



**CAESARS**  
ENTERTAINMENT  
OPERATING CO.

**Caesars Entertainment Operating Company, Inc.  
(Debtor-in-Possession)  
Selected Financial Information  
(Unaudited)**

**March 2017**

**Furnished for Informational Purposes Only**

# DISCLAIMER

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

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

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

- Matters disclosed in CEC’s SEC filings or in CEOC’s bankruptcy proceedings and various corporate-owned life insurance policies (the “COLIs”) that were purchased and contributed into either an escrow account or a Rabbi trust (the “Asset Vehicles”) in order to fund liabilities associated with certain deferred compensation plans. CEOC has made reasonable efforts to ascertain their rights and obligations related to the deferred compensation plans based on a diligent review of their books and records. On September 14, 2016, CEOC and CEC entered into a Settlement Agreement (as amended and restated on October 13, 2016, the “DC Settlement Agreement”), which was approved by the Bankruptcy Court on October 17, 2016. Among other things, the DC Settlement Agreement provides that from and after the effective date of the Plan: (a) CEC will assume any CEOC obligation to the participants in the deferred compensation plans and (b) CEOC will relinquish and release any claim or right it may have in respect to the COLIs or the asset vehicles. The inclusion or exclusion of any asset or liability related to the deferred compensation plans in the attached selected financial information does not constitute any admission, conclusion, or waiver in any respect. These amounts may change as a result of many factors, including but not limited to the DC Settlement being terminated pursuant to its terms. Such changes, if they occur, could eliminate or reduce the assets or liabilities recorded on CEOC’s balance sheet.

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

similarly titled measures reported by other companies within the industry. Property EBITDA is included because CEOC's management uses Property EBITDA to measure performance and allocate resources, and believes that Property EBITDA provides investors with additional information consistent with that used by CEOC's management.

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

The information herein may be different from the Supplemental Financial Information provided in connection with the CEC first quarter earnings results due to immaterial adjustments, rounding, and basis of presentation differences. CEC is not required to publicly update the selected financial information presented herein to reflect the occurrence of future events. The selected financial results contained herein are not necessarily indicative of results that may be expected from any other period or for the full year and may not necessarily reflect the consolidated results of operations and financial position of CEOC in the future. The future results of CEOC may differ significantly from those reflected in this selected financial information.

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

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

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

**CAESARS ENTERTAINMENT OPERATING COMPANY, INC.**  
**(DEBTOR-IN-POSSESSION)**  
**CONSOLIDATED BALANCE SHEETS**  
**(UNAUDITED)**

<i>(In millions, except par value)</i>	<u>March 31, 2017</u>	<u>December 31, 2016</u>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 1,608.3	\$ 1,528.1
Restricted cash	2.0	12.8
Receivables, net	281.9	305.9
Prepayments and other current assets	65.0	50.5
Inventories	29.8	30.4
Due from affiliates, net	84.2	103.5
Total current assets	2,071.2	2,031.2
Property and equipment, net	5,813.3	5,843.4
Goodwill	673.9	673.9
Intangible assets other than goodwill	2,314.4	2,319.9
Investments in and advances to non-consolidated affiliates	147.9	145.6
Restricted cash	20.0	19.7
Deferred charges and other	307.5	311.4
Total assets	<u>\$ 11,348.2</u>	<u>\$ 11,345.1</u>
<b>Liabilities and Stockholders' Deficit</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 110.4	\$ 95.0
Due to affiliate	25.1	63.2
Accrued expenses	504.2	553.4
Interest payable	5.1	13.9
Current portion of long-term debt	1.4	1.5
Total current liabilities	646.2	727.0
Long-term debt	369.6	369.3
Deferred income taxes	1,479.3	1,468.5
Deferred credits and other	502.6	514.2
Liabilities subject to compromise	18,453.1	18,471.4
Total liabilities	21,450.8	21,550.4
<b>Commitments and contingencies</b>		
<b>Stockholders' equity/(deficit)</b>		
Common stock: voting; \$0.01 par value; 1.4 shares issued and outstanding	—	—
Additional paid-in capital	3,443.7	3,440.1
Accumulated deficit	(13,533.7)	(13,630.3)
Accumulated other comprehensive loss	(34.5)	(36.5)
Total CEOC stockholders' deficit	(10,124.5)	(10,226.7)
Noncontrolling interests	21.9	21.4
Total stockholders' deficit	(10,102.6)	(10,205.3)
Total liabilities and stockholders' deficit	<u>\$ 11,348.2</u>	<u>\$ 11,345.1</u>

**CAESARS ENTERTAINMENT OPERATING COMPANY, INC.**  
**(DEBTOR-IN-POSSESSION)**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(UNAUDITED)**

<i>(In millions)</i>	Three Months Ended March 31,	
	2017	2016 <sup>(1)</sup>
<b>Revenues</b>		
Casino	\$ 822.9	\$ 842.3
Food and beverage	179.9	181.4
Rooms	123.7	115.9
Management fees	22.8	26.4
Other	65.3	63.4
Reimbursed management costs	38.5	70.0
Less: casino promotional allowances	(131.7)	(136.3)
Net revenues	<u>1,121.4</u>	<u>1,163.1</u>
<b>Operating expenses</b>		
Direct		
Casino	478.2	484.8
Food and beverage	77.8	75.8
Rooms	25.3	23.2
Property, general, administrative, and other	209.4	216.6
Reimbursable management costs	38.5	70.0
Depreciation and amortization	93.7	95.0
Write-downs, reserves, and project opening costs, net of recoveries	4.4	(2.8)
Gain on interests in non-consolidated affiliates	(4.6)	(6.1)
Corporate expense	16.3	13.2
Amortization of intangible assets	5.7	7.9
Total operating expenses	<u>944.7</u>	<u>977.6</u>
Income from operations	176.7	185.5
Interest expense and other (contractual interest was \$421.1 for 2017 and \$429.1 for 2016)	(64.1)	(65.3)
Other income, including interest income	8.0	37.0
Reorganization items	(7.9)	(69.3)
Income from continuing operations, before income taxes	112.7	87.9
Income tax provision	(13.9)	(5.3)
Income from continuing operations, net of income taxes	98.8	82.6
Loss from discontinued operations, net of income taxes	(0.1)	(2.1)
Net income	98.7	80.5
Less: net income attributable to noncontrolling interests	(2.1)	(2.6)
Net income attributable to CEOC	<u>\$ 96.6</u>	<u>\$ 77.9</u>

<sup>(1)</sup> Certain prior year amounts have been reclassified to conform to the current year's presentation. For the three months ended March 31, 2016, \$14.7 million of depreciation expense previously reported as corporate expense was reclassified to depreciation and amortization expense and \$4.4 million of food and beverage revenue was reclassified to other revenue.

**CAESARS ENTERTAINMENT OPERATING COMPANY, INC.**  
**(DEBTOR-IN-POSSESSION)**  
**CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS**  
**(UNAUDITED)**

<i>(In millions)</i>	Three Months Ended March 31,	
	2017	2016 <sup>(1)</sup>
Cash flows provided by operating activities	\$ 101.7	\$ 157.3
Cash flows from investing activities		
Acquisitions of property and equipment, net of change in related payables	(48.0)	(96.1)
Investments in/advances to non-consolidated affiliates and other	—	(4.2)
Proceeds from sale of assets	1.8	5.9
Earnest payment	14.7	—
Other	1.9	—
Cash flows used in investing activities	(29.6)	(94.4)
Cash flows from financing activities		
Debt repayments	(1.0)	(1.1)
Distributions to noncontrolling interest owners	(1.3)	(2.1)
Cash flows used in financing activities	(2.3)	(3.2)
Cash flows from discontinued operations		
Cash flows used in operating activities	(0.1)	(2.1)
Cash flows from investing activities	—	—
Cash flows from financing activities	—	—
Cash flows used in discontinued operations	(0.1)	(2.1)
Net increase in cash, cash equivalents, and restricted cash	69.7	57.6
Cash, cash equivalents, and restricted cash, beginning of period	1,560.6	1,259.4
Cash, cash equivalents, and restricted cash, end of period	\$ 1,630.3	\$ 1,317.0
<b>Supplemental Cash Flow Information:</b>		
Cash paid for interest, including adequate protection payments	\$ 69.5	\$ 68.9
Cash paid for income taxes	0.6	0.5
Cash paid for reorganization items - operating activities	32.9	57.8
Non-cash investing and financing activities:		
Change in accrued capital expenditures	11.6	(8.9)

<sup>(1)</sup> We adopted ASU No. 2016-18, *Statement of Cash Flows: Restricted Cash*, during the fourth quarter of 2016, and retrospectively applied the amendments. Prior to adopting ASU No. 2016-18, our 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 to \$1,317.0 million as of March 31, 2016 and \$1,259.4 million as of December 31, 2015; and (ii) a decrease of \$2.2 million in cash flows used in investing activities for the three months ended March 31, 2016.

**CAESARS ENTERTAINMENT OPERATING COMPANY, INC.**  
**(DEBTOR-IN-POSSESSION)**  
**PROPERTY & ADJUSTED EBITDA**  
**(UNAUDITED)**

<i>(In millions)</i>	Three Months Ended March 31,	
	2017	2016 <sup>(1)</sup>
Net income	\$ 98.7	\$ 80.5
Loss from discontinued operations, net of income taxes	0.1	2.1
Income tax provision	13.9	5.3
Other income, including interest income	(8.0)	(37.0)
Reorganization items	7.9	69.3
Interest expense	64.1	65.3
Income from operations	176.7	185.5
Depreciation and amortization	93.7	95.0
Write-downs, reserves, and project opening costs, net of recoveries	4.4	(2.8)
Gain on interests in non-consolidated affiliates	(4.6)	(6.1)
Corporate expense	16.3	13.2
Amortization of intangible assets	5.7	7.9
Impact of consolidating Octavius Tower	(3.5)	(3.4)
<b>Property EBITDA</b>	<b>\$ 288.7</b>	<b>\$ 289.3</b>
Corporate expense	(16.3)	(13.2)
Adjustments to include 100% of Baluma S.A.'s adjusted EBITDA	—	18.8
Other	3.9	9.3
<b>Adjusted EBITDA</b>	<b>\$ 276.3</b>	<b>\$ 304.2</b>

<sup>(1)</sup> Certain prior year amounts have been reclassified to conform to the current year's presentation. For the three months ended March 31, 2016, \$14.7 million of depreciation expense previously reported as corporate expense was reclassified to depreciation and amortization expense.