the Official Committee of Second Priority Noteholders or (c) further order of the Bankruptcy Court.

On October 20, 2015, Wilmington Trust, National Association (Wilmington Trust), filed a lawsuit (the New York Senior Notes Lawsuit and, together with the Delaware Second Lien Lawsuit, the Delaware First Lien Lawsuit, the Senior Unsecured Lawsuits, the New York Second Lien Lawsuit, and the New York First Lien Lawsuit, the Parent Guarantee Lawsuits) against CEC in federal district court in Manhattan in its capacity as successor indenture trustee for CEOC s 10.75% Senior Notes due 2016 (the 10.75% Senior Notes). Plaintiff alleges that CEC is obligated to make payment of amounts due on the 10.75% Senior Notes pursuant to a parent guarantee provision in the indenture governing those notes that plaintiff alleges is still in effect. Plaintiff raises

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claims for violations of the Trust Indenture Act of 1939, breach of contract, breach of the implied duty of good faith and fair dealing, and for declaratory judgment, and seeks monetary and declaratory relief. CEC filed its answer to the complaint on November 23, 2015. As with the other parent guaranty lawsuits taking place in Manhattan, the judge presiding over these cases thereafter retired, and a new judge was appointed to preside over these lawsuits. That judge set a new summary judgment briefing schedule, and the parties submitted cross-motions for summary judgment, which remain pending. On January 26, 2017, the Bankruptcy Court entered an agreed order staying this proceeding (and others). The stay will remain in effect until the earlier of (a) the Effective Date, (b) the termination of the restructuring support agreement with the Official Committee of Second Priority Noteholders or (c) further order of the Bankruptcy Court.

We believe that the claims and demands described above against CEC are without merit and we intend to defend the Company vigorously. The claims against CEOC have been stayed due to the Chapter 11 process and, as described above, the actions against CEC have now also been stayed. See additional disclosure relating to CEOC's Chapter 11 filing in Note 1. In the event that the litigation stays are ever lifted, we believe that the Noteholder Disputes and the Parent Guarantee Lawsuits present a reasonably possible likelihood of an adverse outcome. Should these matters ultimately be resolved through litigation outside of the financial restructuring of CEOC (the Financial Restructuring), and should a court find in favor of the claimants in some or all of the Noteholder Disputes, such determination would likely lead to a CEC reorganization under Chapter 11 of the Bankruptcy Code (see Note 1). We are not able to estimate a range of reasonably possible losses should any of the Noteholder Disputes ultimately be resolved against us, although they could potentially exceed \$11 billion.

CEC-CAC Merger Litigation

On December 30, 2014, Nicholas Koskie, on behalf of himself and, he alleges, all others similarly situated, filed a lawsuit (the Merger Lawsuit) in the Clark County District Court in the State of Nevada (the Court) against CAC, CEC and members of the CAC board of directors Marc Beilinson, Philip Erlanger, Dhiren Fonseca, Don Kornstein, Karl Peterson, Marc Rowan, and David Sambur (the individual defendants collectively, the CAC Directors). The Merger Lawsuit alleges claims for breach of fiduciary duty against the CAC Directors and aiding and abetting breach of fiduciary duty against CAC and CEC. It seeks (1) an order directing the CAC Directors to fulfill alleged fiduciary duties to CAC in connection with the proposed merger between CAC and CEC announced on December 22, 2014, specifically by announcing their intention to (a) cooperate with bona fide interested parties proposing alternative transactions, (b) ensure that no conflicts exist between the CAC Directors' personal interests and their fiduciary duties to maximize shareholder value in the Merger, or resolve all such conflicts in favor of the latter, and (c) act independently to protect the interests of the shareholders; (2) an order directing the CAC Directors to account for all damages suffered or to be suffered by plaintiff and the putative class as a result of the Merger; and (3) an award to plaintiff for his costs and attorneys' fees. On October 13, 2016, the Court dismissed the case for lack of prosecution. Pursuant to local rule, the case could have been reinstated at the plaintiff's written request, provided such request was filed within 30 days of the date of service of written notice of the dismissal. The 30-day time period has now expired.

Employee Benefit Obligations

In December 1998, Hilton Hotels Corporation (Hilton) spun-off its gaming operations as Park Place Entertainment Corporation (Park Place). In connection with the spin-off, Hilton and Park Place entered into various agreements, including an Employee Benefits and Other Employment Allocation Agreement dated December 31, 1998 (the Allocation Agreement) whereby Park Place assumed or retained, as applicable, certain liabilities and excess assets, if any, related to the Hilton Hotels Retirement Plan (the Hilton Plan) based on the benefits of Hilton employees and Park Place employees. CEOC is the ultimate successor to Park Place under this Allocation Agreement. In 2013, a lawsuit was settled relating to the Hilton Plan, which retroactively and

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prospectively increased total benefits to be paid under the Hilton Plan. In 2009, we received a letter from Hilton, notifying us of a lawsuit related to the Hilton Plan that alleged that CEC had a potential liability for the additional claims under the terms of the Allocation Agreement.

On December 24, 2014, Hilton, the Plan Administrator of the Hilton Plan, and a representative of the Plan Administrator (the Hilton Parties) sued CEC and CEOC in federal court in Virginia primarily under the Employee Retirement Income Security Act (ERISA), and also under state contract and unjust enrichment law theories, for monetary and equitable relief in connection with this ongoing dispute. On April 14, 2015, the federal court dismissed the Hilton Parties' unjust enrichment claim with prejudice and ordered that the remainder of the case be transferred to the Bankruptcy Court based upon its relationship to the CEOC bankruptcy case.

On June 9, 2016, CEC, CEOC and the Hilton Parties entered into a settlement of the Hilton Parties' claims (the Settlement Agreement). Under the settlement, Hilton will receive a general unsecured claim in CEOC's bankruptcy case for an amount equal to \$51 million plus 31.75% of amounts paid by Hilton to the Hilton Plan due after July 16, 2016. For periods following the effective date of CEOC's plan of reorganization, CEC shall assume certain of CEOC's obligations under the Allocation Agreement. In exchange, Hilton shall turn over to CEC the distributions on account of \$24.5 million of Hilton's claim in the CEOC bankruptcy. On June 21, 2016, the parties sought approval of the Settlement Agreement. The CEOC Bankruptcy Court approved the Settlement Agreement on July 19, 2016. The settlement amount is fully accrued in liabilities subject to compromise at CEOC, and the Settlement Agreement is subject to the effectiveness of CEOC's plan of reorganization.

National Retirement Fund

In January 2015, a majority of the Trustees of the National Retirement Fund (NRF), a multi-employer defined benefit pension plan, voted to expel the five indirect subsidiaries of CEC which were required to make contributions to the legacy plan of the NRF (the Five Employers). The NRF contended that the financial condition of the Five Employers controlled group (the CEC Controlled Group) and CEOC's then-potential bankruptcy presented an actuarial risk to the plan because, depending on the outcome of any CEOC bankruptcy proceedings, CEC might no longer be liable to the plan for any partial or complete withdrawal liability. As a result, the NRF claimed that the expulsion of the Five Employers constituted a complete withdrawal of the CEC Controlled Group from the plan. CEOC, in its bankruptcy proceedings, has to date not rejected the contribution obligations to the NRF of any of its subsidiary employers. The NRF has advised the CEC Controlled Group (which includes CERP) that the expulsion of the Five Employers has triggered a joint and several withdrawal liability with a present value of approximately \$360 million, payable in 80 quarterly payments of about \$6 million.

Prior to the NRF's vote to expel the Five Employers, the Five Employers reiterated their commitments to remain in the plan and not seek rejection of any collective bargaining agreement in which the obligation to contribute to NRF exists. The Five Employers were current with respect to pension contributions at the time of their expulsion, and are current with respect to pension contributions as of today pursuant to the Standstill Agreement referred to below.

We have opposed the various NRF expulsion actions.

On January 8, 2015, prior to the NRF's vote to expel the Five Employers, CEC filed an action in the United States District Court for the Southern District of New York (the S.D.N.Y.) against the NRF and its Board of Trustees, seeking a declaratory judgment that they did not have the authority to expel the Five Employers and thus allegedly trigger withdrawal liability for the CEC Controlled Group (the CEC Action). On December 25, 2015, the District Judge entered an order dismissing the CEC Action on the ground that CEC's claims in this

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action must first be arbitrated under ERISA. CEC has appealed this decision to the United States Court of Appeals for the Second Circuit. Oral argument on this appeal was heard on January 30, 2017, and the Second Circuit has reserved decision on this appeal.

On March 6 and March 27, 2015, CEOC and certain of its subsidiaries filed in the CEOC bankruptcy proceedings two motions to void (a) the purported expulsion of the Five Employers and based thereon the alleged triggering of withdrawal liability for the non-debtor members of the CEC Controlled Group, and (b) a notice and payment demand for quarterly payments of withdrawal liability subsequently made by the NRF to certain non-debtor members of the CEC Controlled Group, respectively, on the ground that each of these actions violated the automatic stay (the 362 Motions). On November 12, 2015, Bankruptcy Judge Goldgar issued a decision denying the 362 Motions on the ground that the NRF's actions were directed at non-debtors and therefore did not violate the automatic stay. CEOC has appealed this decision to the federal district court in Chicago.

On March 6, 2015, CEOC commenced an adversary proceeding against the NRF and its Board of Trustees in the Bankruptcy Court (the Adversary Proceeding). On March 11, 2015, CEOC filed a motion in that Adversary Proceeding to extend the automatic stay in the CEOC bankruptcy proceedings to apply to the NRF's expulsion of the Five Employers (the 105 Motion). Judge Goldgar has not yet decided the 105 Motion.

On March 20, 2015, CEC, CEOC and CERP, on behalf of themselves and others, entered into a Standstill Agreement with the NRF and its Board of Trustees that, among other things, stayed each member of the CEC Controlled Group's purported obligation to commence making quarterly payments of withdrawal liability and instead required the Five Employers to continue making monthly contribution payments to the NRF, unless and until each of the 362 Motions and the 105 Motion had been denied. As the 105 Motion has not yet been decided, the Standstill Agreement remains in effect.

If both the 105 Motion and CEC's appeal of the CEC Action are denied, then CEC could be required to pay to the NRF joint and several withdrawal liability with a present value of approximately \$360 million, payable in 80 quarterly payments of about \$6 million each while CEC simultaneously arbitrates whether the NRF and its Board of Trustees had the authority to expel the Five Employers and trigger withdrawal liability for the CEC Controlled Group.

On March 18, 2015, before the Standstill Agreement was executed, the NRF and its fund manager commenced a collection action in the S.D.N.Y. against CEC, CERP and all non-debtor members of the CEC Controlled Group for the payment of the first quarterly payment of withdrawal liability, which the NRF contended was due on March 15, 2015 (the NRF Action). On December 25, 2015, the District Judge entered an Order adopting the Magistrate Judge's recommendation to deny defendants' motion to dismiss over the defendants' objections on the ground that the defendants' arguments must first be arbitrated under ERISA. On February 26, 2016, the NRF and its fund manager filed a motion for summary judgment against CEC and CERP for payment of the first quarterly payment of withdrawal liability and for interest, liquidated damages, attorneys' fees and costs. On November 7, 2016, the District Judge entered an Order adopting the Magistrate Judge's recommendation to grant partial summary judgment to the NRF Action plaintiffs over CEC and CERP's objections on the ground that CEC and CERP's further arguments must also first be arbitrated under ERISA. CEC and CERP filed a Notice of Appeal to protect their rights in response to this Order. Subsequently, the District Judge determined that no final order or judgment was entered, and thus the Notice of

Appeal was premature. Accordingly, the parties stipulated to the dismissal of the appeal without prejudice to any party's rights to appeal a final, appealable judgment that may later be entered in the case.

On December 5, 2016, an interlocutory judgment was entered against CEC and CERP comprising the first quarterly payment of withdrawal liability referred to above, interest and liquidated damages under ERISA. On

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CAESARS ENTERTAINMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 19, 2016, a CEC and CERP filed a motion to certify a final judgment under Rule 54(b) of the Federal Rules of Civil Procedure for immediate appeal and to stay the NRF Action plaintiffs' motions to amend and for summary judgment, as described below. On January 11, 2017, the District Court granted the motion to certify a final judgment under Rule 54(b) in the amount of \$9 million, but denied the motion for a stay, and a judgment in that amount was entered the next day. CEC has appealed this decision to the Second Circuit, and has bonded the judgment pending appeal.

On December 23, 2016, the NRF Action plaintiffs filed a motion to amend their complaint to add claims for the second through eighth quarterly payments of withdrawal liability, which the NRF Action plaintiffs contended were past due, as well as for injunctive relief requiring the defendants to pay all further quarterly payments as they purportedly became due. Also on December 23, 2016, the NRF Action plaintiffs simultaneously filed a motion for summary judgment against CEC and CERP for payment of the second through eighth quarterly payments of withdrawal liability, for interest, liquidated damages, attorneys' fees and costs, and for injunctive relief requiring the defendants to pay all further quarterly payments as they purportedly became due. These motions have not yet been fully submitted to the District Court.

We believe our legal arguments against the actions undertaken by NRF are strong and will pursue them vigorously, and will defend vigorously against the claims raised by the NRF in the NRF Action. Since settlement discussions with the NRF are continuing and no material discovery has yet been performed with respect to any of the above actions, we cannot currently provide assurance as to the ultimate outcome of the matters at issue.

Other Matters

In recent years, governmental authorities have been increasingly focused on anti-money laundering (AML) policies and procedures, with a particular focus on the gaming industry. In October 2013, CEOC's subsidiary, Desert Palace, Inc. (the owner of and referred to herein as Caesars Palace), received a letter from the Financial Crimes Enforcement Network of the United States Department of the Treasury (FinCEN), stating that FinCEN was investigating Caesars Palace for alleged violations of the Bank Secrecy Act to determine whether it is appropriate to assess a civil penalty and/or take additional enforcement action against Caesars Palace. Caesars Palace responded to FinCEN's letter in January 2014. Additionally, we were informed in October 2013 that a federal grand jury investigation regarding anti-money laundering practices of the Company and its subsidiaries had been initiated. CEC and Caesars Palace have been cooperating with FinCEN, the Department of Justice and the Nevada Gaming Control Board (the GCB) on this matter. On September 8, 2015, FinCEN announced a settlement pursuant to which Caesars Palace agreed to an \$8 million civil penalty for its violations of the Bank Secrecy Act, which penalty shall be treated as a general unsecured claim in Caesars Palace's bankruptcy proceedings. In addition, Caesars Palace agreed to conduct periodic external audits and independent testing of its AML compliance program, report to FinCEN on mandated improvements, adopt a rigorous training regime, and engage in a "look-back" for suspicious transactions. The terms of the FinCEN settlement were approved by the Bankruptcy Court on October 19, 2015.

CEOC and the GCB reached a settlement on the same facts as above, wherein CEC agreed to pay \$1.5 million and provide to the GCB the same information that is reported to FinCEN and to resubmit its updated AML policies. On September 17, 2015, the settlement agreement was approved by the Nevada Gaming Commission. CEOC continues to

cooperate with the Department of Justice in its investigation of this matter.

Caesars is party to other ordinary and routine litigation incidental to our business. We do not expect the outcome of any such litigation to have a material effect on our consolidated financial position, results of operations, or cash flows, as we do not believe it is reasonably possible that we will incur material losses as a result of such litigation.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 4 Summary of Significant Accounting Policies

Additional accounting policy disclosures are provided within the applicable notes to the consolidated financial statements.

Cash, Cash Equivalents, and Restricted Cash

Cash equivalents are highly liquid investments with original maturities of three months or less from the date of purchase and are stated at the lower of cost or market value. Our cash and cash equivalents as of December 31, 2016 and 2015, includes \$1.2 billion and \$948 million, respectively, held by our consolidated VIEs, which is not available for our use to fund operations or satisfy our obligations.

As of December 31, 2016 and 2015, we had \$3.1 billion and \$167 million of restricted cash, respectively, comprised of current and non-current portions. As described in Note 2, the majority of the restricted cash as of December 31, 2016, related to sale of the SMG Business (see Note 17) and is restricted under the terms of the CIE Proceeds Agreement. Restricted cash also includes cash reserved under loan agreements for (a) development projects and (b) certain expenditures incurred in the normal course of business, such as interest services, real estate taxes, casualty insurance, and capital improvements; and certain other cash deposits that are designated by management for specific purpose.

In November 2016, FASB issued ASU No. 2016-18, *Statement of Cash Flows: Restricted Cash*, requiring that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash and cash equivalents. The amendments in this update are effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted, including adoption in an interim period. We adopted ASU No. 2016-18 for the year ended December 31, 2016, and retrospectively applied the amendments as required.

Prior to the adopting ASU No. 2016-18, our consolidated statements of cash flows reported changes in restricted cash as investing activities and excluded restricted cash from the beginning and ending balances of cash and cash equivalents. The effect on prior periods of adopting the new guidance includes: (i) increases in cash, cash equivalents, and restricted cash balances as of December 31, 2015, 2014, and 2013 to \$1.4 billion, \$2.9 billion, and \$3.1 billion, respectively; and (ii) increases of \$6 million and \$240 million in cash flows used in investing activities for the years ended December 31, 2015 and 2014, respectively.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported on the balance sheets that sum to amounts reported on the consolidated statements of cash flows.

<i>(In millions)</i>	December 31, 2016	December 31, 2015
Cash and cash equivalents	\$ 1,513	\$ 1,227
Restricted cash, current portion	3,113	58

Restricted cash, non-current portion		5		109
Total cash, cash equivalents, and restricted cash	\$	4,631	\$	1,394

Receivables

We issue credit to approved casino customers following investigations of creditworthiness. Business or economic conditions or other significant events could affect the collectibility of these receivables. Accounts receivable are typically non-interest bearing and are initially recorded at cost.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Marker play represents a significant portion of our overall table games volume. We maintain strict controls over the issuance of markers and aggressively pursue collection from those customers who fail to pay their marker balances timely. These collection efforts include the mailing of statements and delinquency notices, personal contacts, the use of outside collection agencies and civil litigation. Markers are generally legally enforceable instruments in the United States. Markers are not legally enforceable instruments in some foreign countries, but the United States assets of foreign customers may be reached to satisfy judgments entered in the United States. We consider the likelihood and difficulty of enforceability, among other factors, when we issue credit to customers who are not residents of the United States.

Due from affiliates represents the net receivable for each counterparty relating to shared services performed on their behalf.

Accounts are written off when management deems the account to be uncollectible. Recoveries of accounts previously written off are recorded when received. We reserve an estimated amount for gaming receivables that may not be collected to reduce the Company's receivables to their net carrying amount. Methodologies for estimating the allowance for doubtful accounts range from specific reserves to various percentages applied to aged receivables. Historical collection rates are considered, as are customer relationships, in determining specific reserves. As with many estimates, management must make judgments about potential actions by third parties in establishing and evaluating our reserves for allowance for doubtful accounts. Receivables are reported net of the allowance for doubtful accounts.

Allowance for Doubtful Accounts

<i>(In millions)</i>	2016	2015	2014
Balance as of January 1	\$ 48	\$ 196	\$ 162
Provision for doubtful accounts	11	11	50
Write-offs less recoveries	(18)	3	(16)
CEOC deconsolidation		(162)	
Balance as of December 31	\$ 41	\$ 48	\$ 196

Revenue RecognitionProperty Revenues

Casino revenues are measured by the aggregate net difference between gaming wins and losses. Funds deposited by customers in advance and chips in the customers' possession are recognized as a liability before gaming play occurs. Food and beverage, rooms, and other operating revenues are recognized when services are performed. Advance deposits on rooms and advance ticket sales are recorded as a deposit liability until services are provided to the customer. Sales taxes and other taxes collected from customers on behalf of governmental authorities are accounted

for on a net basis and are not included in net revenues or operating expenses.

The retail value of accommodations, food and beverage, and other services furnished to guests without charge is included in gross revenues and then deducted as promotional allowances. See Note 13.

Other Revenue

Other revenue primarily includes revenue from third-party real estate leasing arrangements at our casino properties, revenue from company-operated retail stores, revenue from our entertainment venues and The High Roller observation wheel, and management fee revenue earned by CEOC through its management of third-party casino properties, until its deconsolidation in January 2015.

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CAESARS ENTERTAINMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Advertising

The Company expenses the production costs of advertising the first time the advertising takes place. Advertising expense was \$55 million, \$65 million, and \$176 million for the years ended December 31, 2016, 2015, and 2014, respectively.

Other Operating Costs

Other operating costs primarily includes write-downs, reserves, and project opening costs, net of recoveries and acquisition and integration costs.

Note 5 Recently Issued Accounting Pronouncements

During 2016, we adopted the following ASUs:

No. 2014-15, Presentation: Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern (Note 1);

No. 2015-02, Consolidation: Amendments to the Consolidation Analysis (Note 2);

No. 2016-18, Statement of Cash Flows: Restricted Cash (Note 4); and

No. 2016-09, Compensation—Stock Compensation: Improvements to Employee Share-Based Payment Accounting (Note 14).

The following amendments to the FASB Accounting Standards Codification are not yet effective.

New Developments

Intangibles—Goodwill and Other—January 2017: Amendments in this update intend to simplify how an entity is required to test goodwill for impairment by eliminating Step 2 from the goodwill impairment test. Step 2 measures goodwill impairment loss by comparing the implied fair value of a reporting unit's goodwill with the carrying amount of goodwill. Under the amended guidance, an entity should perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. The elimination of Step 2 from the goodwill impairment test should reduce the cost and complexity of evaluating goodwill for impairment. Amendments should be applied on a prospective basis disclosing the nature of and reason for the change in accounting principle upon transition. Disclosure should be provided in the first annual period and in the interim period in which the entity initially adopts the amendments. Updated amendments are effective for fiscal years beginning after December 15,

2019, and interim period within those fiscal years. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. We are currently assessing the effect the adoption of this standard will have on our financial statements.

Business Combinations January 2017: Updated amendments intend to clarify the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisition (or disposals) of assets or businesses. Amendments in this update provide a more robust framework to use in determining when a set of assets and activities is a business and to provide more consistency in applying the guidance, reduce the costs of application, and make the definition of a business more operable. The amendments are effective to annual periods beginning after December 15, 2017, including interim periods within those periods. Early adoption is allowed as follows: (1) Transactions for which acquisition date occurs before the issuance date or effective date of the amendments, only when the transaction has not been reported in financial statements that have been issued or made available for issuance and (2) transactions in which a subsidiary is

Table of Contents**CAESARS ENTERTAINMENT CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

deconsolidated or a group of assets is derecognized that occur before the issuance date or effective date of the amendments, only when the transaction has not been reported in financial statements that have been issued or made available for issuance. We are currently assessing the effect the adoption of this standard will have on our financial statements.

Statement of Cash Flows August 2016: Amended guidance addresses eight specific cash flow issues with the objective of reducing diversity in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The amendments should be applied retrospectively to each period presented. The amendments are effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted. We are currently assessing the effect the adoption of this standard will have on our financial statements.

Income Taxes October 2016: Amended guidance addresses intra-entity transfers of assets other than inventory, which requires the recognition of any related income tax consequences when such transfers occur. The amendments should be applied on a modified retrospective basis through a cumulative-effect adjustment directly to retained earnings as of the beginning of the period of adoption. Amendments are effective for fiscal years beginning after December 15, 2017, and interim reporting periods within those years. Early adoption is permitted. We are currently assessing the impact the adoption of this standard will have on our financial statements.

Previously Disclosed

Revenue Recognition May 2014 (amended January 2017): Created a new Topic 606, Revenue from Contracts with Customers. The new guidance is intended to clarify the principles for recognizing revenue and to develop a common revenue standard for United States GAAP applicable to revenue transactions. Existing industry guidance will be eliminated, including revenue recognition guidance specific to the gaming industry. The FASB has recently issued several amendments to the standard, including clarification on accounting for and identifying performance obligations. This guidance is effective for annual reporting periods beginning after December 15, 2017, including interim periods within those reporting periods. The guidance should be applied using the full retrospective method or retrospectively with the cumulative effect initially applying the guidance recognized at the date of initial application. We anticipate adopting this standard effective January 1, 2018. We are currently in the process of our analysis and anticipate this standard will have a material effect on our consolidated financial statements. As described below, we expect the most significant effect will be related to the accounting for the Total Rewards customer loyalty program and casino promotional allowances. However, the quantitative effects of these changes have not yet been determined and are still being analyzed. We are currently assessing the full effect the adoption of this standard will have on our financial statements.

The Total Rewards customer loyalty program effects revenues from our four core businesses: casino entertainment, food and beverage, rooms and hotel, and entertainment and other business operations. Currently, CEC estimates the cost of fulfilling the redemption of Reward Credits, after consideration of estimated forfeitures (referred to as breakage), based upon the cost of historical redemptions. Upon adoption of the new guidance, Reward Credits will no longer be recorded at cost, and a deferred revenue model will be used to account for the classification and timing of revenue recognized as well as the classification of related expenses when Reward Credits are redeemed.

Additionally, we expect to see a significant decrease in gaming revenues. The presentation of goods and services provided to customers without charge in gross revenue with a corresponding reduction in promotional allowances will no longer be reported. Revenue will be recognized based on relative standalone selling prices for transactions with more than one performance obligation.

Table of Contents**CAESARS ENTERTAINMENT CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

Recognition and Measurement of Financial Instruments January 2016: Amended certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. Among other things, they require equity investments (except those accounted for under the equity method of accounting or those that result in consolidation) to be measured at fair value with any changes in fair value recognized in net income and simplify the impairment assessment of equity investments without readily determinable fair values by requiring a qualitative assessment to identify impairment. The new guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017. Early adoption is permitted on certain provisions. We are currently assessing the effect the adoption of this standard will have on our financial statements, but do not expect the effect to be material.

Leases February 2016 (amended January 2017): The amended guidance requires most lease obligations to be recognized as a right-of-use (ROU) asset with a corresponding liability on the balance sheet. The guidance also requires additional qualitative and quantitative disclosures to assess the amount, timing, and uncertainty of cash flows arising from leases. This guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. The guidance should be implemented for the earliest period presented using a modified retrospective approach, which includes optional practical expedients primarily focused on leases that commenced before the effective date, including continuing to account for leases that commenced before the effective date in accordance with previous guidance, unless the lease is modified.

Currently, all of our capital leases are set to expire before the initial effective date and will not require any accounting adjustments. Accounting for our operating leases where we are the lessor, including leases for the Octavius Tower at Caesars Palace Las Vegas and gaming space at The LINQ promenade, will remain unchanged. Operating leases, including agreements relating to slot machines, will be recorded on the balance sheet as an ROU asset with a corresponding lease liability, which will be amortized using the effective interest rate method as payments are made. The ROU asset will be depreciated on a straight-line basis and recognized as lease expense. The qualitative and quantitative effects of adoption are still being analyzed. We are in the process of evaluating the full effect the new guidance will have on our financial statements.

Financial Instruments-Credit Losses June 2016 (amended January 2017): Amended guidance replaces the incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of broader range of reasonable and supportable information to inform credit loss estimates. Amendments affect entities holding financial assets and net investment in leases that are not accounted for at fair value through net income. The amendments affect loans, debt securities, trade receivables, net investments in leases, off-balance-sheet credit exposures, reinsurance receivables and any other financial assets not excluded from the scope that have the contractual right to receive cash. Amendments are effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption is permitted. We are currently assessing the effect the adoption of this standard will have on our financial statements.

Note 6 Property and Equipment

We have significant capital invested in our long-lived assets, and judgments are made in determining their estimated useful lives and salvage values and if or when an asset (or asset group) has been impaired. The accuracy of these estimates affects the amount of depreciation and amortization expense recognized in our financial results and whether

we have a gain or loss on the disposal of an asset. We assign lives to our assets based on our standard policy, which is established by management as representative of the useful life of each category of asset.

We review the carrying value of our long-lived assets whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its

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CAESARS ENTERTAINMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

use and eventual disposition. As necessary, we typically estimate the fair value of assets starting with a Replacement Cost New approach and then deduct appropriate amounts for both functional and economic obsolescence to arrive at the fair value estimates. Other factors considered by management in performing this assessment may include current operating results, trends, prospects, and third-party appraisals, as well as the effect of demand, competition, and other economic, legal, and regulatory factors. In estimating expected future cash flows for determining whether an asset is impaired, assets are grouped at the lowest level of identifiable cash flows, which, for most of our assets, is the individual property. These analyses are sensitive to management assumptions and the estimates of the obsolescence factors. Changes in these assumptions and estimates could have a material impact on the analyses and the consolidated financial statements.

Additions to property and equipment are stated at cost. We capitalize the costs of improvements that extend the life of the asset. We expense maintenance and repair costs as incurred. Gains or losses on the dispositions of property and equipment are recognized in the period of disposal. Interest expense is capitalized on internally constructed assets at the applicable weighted-average borrowing rates of interest. Capitalization of interest ceases when the project is substantially complete or construction activity is suspended for more than a brief period of time. Interest capitalized was \$2 million, \$12 million, and \$45 million, for the years ended December 31, 2016, 2015, and 2014, respectively.

Useful Lives

Land improvements	12 years
Buildings	20 to 40 years
Building and leasehold improvements	5 to 20 years
Furniture, fixtures, and equipment	2.5 to 20 years

Property and Equipment, Net

<i>(In millions)</i>	As of December 31,	
	2016	2015
Land and land improvements	\$ 3,584	\$ 3,584
Buildings and leasehold improvements	4,149	4,128
Furniture, fixtures, and equipment	1,346	1,307
Construction in progress	55	59
Total property and equipment	9,134	9,078
Less: accumulated depreciation	(1,688)	(1,494)
Total property and equipment, net	\$ 7,446	\$ 7,584

Depreciation Expense

<i>(In millions)</i>	Years Ended December 31,		
	2016	2015	2014
Depreciation expense	\$ 369	\$ 301	\$ 538

Depreciation is calculated using the straight-line method over the shorter of the estimated useful life of the asset or the related lease.

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CAESARS ENTERTAINMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Tangible Asset Impairments

<i>(In millions)</i>	Years Ended December 31,		
	2016	2015	2014
Continuing operations	\$	\$ 1	\$ 60

In 2014, due to a decline in recent performance and downward adjustments to expectations of future performance, we performed an impairment assessment for certain of our properties resulting in an impairment charge primarily related to a property in Reno, Nevada.

Note 7 Goodwill and Other Intangible Assets

The purchase price of an acquisition is allocated to the underlying assets acquired and liabilities assumed based upon their estimated fair values at the date of acquisition. We determine the estimated fair values after review and consideration of relevant information including discounted cash flows, quoted market prices, and estimates made by management. To the extent the purchase price exceeds the fair value of the net identifiable tangible and intangible assets acquired and liabilities assumed, such excess is recorded as goodwill.

We perform our annual goodwill impairment assessment as of October 1. We perform this assessment more frequently if impairment indicators exist. We determine the estimated fair value of each reporting unit based on a combination of earnings before interest, taxes, depreciation and amortization (EBITDA), valuation multiples, and estimated future cash flows discounted at rates commensurate with the capital structure and cost of capital of comparable market participants, giving appropriate consideration to the prevailing borrowing rates within the casino industry in general. We also evaluate the aggregate fair value of all of our reporting units and other non-operating assets in comparison to our aggregate debt and equity market capitalization at the test date. EBITDA multiples and discounted cash flows are common measures used to value businesses in our industry.

We perform our annual impairment assessment of other non-amortizing intangible assets as of October 1. We perform this assessment more frequently if impairment indicators exist. We determine the estimated fair value of our non-amortizing intangible assets by primarily using the Relief from Royalty Method and Excess Earnings Method under the income approach.

The annual evaluation of goodwill and other non-amortizing intangible assets requires the use of estimates about future operating results, valuation multiples, and discount rates to determine their estimated fair value. Changes in these assumptions can materially affect these estimates. Thus, to the extent gaming volumes deteriorate in the near future, discount rates increase significantly, or we do not meet our projected performance, we could have impairments to record in the future and such impairments could be material.

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CAESARS ENTERTAINMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Changes in Carrying Value of Goodwill by Segment

<i>(In millions)</i>	CEOC	CERP	CGP	CEC Total
<u>Gross Goodwill</u>				
Balance as of January 1, 2015	\$ 4,294	\$ 3,894	\$ 1,266	\$ 9,454
CEOC Deconsolidation	(4,294)			(4,294)
SMG discontinued operation ⁽¹⁾			(100)	(100)
Balance as of December 31, 2015		3,894	1,166	5,060
<u>Accumulated Impairment</u>				
Balance as of January 1, 2015	(3,621)	(2,492)	(975)	(7,088)
CEOC Deconsolidation	3,621			3,621
SMG discontinued operation ⁽¹⁾			15	15
Balance as of December 31, 2015		(2,492)	(960)	(3,452)
Net Carrying Value, December 31, 2015	\$	\$ 1,402	\$ 206	\$ 1,608
<u>Gross Goodwill</u>				
Balance as of January 1, 2016	\$	\$ 3,894	\$ 1,166	\$ 5,060
Balance as of December 31, 2016		3,894	1,166	5,060
<u>Accumulated Impairment</u>				
Balance as of January 1, 2016		(2,492)	(960)	(3,452)
Balance as of December 31, 2016		(2,492)	(960)	(3,452)
Net Carrying Value, December 31, 2016	\$	\$ 1,402	\$ 206	\$ 1,608

⁽¹⁾ Assets and liabilities related to the SMG Business were reclassified to assets held for sale (see Note 17).

Changes in Carrying Value of Intangible Assets Other Than Goodwill

Amortizing	Non-Amortizing	Total
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<i>(In millions)</i>	2016	2015	2016	2015	2016	2015
Balance as of January 1	\$ 350	\$ 636	\$ 148	\$ 2,514	\$ 498	\$ 3,150
Amortization expense	(65)	(65)			(65)	(65)
CEOC Deconsolidation		(152)		(2,366)		(2,518)
SMG discontinued operation ⁽¹⁾		(69)				(69)
Balance as of December 31	\$ 285	\$ 350	\$ 148	\$ 148	\$ 433	\$ 498

⁽¹⁾ *Assets and liabilities related to the SMG Business were reclassified to assets held for sale (see Note 17).*

During 2014, as a result of a decline in recent performance and downward adjustments to expectations of future performance in certain of our markets, we recognized impairment charges related to goodwill, trademarks, and gaming rights for certain of our properties.

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CAESARS ENTERTAINMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Intangible Asset Impairment Charges - Continuing Operations

(In millions)	Years Ended December 31,		
	2016	2015	2014
Goodwill	\$	\$	\$ 695
Trademarks			13
Gaming Rights and other			226
Total impairment charges	\$	\$	\$ 934

Gross Carrying Value and Accumulated Amortization of Intangible Assets Other Than Goodwill

(Dollars in millions)	Weighted Average Remaining Useful Life (in years)	December 31, 2016			December 31, 2015		
		Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Amortizing intangible assets							
Customer relationships	4.5	\$ 893	\$ (630)	\$ 263	\$ 894	\$ (568)	\$ 326
Contract rights	8.0	3	(1)	2	3	(1)	2
Gaming rights and other	7.5	43	(23)	20	43	(21)	22
		\$ 939	\$ (654)	285	\$ 940	\$ (590)	350
Non-amortizing intangible assets							
Trademarks				126			126
Gaming rights				22			22
				148			148
Total intangible assets other than goodwill				\$ 433			\$ 498

The aggregate amortization expense for intangible assets that continue to be amortized was \$65 million in 2016, \$65 million in 2015, and \$109 million in 2014.

Estimated Five-Year Amortization

<i>(In millions)</i>	Years Ended December 31,				
	2017	2018	2019	2020	2021
Estimated annual amortization expense	\$ 65	\$ 55	\$ 54	\$ 54	\$ 48

Note 8 Fair Value Measurements

Our assessment of goodwill and other intangible assets for impairment includes an assessment using various Level 2 (EBITDA multiples and discount rate) and Level 3 (forecasted cash flows) inputs. See Note 7 for more information on the application of the use of fair value to measure goodwill and other intangible assets.

We have not elected the fair value measurement option available under GAAP for any of our assets or liabilities that meet the criteria for this option. The following financial and non-financial assets and liabilities of the Company are measured at fair value on a recurring basis.

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<i>(In millions)</i>	Balance	Level 1	Level 2	Level 3
December 31, 2016				
Assets:				
Government bonds	\$ 47	\$	\$ 47	\$
December 31, 2015				
Assets:				
Equity securities	\$ 4	\$ 4	\$	\$
Government bonds	67		67	
Total assets at fair value	\$ 71	\$ 4	\$ 67	\$

Investments primarily consist of equity and debt securities held by our captive insurance entities that are traded in active markets, have readily determined market values and have maturity dates of greater than three months from the date of purchase. These investments primarily represent collateral for several escrow and trust agreements with third-party beneficiaries and are recorded in deferred charges and other in our balance sheets while a portion is included in prepayments and other current assets. As of December 31, 2016 and 2015, gross unrealized gains and losses on marketable securities were not material.

Restructuring Commitments***Estimated Fair Value***

<i>(In millions)</i>	Balance	Level 1	Level 2	Level 3
December 31, 2016				
Accrual for consider to be issued associated with the Restructuring:				
CEC convertible notes	\$ 1,600	\$	\$	\$ 1,600
CEC common shares ⁽¹⁾	1,936		1,936	
PropCo Call Right	131			131
Total liabilities at fair value	\$ 3,667	\$	\$ 1,936	\$ 1,731

⁽¹⁾ Includes \$23 million related to the \$200 million equity buyback that was reclassified from level 3 to level 2 during 2016.

Changes in Level 3 Fair Value Measurements

<i>(In millions)</i>	December 31, 2016	
	CEC Convertible Notes	PropCo Call Option
Balance as of beginning of period	\$	\$
Loss in deconsolidation and restructuring of CEOC and other	1,600	131
Balance as of end of period	\$ 1,600	\$ 131

As described in Note 1, we recognized certain obligations that we believe will ultimately be settled under the Third Amended Plan or the RSAs. A portion of the obligations we recognized reflect our estimates of the fair value of the consideration CEC has agreed to provide in the form of CEC Common Stock, CEC Convertible

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Notes, and the PropCo Call Right in exchange for the settlement of litigation claims and potential claims against CEC and its affiliates. These obligations are recorded in accrued restructuring and support expenses on the Balance Sheets and will be accounted for at fair value each period until they are ultimately settled as part of the Restructuring.

Valuation Methodologies

CEC Convertible Notes We estimated the fair value of the CEC Convertible Notes to be issued using a binomial lattice valuation model that incorporates the value of both the straight debt and conversion features of the notes. In the Third Amended Plan, the CEC Convertible Notes have a face value of \$1.1 billion, a term of 7 years, a coupon rate of 5%, and are convertible into 13.714% of fully-diluted CEC equity. The valuation model incorporates assumptions regarding the incremental post-emergence cost of borrowing for CEC, the value of CEC's equity into which these notes could convert, the expected volatility of such equity, and the risk-free rate.

Key Assumptions -

Incremental cost of borrowing 4.5%

Expected volatility 35%

Risk-free rate 2.3%

Since the key assumptions used in the valuation model, including CEC's estimated incremental post-emergence cost of borrowing and the implied volatility of CEC's equity, are significant unobservable inputs, the fair value for the CEC Convertible Notes is classified as Level 3. Should CEC's estimated incremental cost of borrowing or equity value fluctuate over time, it could result in an increase or decrease in the fair value of the notes and the corresponding restructuring accrual. Specifically, a decrease in the incremental borrowing rate or an increase in the implied volatility of CEC's common stock would result in an increase in the restructuring accrual.

CEC Common Stock CEC will issue CEC common shares for the settlement of claims and potential claims and is obligated to repurchase at least \$1.0 billion worth of the issued shares at a fixed price. The value of the purchase obligation is not subject to change; therefore, the estimated fair value primarily represents the net shares that we expect to issue after satisfying the repurchase obligation. We have used the fair value of CEC's common stock to estimate this portion of the restructuring accrual.

Additionally, a portion of our accrued liability represents the fair value associated with the creditors' right to require CEC to repurchase up to \$200 million worth of the newly-issued CEC common shares. We determined the estimate fair value of this potential obligation using the Black-Scholes Option Valuation Model, which incorporates assumptions regarding the value of CEC's equity, estimated volatility of CEC common equity, and the risk-free rate.

The CEC common equity value is subject to market fluctuations and does not necessarily reflect the final value of completing the transactions contemplated in the Third Amended Plan and the related RSAs. The valuation models used to estimate the fair value of CEC's common stock expected to be issued do not require significant judgment and inputs can be observed in a liquid market, such as the current trading price and expected volatility of CEC common stock (as observed through the pricing of publicly-traded options of CEC's shares). However, the valuation model includes inputs other than quoted prices in active markets, such as adjustments related to the dilutive effects of other transactions, including equity issuances in connection with the Restructuring and the Merger; therefore, this portion of the restructuring accrual is classified as Level 2.

PropCo Call Right Agreement After the Restructuring, PropCo will have a call right for up to five years to purchase and leaseback the real property assets associated with Harrah's Atlantic City and Harrah's Laughlin

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from CERP and Harrah's New Orleans from CGP for a cash purchase price of ten times the agreed upon annual rent for each property (subject to the terms of the CERP and CGPH credit agreements). The initial rent for each property under the agreement will be determined based on a rent-to-earnings before interest, taxes, depreciation, amortization, and rent (EBITDAR) ratio of 1.00-to-1.67. PropCo's purchase price will be determined by multiplying each property's initial rent by 10.

The valuation model used to estimate the fair value of the PropCo Call Right is a Monte Carlo simulation and utilized the following key assumptions:

Key Assumptions -

Ratio of EBITDAR to Initial Rent under Property Lease 1.67 to 1.00

EBITDAR volatility 25%

Enterprise value to revenue volatility 15%

Ratio of initial purchase price to property lease rent 12.00 to 1.00

EBITDAR to multiple correlation 0.0%

Composite projected revenue growth rate 2.4%

Composite projected EBITDAR margin growth rate 23.2%

Since the key assumptions used in the valuation model are significant unobservable inputs, the fair value for the call right is classified as Level 3. Should these assumptions fluctuate over time, it could result in an increase or decrease in the fair value of the call right and the corresponding restructuring accrual. Specifically, an increase in the volatility assumptions would result in an increase in the restructuring accrual. We are unable to estimate the range of loss related to the Harrah's New Orleans call right due to uncertainty regarding the negotiation of certain terms that would allow the call right to be exercised for this property.

Derivative Instruments

CEOC had eight interest rate swap agreements that expired, which we settled for \$17 million during the first quarter of 2015. Interest expense related to the derivatives was \$7 million in the first quarter of 2015. We have not entered into any additional derivative transactions since these swaps expired.

Note 9 Accrued Expenses and Other Current Liabilities

Self-Insurance Accruals

We prepay CEOC for estimated employee medical insurance claims (health, dental and vision) with residual differences between estimated and actual claims being reported in due to/from affiliates. We are self-insured for workers' compensation and other risk products through our captive insurance subsidiaries and provide insurance coverage to CEOC through these captives. We receive insurance premiums from CEOC on an installment basis, which are intended to cover claims processed on CEOC's behalf.

Our insurance claims and reserves include accruals of estimated settlements for known claims, as well as accruals of actuarial estimates of incurred but not reported claims. In estimating these reserves, historical loss experience and judgments about the expected levels of costs per claim are considered. These claims are accounted for based on actuarial estimates of the undiscounted claims, including those claims incurred but not reported. We believe the use of actuarial methods to account for these liabilities provides a consistent and

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CAESARS ENTERTAINMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

effective way to measure these highly judgmental accruals. We regularly monitor the potential for changes in estimates, evaluate our insurance accruals, and adjust our recorded provisions. Self-insurance accruals are included in the table below.

Detail of Accrued Expenses and Other Current Liabilities

<i>(In millions)</i>	As of December 31,	
	2016	2015
Payroll and other compensation	\$ 155	\$ 156
Self-insurance claims and reserves	179	179
Advance deposits	87	76
Payable to former Minority Investors and holders of CIE equity awards (See Note 17)	63	
Accrued taxes	28	30
Chip and token liability	20	17
Other accruals	132	92
Total accrued expenses and other current liabilities	\$ 664	\$ 550

Note 10 Leases

We lease both real estate and equipment used in our operations. As of December 31, 2016, the remaining lives of our operating leases ranged from 1 to 81 years. For the years ended December 31, 2016, 2015, and 2014, rent expense for operating leases was \$74 million, \$72 million, and \$137 million, respectively. In addition to minimum rental commitments, certain of our operating leases provide for contingent rentals based on a percentage of revenues in excess of specified amounts.

Future Minimum Rental Commitments

<i>(In millions)</i>	Capital Leases	Operating Leases
2017	\$ 2	\$ 43
2018		38
2019		38
2020		38
2021		38
2022 and thereafter		944
Total minimum rental commitments	2	\$ 1,139

Less amounts representing interest

Present value of net minimum lease payments	\$	2
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Note 11 Debt

<i>(In millions)</i>	As of December 31,		
	Face Value	2016 Book Value	2015 Book Value
CERP	\$ 4,618	\$ 4,563	\$ 4,627
CGP	2,330	2,275	2,337
Total debt	6,948	6,838	6,964
Current portion of long-term debt	(89)	(89)	(187)
Long-term debt	\$ 6,859	\$ 6,749	\$ 6,777
Fair value of debt	\$ 7,190		

Estimated Debt Service Payments ⁽¹⁾

<i>(In millions)</i>	Years Ended December 31,						Total
	2017	2018	2019	2020	2021	Thereafter	
Principal							
CERP	\$ 68	\$ 25	\$ 25	\$ 3,350	\$ 1,150	\$	\$ 4,618
CGP	21	25	198	300	1,099	687	2,330
Total principal	89	50	223	3,650	2,249	687	6,948